

SANSIRI

(English Translation)

Ref SS. 0597 / 2022

15 August 2022

Subject : Clarification of 2Q-2022 Operating Result

To : President
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the quarter ended 30 June 2022 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2022 amounted to 7,837 Million Baht, a slight decrease of 3 percent from 8,042 Million Baht in 2Q-2021. The decrease in total revenue was owing to lower revenue from project sales and reduced revenue from business management services. During the quarter, a minor reduction in total revenue was offset by greater revenue from hotel management services, increased revenue from other services and higher other revenues. Sansiri and its subsidiaries recorded net profit of 918 Million Baht in this quarter, representing a growth of 39 percent or 256 Million Baht, compared to a net profit of 662 Million Baht in the previous year. Consequently, net profit margin improved from 8.2 percent in 2Q-2021 to 11.7 percent in 2Q-2022.

Total revenue of 6M2022 stood at 13,057 Million Baht, declining by 12 percent or 1,811 Million Baht from 14,868 Million Baht in 6M2021. Nonetheless, net profit in 6M2022 rose by 17 percent or 174 Million Baht to 1,220 Million Baht from 1,046 Million Baht in 6M2021.

Revenue from Property Development for Sale

The breakdown of revenue from project sales of 1Q-2022, 1Q-2021 and for the period of 6M2022 and 6M2021 is as follows:

Product Type	2Q-2022		2Q-2021		6M2022		6M2021	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	3,113	47.2	3,102	42.8	5,407	49.7	6,374	47.9
Townhomes / Home Offices	917	13.9	641	8.8	1,385	12.7	1,134	8.5
Mixed Products	927	14.0	643	8.9	1,595	14.7	1,264	9.5
Condominiums	1,639	24.8	2,863	39.5	2,496	22.9	4,521	34.0
Total	6,596	100.0	7,249	100.0	10,883	100.0	13,293	100.0

In 2Q-2022, Sansiri and its subsidiaries reported a 9 percent decrease in revenue from project sales compared to 2Q-2021. The decrease was mainly due to a 43 percent decrease in revenue from condominium projects, since majority of condominium transfers during 2Q-2022 was still from completed projects that were carried over from the previous quarter. Nonetheless, there was only one new condominium project completed ready to transfer in June 2022, namely The Base Phetchaburi-Thonglor. Revenue from single-detached house projects remained stable. Nevertheless, revenue from mixed products project and townhome projects increased by 44 percent and 43 percent, respectively. Out of total revenue from project sales in 2Q-2022, revenue from single-detached projects contributed 47.2 percent or 3,113 Million Baht while condominiums projects contributed 24.8 percent or 1,639 Million Baht. Mix products projects contributed revenue of 14.0 percent or 927 Million Baht and townhome projects contributed the remaining 13.9 percent or equivalent to 917 Million Baht. For 6M2022, revenue from project sales declined 18 percent or 2,410 Million Baht from the previous year to 10,883 Million Baht.

Revenue from single-detached house projects in 2Q-2022 remained stable at 3,102 Million Baht from 3,113 Million Baht in 2Q-2021. Revenue from single-detached house was mainly from 4 projects, including Setthasiri Krungthep Kreetha 2, Setthasiri Phahol-Watcharapol, Setthasiri Rama 5 and Setthasiri Charan-Pinklao 2, altogether contributed 1,202 Million Baht or 18 percent of total revenue from project sales.

Revenue from townhome project increased by 43 percent from 641 Million Baht in 2Q-2021 to 917 Million Baht in 2Q-2022. The major revenue was from the sale of townhome projects under the brand "Siri Place", especially, Siri Place Phaholyothin 52, Siri Place Pattanakarn and Siri Place Charan-Pinklao which were the top 3 highest contributors of revenue from townhome project in 2Q-2022.

In 2Q-2022, revenue from mix products project was 927 Million Baht, an increase of 44 percent from 643 Million Baht in 2Q-2021. Anasiri Chaiyapruerk-Wongwaen, Anasiri Ratchapruerk-346, Anasiri Krungthep-Phatumthani, Anasiri Rangsit and Anasiri Bang Yai were the main contributors in 2Q-2022, contributing 10 percent of total revenue from project sales.

In addition, revenue from condominium projects decreased by 43 percent from 2,863 Million Baht in 2Q-2021 to 1,639 Million Baht in 2Q-2022. In this regard, the major contributors to revenue from condominium projects were from 2 projects, including XT Huaikwang and The Base Phetchaburi-Thonglor, amounted to 962 Million Baht or 15 percent of total revenue from project sales.

Revenue from Property Services

Revenue from projects for rent in 2Q-2022 was 50 Million Baht, increasing by 23 percent or 9 Million Baht from 41 Million Baht in 2Q-2021. Whilst revenue from business management stood at 381 Million Baht, dropping by 15 percent or 65 Million Baht from 446 Million Baht in 2Q-2021, chiefly owing to lower revenue from business management of joint ventures.

In addition, in 2Q-2022, revenue from hotel management amounted to 129 Million Baht, growing significantly by 93 percent or 62 Million Baht from 67 Million Baht in the same period last year. Furthermore, revenue from hotel business and education business rose considerably by 181 percent from 73 Million Baht in 2Q-2021 to 104 Million Baht in this quarter. This was predominantly driven by the recovery of tourism and hotel businesses, as well as the reopening of schools following the relief COVID-19 pandemic.

In 6M2022, revenue from projects for rent was 98 Million Baht, increasing by 27 percent or 21 Million Baht from 77 Million Baht in 6M2021. Whilst revenue from business management stood at 745 Million Baht, dropping by 15 percent or 133 Million Baht from 878 Million Baht in 6M2021.

Moreover, Sansiri recorded revenue from hotel management of 235 Million Baht, increasing substantially by 82 percent or 106 Million Baht from the previous year. Revenue from hotel business and education business in 6M2022 stood at 233 Million Baht, representing a remarkable growth of 112 percent or 124 Million Baht from 110 Million Baht in the same period last year.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 2Q-2022, cost of project sales amounted to 4,431 Million Baht, a 6 percent or 292 Million Baht decrease from 2Q-2021. As a result, cost of project sales of 6M2022 also reduced by 19 percent from the same period last year following the decrease in revenue from project sales. Total gross profit margin improved from 34.2 percent in 2Q-2021 to 35.5 percent in 2Q-2022, similar to 6M2022 total gross profit margin which rose to 35.5 percent, compared to 32.2 percent in the previous year.

Cost of projects for rent in 2Q-2022 amounted to 23 Million Baht decreased minimally from 25 Million Baht in 2Q-2021, whereas cost of business management decreased by 19 percent or 55 Million Baht from 295 Million Baht in 2Q-2021 to 240 Million Baht in this quarter, following a decrease in revenue from business management. However, cost of hotel management increased by 22 percent or 40 Million Baht from 185 Million Baht in the previous year to 226 Million Baht in this quarter. Whereas, cost of other services including hotel business and education business rose by 102 percent or 67 Million Baht to 122 Million Baht from 55 Million Baht in 2Q-2021, in line with higher revenue from other services.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2Q-2022 at 1,496 Million Baht, equivalent to 19.1 percent of total revenue, decreasing from 1,567 Million Baht or 19.5 percent of total revenue in 2Q-2021. In 2Q-2022, selling expense amounted to 500 Million Baht or a 6.4 percent of total revenue, decreased from 7.2 percent in 2Q-2021. Administration expense in 2Q-2022 amounted to 995 Million Baht or a 12.7 percent, increased from 12.3 percent in the same period last year.

The selling and administrative expense as of 6M2022 stood at 2,685 Million Baht, representing a 20.6 percent of total revenue, increasing from 19.0 percent in 6M2021. The selling expense in 6M2022 was 792 Million Baht, equivalent to 6.1 percent of total revenue, dropping from 6.8 percent in the same period last year. Whereas the administrative expense in 6M2022 was 1,894 Million Baht, accounting for 14.5 percent of total revenue, rising from 12.2 percent in 6M2021.

Finance Cost

In 2Q-2022, finance cost was 231 Million Baht, down 19 percent or 55 Million Baht from 286 Million Baht in 2Q-2021, owing mostly to the development of existing land plots. As a result, the interest charges incurred by the developed land plots can be capitalised as cost of the projects rather than financial expenses.

Net Profit

Sansiri and its subsidiaries reported net profit of 918 Million Baht in 2Q-2022, growing by 39 percent or 256 Million Baht, compared to 662 Million Baht in 2Q-2021. Thus, net profit margin reported at 11.7 percent of total revenue in 2Q-2022 which improved from 8.2 percent in 2Q-2021. This was mainly due to an increase in gross profit margin of business management business, rental projects as well as improved operational performance in hotel business, resulting from the recovery in tourism sector. In addition, an effective corporate income tax in 2Q-2022 was at 22.8 percent of earnings before corporate income tax.

FINANCIAL POSITION AS OF 30 JUNE 2022

Total Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2022 amounted to 121,231 Million Baht, an increase of 4,599 Million Baht from 31 December 2021. Current assets as of 30 June 2022 were 78,756 Million Baht, increasing by 12,717 Million Baht from 31 December 2021 chiefly due to an increase in real estate development for sales. Total non-current assets as of 30 June 2022 were 42,475 Million Baht, a decrease of 8,118 Million Baht from 31 December 2021. The decrease was primarily from a decrease in land held for development, Some of which had shifted to an increase in current assets, such as real estate development for sale, deposits for purchase of land, and investment properties.

Total Liabilities

Total liabilities of Sansiri Group amounted to 79,922 Million Baht as of 30 June 2022, an increase of 4,257 Million Baht from 31 December 2021. Total current liabilities amounted to 44,416 Million Baht, increasing by 6,770 Million Baht while total non-current liabilities declined by 2,513 Million Baht to 35,507 Million Baht. In this regard, the interest-bearing debt increased from 63,694 Million Baht as of 31 December 2021 to 68,087 Million Baht as of 30 June 2022, due to an increase in unsecured debenture issued during 1Q-2022 as well as increased short-term loans from banks and bills of exchange. The debt-to-equity ratio was 1.93 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.65 times. In this regard, Sansiri has been operating under restrictive financial covenants with gearing ratio less than 2.5 to 1.

By the definition, "Liabilities" means total liabilities as appears in the financial statements, including financial obligations and provisions from collateral of aval by bond issuers or any obligations in the same manner to any person or juristic person (The collateral is not included the case that other person acts as a guarantor for the bond issuer or subsidiary). However, financial obligations and provisions as mentioned above are not included financial obligations and provisions with account payables, advanced received from customer or any debt of bond issuer with no interest obligation, and lease payables.

Total Shareholders' Equity

Shareholders' Equity as of 30 June 2022 amounted to 41,309 Million Baht, an increase of 342 Million Baht from as of 31 December 2021, mainly driven by an increase in other components of shareholders' equity of 205 Million Baht and retained earnings of 172 Million Baht. During the quarter, dividend payment was recorded at 893 Million Baht.

CASHFLOW

Sansiri and its subsidiaries had beginning cash balance of 2,181 Million Baht, with net cash used in operating activities of 55 Million Baht, net cash used in investing activities of 1,005 Million Baht, and net cash from financing activities of 2,121 Million Baht, resulting in the ending cash balance of 3,202 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was 9,994 Million Baht. Cash used as development costs for property development for sale amounted to 8,752 Million Baht. For investing activities, the key components were an increase in loans to related parties and payment on purchase of other financial assets of 668 Million Baht and 517 Million Baht, respectively. For financing activities, the key components were increase in short-term loans from banks and bills of exchange of 3,389 Million Baht and net proceeds from debenture issuance of 1,415 Million Baht, partially offset with net repayment of long-term loans and payment of interest expenses 1,419 Million Baht of and dividend payment of 893 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director