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15 May 2023

Subject : Clarification of Year 1Q/2023 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 31 March 2023 of the Company and its subsidiaries as follows.

Total revenue for 1Q/2023 was 8,505 Million Baht, a 63 percent increase from 5,220 Million Baht in 1Q/2022. The total revenue increased in almost every business unit except other services, which decreased when compared to last year. In this quarter, the Company recorded gain from sale of assets of 623 Million Baht from the disposal of Satit Pattana School in March 2023. For 1Q/2023, net profit (equity holders of the Company) was 1,582 Million Baht, representing an exceptional growth of 423 percent from 303 Million Baht in 1Q/2022.

Revenue from Property Development

The breakdown of revenue from project sales during 1Q/2023 and 1Q/2022 is as follows.

Product Type	1Q/2023		1Q/2022	
	Million Baht	%	Million Baht	%
Single-detached Houses	2,396	35.5	2,293	53.5
Townhome / Home Offices	954	14.1	468	10.9
Mixed Product	687	10.2	668	15.6
Condominiums	2,717	40.2	858	20.0
Total	6,754	100.0	4,288	100.0

In 1Q/2023, Sansiri and its subsidiaries reported the revenue from project sales amounted to 6,754 Million Baht, resulting in a 58 percent increase from 4,288 Million Baht in the previous year. Revenue from project sales increased in every product type.

Revenue from housing projects consist of single-detached house, townhome, and mix product amounted to 4,037 Million Baht, accounted for 60 percent of total revenue from project sales. Revenue from single-detached house projects amounted to 2,396 Million Baht, a 4 percent increase from 2,293 Million Baht in the same period last year. The revenue from single-detached houses was mainly from Narasiri Krungthepkreetha, Burasiri Watcharapol, Setthasiri Charan-Pinklao 2, Setthasiri Rama 5 and Saransiri Rangsit. Revenue from the aforesaid 5 projects was 17 percent of total revenue from project sales.

Revenue from townhome projects stood at 954 Million Baht, growing by 104 percent from 468 Million Baht in the same period last year, chiefly from DEMI Sathu 49.

Revenue from mixed product projects was 687 Million Baht, an increase of 3 percent from 1Q/2022. The revenue was mainly from 3 projects as follows: Anasiri Bang Yai, Anasiri Krungthep-Pathumthani and Anasiri Tiwanon-Srisaman, altogether contributing 4 percent of total revenue from project sales.

Condominium projects contributed the highest revenue growth in this quarter, growing by 217 percent to 2,717 Million baht from 858 Million Baht in the same period last year. The majority of the revenue was generated from XT Phayathai which has completed the construction and began to transfer since December 2022, XT Huaikwang, oka HAUS and EDGE Central Pattaya. Moreover, there was a new completed project and started to transfer in this quarter, namely, The Muve Bangna. These 5 projects contributed 31 percent of total revenue from project sales.

Further, the Company recorded revenue from projects for rent of 49 Million, rose by 2 percent from 48 Million Baht last year.

Revenue from Property Services

In 1Q/2023, revenue from business management services stood at 484 Million Baht, an increase of 33 percent from 364 Million Baht in 1Q/2022. Revenue from hotel management services rose by 29 percent from 106 Million Baht in 1Q/2022 to 136 Million Baht in 1Q/2023 following the economic recovery.

Besides, Sansiri reported revenue from hotel business owned by the Company of 152 Million Baht, increasing by 137 percent from 64 Million Baht last year, resulted from the recovery of tourism and hotel business after the country's reopening, as well as hotel in foreign country in which the Company has made additional investments. Whilst revenue from other services, including revenue from education business, was 61 Million Baht, a reduction of 4 percent from 66 Million Baht last year.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

For the year 1Q/2023, cost of project sales amounted to 4,336 Million Baht, a 55 percent increase from 1Q/2022, in accordance with an increase in revenue from project sales. Gross profit margin of project sales in 1Q/2023 was 35.8 percent, increasing from 34.8 percent in 1Q/2022 due to higher gross profit from low-rise projects.

The costs of other businesses also rose in line with increased revenues. Cost of hotel business, cost of business management services, cost of hotel management services and cost of other services rose by 74 percent, 43 percent, 39 percent, and 24 percent, respectively.

Selling, General and Administrative Expenses

Selling and administrative expenses in 1Q/2023 was 1,379 Million Baht, accounted for 16.2 percent of the total revenue, increase from 1,190 Million Baht or 22.8 percent of total revenue of last year. The selling expenses in 1Q/2023 were 534 Million Baht or 6.3 percent of total revenue, increased from 5.6 percent of total revenue in 1Q/2022 owing to higher expenses to support sales activities. The administrative expenses (including management benefit expenses) amounted to 845 Million Baht or 9.9 percent of total revenue, decreased from 17.2 percent of total revenue in 1Q/2022. The main factor was from the growth of revenue based which higher than the growth of selling and administrative expense.

Finance Cost

In 1Q/2023, finance cost was 120 Million Baht, down from 325 Million Baht in 1Q/2022, owing mostly to the development of existing land plots to support business expansion in the next 2-3 years. 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 (equity holders of the Company)

For the year 1Q/2023, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of 1,582 Million Baht, significantly increased by 423 percent from 303 Million Baht in the same period last year. In this regard, the net profit margin was at 18.6 percent of total revenue, increasing from 5.8 percent of total revenue in 1Q/2022. The main factors were from the higher gross profit of core business, gain on sale of assets from the disposal of Satit Pattana School and an increase in share of profit from investments in joint ventures and associates. In addition, an effective corporate income tax in 1Q/2023 was at 21.1 percent of earnings before corporate income tax.

Financial Position as of 31 March 2023

Total Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2023 amounted to 134,734 Million Baht, an increase of 7,283 Million Baht from 31 December 2022. Current assets as of 31 March 2023 were 101,200 Million Baht, increasing by 3,945 Million Baht from 31 December 2022 chiefly due to an increase in real estate development for sales as well as cash and cash equivalents. Total non-current assets were 33,534 Million Baht, an increase of 3,337 Million Baht from 31 December 2022, primarily from an increase in land, building and equipment from the acquisition of Sixty Hotel in the United States by our subsidiary in foreign country.

Total Liabilities

Total liabilities of Sansiri Group amounted to 88,659 Million Baht as of 31 March 2023, an increase of 5,248 Million Baht from 31 December 2022. Total current liabilities amounted to 35,085 Million Baht, decreasing by 7,231 Million Baht. Whilst total non-current liabilities rose by 12,480 Million Baht to 53,574 Million Baht. In this regard, the interest-bearing debt increased from 70,655 Million Baht as of 31 December 2022 to 72,571 Million Baht as of 31 March 2023, due to an increase in unsecured debenture issued during 1Q/2023. The debt-to-equity ratio was 1.92 times with the interest-bearing debt-to-equity ratio (Gearing ratio) was 1.58 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 do not include 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 31 March 2023 amounted to 46,075 Million Baht, an increase of 2,034 Million Baht from as of 31 December 2022. The increase was primarily attributable to an increase in retained earnings of 1,500 Million Baht and higher issued and paid-up of 589 Million Baht from the exercise of warrants issued for Private Placement and ESOP 8.

Cashflow

Sansiri and its subsidiaries had beginning cash balance of 2,660 Million Baht, with net cash from operating activities of 1,615 Million Baht, net cash used in investing activities of 2,723 Million Baht, and net cash from financing activities of 1,489 Million Baht, resulting in the ending cash balance of 3,115 Million Baht as of 31 March 2023.

In this regard, profit from operating activities before changes in operating assets and liabilities was 6,047 Million Baht. In this regard, cash used as development costs for property development for sale amounted to 9,860 Million Baht. For investing activities, the key components were payment on purchase of land, building and equipment of 3,840 Million Baht from the acquisition of Sixty Hotel in the United States, partly offset with net cash received from sales of assets related to school business of 1,150 Million Baht. For financing activities, the key components were net proceeds from debentures issuance of 2,460 Million Baht from the issuance of debentures of 6,500 Million Baht in January 2023, extracting the repayment of debentures amounting 4,000 Million Baht in January 2023, as well as an increase in long-term loans of 2,651 Million Baht, partially offset with the repayment of long-term loans of 1,776 Million Baht and payment of interest expenses of 802 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director