

10 November 2021

Subject: Management Discussion and Analysis for the Third Quarter ended 30 September 2021

To President
The Stock Exchange of Thailand

Quality Houses Public Company Limited and its subsidiaries (“The Company”) would like to report its operating results for the Third Quarter ended 30 September of 2021 and 2020 with the detail as follows:

I The operating revenue breakdown by business segment

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-month period</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Revenue from sales of real estate	1,447	2,373	(926)	(39)	5,278	6,233	(955)	(15)
Revenue from hotel operations	67	40	27	68	219	253	(34)	(13)
Revenue from office rental operations	74	77	(3)	(4)	229	230	(1)	(0.4)
Other income	<u>57</u>	<u>59</u>	<u>(2)</u>	<u>(3)</u>	<u>177</u>	<u>170</u>	<u>7</u>	<u>4</u>
Total revenues	1,645	2,549	(904)	(35)	5,903	6,886	(983)	(14)

In summary, the Company generated total revenues in the third quarter of 2021 and 2020 at Baht 1,645 million and Baht 2,549 million, respectively, decreasing by Baht 904 million or 35% decrease compared to the same period of 2020. Details are as follows:

1. **Revenue from sales of real estate** in the third quarter of 2021 decreased by Baht 926 million or 39% decrease compared to the same period of 2020. This was due to a decrease in revenue from housing projects by Baht 728 million or 35% as well as a decrease in revenue from condominium projects by Baht 198 million or 73% compared to the same period of 2020 mainly from lockdown measures on communities in construction camps in order to control COVID-19 outbreak.

In the first 9 months of 2021, the Company launched 2 new housing projects with total project value of Baht 2,565 million and closed 7 housing projects.

2. **Revenue from hotel operations** in the third quarter of 2021 increased by Baht 27 million or 68% increase compared to the same period of 2020. The increase in revenue mainly because of participation in Alternative State Quarantine (ASQ) program since September 2020.

3. **Revenue from office rental operations** in the third quarter of 2021 decreased by Baht 3 million or 4% decrease compared to the same period of 2020.

4. **Other income** in the third quarter of 2021 decreased by Baht 2 million or 3% decrease compared to the same period of 2020.

II Share of profit from investments in associates

In the third quarter of 2021, the Company's share of profit from investments in associates was Baht 287 million, which decreased by Baht 122 million or 30% decrease compared to the same period of 2020. Details of the Company's profit sharing from 4 associate companies are as follows:

(Unit: Million Baht)

	Third quarter				9-month period			
	2021	2020	Change	%	2021	2020	Change	%
Home Product Center Plc.	173	278	(105)	(38)	728	713	15	2
LH Financial Group Plc.	87	73	14	19	222	283	(61)	(22)
Quality Houses Leasehold Property Fund	35	49	(14)	(29)	113	132	(19)	(14)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (8)	<u>9</u>	<u>9</u>	<u>(17)</u>	<u>(189)</u>	<u>(7)</u>	<u>23</u>	<u>(30)</u>	(130)
Total	287	409	(122)	(30)	1,056	1,151	(95)	(8)

III Interest income

	Third quarter				9-month period			
	2021	2020	Change	%	2021	2020	Change	%
Interest income	0.3	0.5	(0.2)	(40)	2	5	(3)	(60)

IV Cost of sales breakdown by business segment

(Unit: Million Baht)

	Third quarter				9-month period			
	2021	2020	Change	%	2021	2020	Change	%
Cost of real estate sold	1,027	1,642	(615)	(37)	3,684	4,252	(568)	(13)
Cost of hotel operations	73	94	(21)	(22)	290	315	(25)	(8)
Cost of office rental operations	<u>26</u>	<u>29</u>	<u>(3)</u>	<u>(10)</u>	<u>81</u>	<u>86</u>	<u>(5)</u>	<u>(6)</u>
Total cost of sales	1,126	1,765	(639)	(36)	4,055	4,653	(598)	(13)

Total cost of sales in the third quarter of 2021 decreased from the same period of 2020 by Baht 639 million or 36%, which varied with a decrease in revenue from sales of real estate.

V Expenses

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-month period</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Selling expenses	78	113	(35)	(31)	272	309	(37)	(12)
Administrative expenses	350	343	7	2	1,068	1,069	(1)	(0.1)
Finance cost	84	97	(13)	(13)	250	299	(49)	(16)
Income tax expenses	31	66	(35)	(53)	140	168	(28)	(17)

1. **Selling expenses** in the third quarter of 2021 decreased by Baht 35 million or 31% decrease compared to the same period of 2020. This was mainly due to a decrease specific business tax and transfer fee which varied with a decline of revenue from sales of real estate.

2. **Administrative expenses** in the third quarter of 2021 increased by Baht 7 million or 2% increase compared to the same period of 2020.

3. **Finance cost** in the third quarter of 2021, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 13 million or 13% decrease compared to the same period of 2020.

4. **Income tax expenses** in the third quarter of 2021 decreased by Baht 35 million or 53% decrease compared to the same period of 2020.

VI Net Profit

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-month period</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Net Profit	263	575	(312)	(54)	1,176	1,544	(368)	(24)

In the third quarter of 2021, the Company's net profit decreased by Baht 312 million or 54% decrease compared to the same period of 2020. This was mainly due to a decrease in gross profit from sales of real estate by Baht 311 million. In addition, the Company's share of profit from investments in associates decreased by Baht 122 million. Administrative expenses increased by Baht 7 million. Meanwhile, gross profit margin from hotel business increased Baht 48 million. Selling expenses decreased by Baht 35 million. Finance cost and income tax expenses declined by Baht 13 million and Baht 35 million, respectively.

VII Financial Position

	30 September 2021	31 December 2020	Change	(Unit: Million Baht) Change (%)
Total assets	46,427	47,667	(1,240)	(3)
Total liabilities	19,973	21,099	(1,126)	(5)
Total shareholders' equity	26,454	26,568	(114)	(0.4)

- **Financial position**

As of 30 September 2021, the Company's total assets decreased by Baht 1,240 million or 3% decrease from the end of 2020 (as of 31 December 2020). This was mainly due to a decrease in land and construction in progress as well as a decrease in land and project development costs with total amount of Baht 1,549 million. Meanwhile, total liabilities decreased by Baht 1,126 million or 5% decrease from the end of 2020 (as of 31 December 2020) mainly came from net-repayment amount of short term loan and long term loan decreased by Baht 1,099 million and net-repayment amount of debentures decreased by Baht 102 million.

- **Shareholders' Equity**

As of 30 September 2021, the shareholders' equity of the Company decreased by Baht 114 million from the end of 2020 (as of 31 December 2020). This was due to the company recorded net profit for the first 9 months of 2021 ended 30 September 2021 at Baht 1,176 million. Meanwhile, other components of shareholders' equity decreased by Baht 112 million due to a loss from share of other comprehensive income of associates-net of income tax. Furthermore, the Company paid an interim dividend of Baht 857 million in May 2021 in accordance with the resolution of the Annual General Meeting 2021 dated 22 April 2021. Likewise, in September 2021 the Company paid an interim dividend of Baht 321 million in accordance with the resolution of the Board of Directors' Meeting No.6/2021 dated 9 August 2021.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)
Senior Executive Vice President

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