

23 February 2022

Subject: Management Discussion and Analysis of Operating Results for the Year 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 year 2021 and 2020 with the detail as follows:

I Operating revenue breakdown by business segment

	(Unit: Million Baht)			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change (%)</u>
Revenue from sales of real estate	7,502	8,503	(1,001)	(12)
Revenue from hotel operations	314	330	(16)	(5)
Revenue from office rental operations	303	305	(2)	(1)
Other income	<u>232</u>	<u>232</u>	=	-
Total revenues	8,351	9,370	(1,019)	(11)

In summary, the Company generated total revenues for the year 2021 and 2020 at Baht 8,351 million and Baht 9,370 million respectively, decreasing by Baht 1,019 million or 11% decrease compared to the same period of 2020. Details are as follows:

1. **Revenue from sales of real estate** for the year 2021 decreased by Baht 1,001 million or 12% decrease compared to the same period of 2020. This was due to a decrease in revenue from housing projects by Baht 690 million or 9% decrease compared to the same period of 2020. Meanwhile, revenue from condominium projects also decreased by Baht 311 million or 38% decrease compared to the same period of 2020 since the COVID-19 pandemic has caused Thailand’s economic slowdown, which resulted in a decrease in demand for real estate.

In 2021, the Company launched 2 new housing projects with total project value of Baht 2,565 million and closed 7 sold-out housing projects.

2. **Revenue from hotel operations** for the year 2021 decreased by Baht 16 million or 5% decrease compared to the same period of 2020. This was mainly due to impacts of the COVID-19 pandemic.

3. **Revenue from office rental operations** for the year 2021 decreased by Baht 2 million or 1% decrease compared to the same period of 2020.

4. Other income for the year 2021 was similar to the same period of 2020.

II Cost of sales breakdown by business segment

	(Unit: Million Baht)			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change (%)</u>
Cost of real estate sold	5,226	5,775	(549)	(10)
Cost of hotel operations	369	428	(59)	(14)
Cost of office rental operations	<u>107</u>	<u>115</u>	<u>(8)</u>	(7)
Total cost of sales	5,702	6,318	(616)	(10)

Total cost of sales in 2021 decreased from the same period of 2020 by Baht 616 million or 10%, which varied with a decrease in revenue in each business segment as shown in the Table of operating revenue breakdown by business segment.

III Share of profit from investments in associates

In 2021, the Company's share of profit from investments in associates was Baht 1,382 million, which decreased by Baht 148 million or 10% decrease compared to the same period of 2020. Details of the Company's share of profit from 4 associate companies are as follows:

	(Unit: Million Baht)			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change (%)</u>
Home Product Center Plc.	1,081	1,020	61	6
LH Financial Group Plc.	170	311	(141)	(45)
Quality Houses Leasehold Property Fund	148	167	(19)	(11)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	<u>(17)</u>	<u>32</u>	<u>(49)</u>	(153)
Total	1,382	1,530	(148)	(10)

IV Interest income

	(Unit: Million Baht)			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change (%)</u>
Interest income	4	7	(3)	(43)

Interest income for the year 2021 decreased by Baht 3 million or 43% decrease compared to the same period of 2020.

V Expenses

	(Unit: Million Baht)			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change (%)</u>
Selling expenses	390	426	(36)	(8)

Administrative expenses	1,425	1,364	61	4
Finance cost	330	392	(62)	(16)
Income tax expenses	220	284	(64)	(23)

1. Selling expenses for the year 2021 decreased by Baht 36 million or 8% decrease compared to the same period of 2020. This was mainly due to a decrease in specific business tax and transfer fees which varied with a decrease in transfer of real estate compared to the same period of 2020.

2. Administrative expenses for the year 2021 increased by Baht 61 million or 4% increase compared to the same period of 2020. This was mainly due to a provision for loss arising from litigation of Baht 53 million.

3. Finance cost for the year 2021, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 62 million or 16% decrease compared to the same period of 2020. This is mainly came from the reduction of outstanding loan amount and interest payment.

4. Income tax expenses for the year 2021 decreased by Baht 64 million or 23% decrease compared to the same period of 2020. These expenses varied with a decrease in the Company's operating profit (excluding share of profit from investments in associates).

VI Net Profit

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change (%)</u>
Net Profit	1,670	2,123	(453)	(21)

(Unit: Million Baht)

In 2021, the Company's net profit decreased by Baht 453 million, or 21% 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 452 million, and a decrease in share of profit from investments in associates by Baht 148 million as well as a decrease from interest income of Baht 3 million. While administrative expenses increased by Baht 61 million. Gross profit from hotel operations and office rental operations increased by Baht 43 million and Baht 6 million, respectively. Selling expenses decreased by Baht 36 million. Finance cost and income tax expenses decreased by Baht 62 million and Baht 64 million, respectively.

VII Financial Position

	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>Change</u>	<u>Change (%)</u>
Total assets	46,236	47,667	(1,431)	(3)
Total liabilities	19,251	21,099	(1,848)	(9)

(Unit: Million Baht)

Total shareholders' equity	26,985	26,568	417	2
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- **Financial position**

As of 31 December 2021, the Company's total assets decreased by Baht 1,431 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 by Baht 2,245 million. Meanwhile cash and cash equivalent increased by Baht 697 million. Total liabilities decreased by Baht 1,848 million or 9% decrease from the end of 2020 (as of 31 December 2020). This was mainly due to repayment of both short term and long term loan of Baht 1,800 million and a decrease in debentures of Baht 100 million.

- **Shareholders' Equity**

As of 31 December 2021, total shareholders' equity of the Company increased by Baht 417 million or 2% increase from the end of 2020 (as of 31 December 2020), whereas other comprehensive income decreased by Baht 74 million mainly due to a loss from share of other comprehensive income of associates-net of income tax. Meanwhile, the Company recorded a net profit of Baht 1,670 million for the year 2021 and paid the dividend of Baht 857 million in May 2021 in accordance with the resolution of the Annual General Meeting of 2021 held on 22 April 2021. In addition, in September 2021 the Company paid an interim dividend of Baht 322 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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