

9 May 2022

Subject: Management Discussion and Analysis for the First Quarter ended 31 March 2022

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 first quarter ended 31 March of 2022 and 2021 with the detail as follows:

I Operating revenue breakdown by business segment

	First quarter		(Unit: Million Baht)	
	2022	2021	Change	Change (%)
Revenue from sales of real estate	1,915	1,868	47	3
Revenue from hotel operations	101	87	14	16
Revenue from office rental operations	75	76	(1)	(1)
Other income	51	63	(12)	(19)
Total revenues	2,142	2,094	48	2

In summary, the Company generated total revenues for the first quarter of 2022 and 2021 at Baht 2,142 million and Baht 2,094 million respectively, increasing by Baht 48 million or 2% increase compared to the same period of 2021. Details are as follows:

1. **Revenue from sales of real estate** for the first quarter of 2022 increased by Baht 47 million or 3% increase compared to the same period of 2021. This was due to an increase in revenue from housing projects by Baht 76 million or 4% increase compared to the same period of 2021. Meanwhile, revenue from condominium projects decreased by Baht 29 million or 32% decrease compared to the same period of 2021.

In the first quarter of 2022, the Company launched 1 new project with value of Baht 2,678 million and closed 4 sold-out projects.

2. **Revenue from hotel operations** for the first quarter of 2022 increased by Baht 14 million or 16% increase compared to the same period of 2021. This was mainly due to the release of Thailand travel restriction under Test and Go and Sandbox programs and Alternative Quarantine in the first quarter of 2022, resulting in more foreign travelers coming in and higher number of hotel booking compared to the same period last year.

3. **Revenue from office rental operations** for the first quarter of 2022 decreased by Baht 1 million or 1% decrease compared to the same period of 2021.

4. **Other income** for the first quarter of 2022 decreased by Baht 12 million or 19% decrease compared to the same period of 2021. This was mainly due to public service fee decreased by Baht 7 million and gain/(loss) from exchange rate decreased by Baht 4 million.

II Operating cost breakdown by business segment

	<u>First quarter</u>		(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change (%)</u>
Cost from sales of real estate	1,263	1,310	(47)	(4)
Cost from hotel operations	81	115	(34)	(30)
Cost from office rental operations	<u>27</u>	<u>27</u>	-	-
Total costs	1,371	1,452	(81)	(6)

In summary, the Company's total costs for the first quarter of 2022 decreased by Baht 81 million or 6% decrease compared to the same period of 2021. This was mainly due to cost efficiency as shown as cost from sales of real estate and cost of hotel operations declined by Baht 47 million and Baht 34 million, respectively, representing 4% decrease and 30% decrease, respectively.

III Share of profit from investments in associates

In the first quarter of 2022, the Company's share of profit from investments in associates was Baht 399 million, which increased by Baht 12 million or 3% increase compared to the same period of 2021. Details of the Company's share of profit from 4 associate companies are as follows:

	<u>First quarter</u>		(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change (%)</u>
Home Product Center Plc.	300	271	29	11
LH Financial Group Plc.	70	78	(8)	(10)
Quality Houses Leasehold Property Fund	37	39	(2)	(5)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	<u>(8)</u>	<u>(1)</u>	<u>(7)</u>	<u>n.a</u>
Total	399	387	12	3

IV Interest income

	<u>First quarter</u>		(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change (%)</u>
Interest income	0.5	0.3	0.2	67

In the first quarter of 2022, the Company's interest income increased by Baht 0.2 million or 67% increase compared to the same period of 2021.

V Expenses

	<u>First quarter</u>		(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change (%)</u>
Selling expenses	100	101	(1)	(1)
Administrative expenses	350	365	(15)	(4)
Finance cost	71	84	(13)	(15)
Income tax expenses	64	48	16	33

1. Selling expenses for the first quarter of 2022 decreased by Baht 1 million or 1% decrease compared to the same period of 2021.

2. Administrative expenses for the first quarter of 2022 decreased by Baht 15 million or 4% decrease compared to the same period of 2021, mainly because the Company continued to focus on costs control.

3. Finance cost for the first quarter of 2022, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 13 million or 15% decrease compared to the same period of 2021 due to decreases in loans and interest rates.

4. Income tax expenses for the first quarter of 2022 increased by Baht 16 million or 33% increase compared to the same period of 2021 which was varied with improved revenue (not including share of profit from investments in associates).

VI Net Profit

	<u>First quarter</u>		(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change (%)</u>
Net Profit	585	431	154	36

In the first quarter of 2022, the Company's net profit increased by Baht 154 million, or 36% increase compared to the same period of 2021. This was mainly due to gross profit from sales of real estate increased by Baht 94 million, gross profit from hotel operations increased by Baht 48 million and an increase in share of profit from investments in associates by Baht 12 million. Moreover, administrative expenses and finance cost decreased by Baht 15 million and Baht 13 million, respectively. Meanwhile, other income decreased by Baht 12 million and income tax expenses increased by Baht 16 million.

VII Financial Position

	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>Change</u>	<u>Change (%)</u>
Total assets	46,651	46,236	415	1
Total liabilities	19,093	19,251	(158)	(1)
Total shareholders' equity	27,558	26,985	573	2

- **Financial position**

As of 31 March 2022, the Company's total assets increased by Baht 415 million or 1% increase from the end of 2021 (as of 31 December 2021), mainly increase from cash and cash equivalent of Baht 652 million and increase from investment in associates of Baht 361 million. Meanwhile, land and construction in progress as well as land and project development cost decreased by Baht 602 million. Total liabilities decreased by Baht 158 million or 1% decrease from the end of 2021 (as of 31 December 2021), mainly due to repayment of long term loan at amount of Baht 400 million.

- **Shareholders' Equity**

As of 31 March 2022, total shareholders' equity of the Company increased by Baht 573 million or 2% increase from the end of 2021 (as of 31 December 2021). This was because the Company recorded a net profit of Baht 585 million for 3-month period ended 31 March 2022. In addition, other components of shareholders' equity decreased by Baht 12 million due to a loss from share of other comprehensive income of associates-net of income tax.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)
Senior Executive Vice President

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