

9 August 2022

Subject: Management Discussion and Analysis for the Second Quarter ended 30 June 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 second quarter ended 30 June 2022 and 2021 with the detail as follows:

I Operating revenue breakdown by business segment

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Revenue from sales of real estate	1,970	1,963	7	0.4	3,885	3,831	54	1
Revenue from hotel operations	149	65	84	129	250	152	98	64
Revenue from office rental operations	76	78	(2)	(3)	150	155	(5)	(3)
Other income	63	58	5	9	114	121	(7)	(6)
Total revenues	<u>2,258</u>	<u>2,164</u>	<u>94</u>	<u>4</u>	<u>4,399</u>	<u>4,259</u>	<u>140</u>	<u>3</u>

In summary, the Company generated total revenues for the second quarter of 2022 and 2021 at Baht 2,258 million and Baht 2,164 million respectively, increasing by Baht 94 million or 4% increase compared to the same period of 2021. Details are as follows:

1. **Revenue from sales of real estate** for the second quarter of 2022 increased by Baht 7 million or 0.4% increase compared to the same period of 2021. This was due to an increase in revenue from condominium projects by Baht 168 million or 148% increase compared to the same period of 2021. Meanwhile, revenue from housing projects decreased by Baht 161 million or 9% decrease compared to the same period of 2021.

In the 6 month period of 2022, the Company launched 2 new projects with value of Baht 3,995 million and closed 5 sold-out projects.

2. **Revenue from hotel operations** for the second quarter of 2022 increased by Baht 84 million or 129% increase compared to the same period of 2021. This was due to the Thai Government has eased travel restriction, many international tourists have travel to Thailand.

3. **Revenue from office rental operations** for the second quarter of 2022 decreased by Baht 2 million or 3% decrease compared to the same period of 2021.

4. Other income for the second quarter of 2022 increased by Baht 5 million or 9% increase compared to the same period of 2021. This was due to building management income increased by Baht 4 million. Meanwhile, public service fee decreased by Baht 3 million.

II Operating cost breakdown by business segment

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Cost from sales of real estate	1,300	1,346	(46)	(3)	2,563	2,657	(94)	(4)
Cost from hotel operations	112	103	9	9	194	217	(23)	(11)
Cost from office rental operations	29	28	1	4	55	55	-	-
Total costs	<u>1,441</u>	<u>1,477</u>	<u>(36)</u>	<u>(2)</u>	<u>2,812</u>	<u>2,929</u>	<u>(117)</u>	<u>(4)</u>

In summary, the Company's total costs for the second quarter of 2022 decreased by Baht 36 million or 2% decrease compared to the same period of 2021. This was due to cost from sales of real estate decreased by Baht 46 million or 3% decrease. Meanwhile, cost of hotel operations increased by Baht 9 million or 9% increase which was in line with the increase of revenue from hotel operations.

III Share of profit from investments in associates

In the second quarter of 2022, the Company's share of profit from investments in associates was Baht 363 million, which decreased by Baht 18 million or 5% decrease compared to the same period of 2021.

Details of the Company's share of profit from 4 associate companies are as follows:

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Home Product Center Plc.	302	285	17	6	602	555	47	8
LH Financial Group Plc.	32	56	(24)	(43)	103	134	(31)	(23)
Quality Houses Leasehold								
Property Fund	29	38	(9)	(24)	66	78	(12)	(15)
Quality Houses Hotel and Residence								
Freehold and Leasehold Property Fund	0	2	(2)	(100)	(8)	1	(9)	n.a.
Total	<u>363</u>	<u>381</u>	<u>(18)</u>	<u>(5)</u>	<u>763</u>	<u>768</u>	<u>(5)</u>	<u>(1)</u>

IV Interest income

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Interest income	2	2	-	-	2	2	-	-

In the second quarter of 2022, the Company's interest income was stable compared to the same period of 2021.

V Expenses

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Selling expenses	121	93	28	30	221	195	26	13
Administrative expenses	410	353	57	16	760	718	42	6
Finance cost	62	82	(20)	(24)	133	166	(33)	(20)
Income tax expenses	73	60	13	22	138	108	30	28

1. Selling expenses for the second quarter of 2022 increased by Baht 28 million or 30% increase compared to the same period of 2021, mainly due to the increase of advertising expenses from new projects and the increase of selling expenses from hotel operations which was in line with the increase of revenue.

2. Administrative expenses for the second quarter of 2022 increased by Baht 57 million or 16% increase compared to the same period of 2021, mainly due to the recognition of impairment loss on assets and the increase of property tax.

3. Finance cost for the second quarter of 2022, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 20 million or 24% decrease compared to the same period of 2021 due to the decrease of loans.

4. Income tax expenses for the second quarter of 2022 increased by Baht 13 million or 22% increase compared to the same period of 2021 which was in line with the increase of revenue (not including share of profit from investments in associates).

VI Net Profit

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Net Profit	515	482	33	7	1,100	913	187	20

In the second quarter of 2022, the Company's net profit increased by Baht 33 million, or 7% increase compared to the same period of 2021. This was mainly due to gross profit from sales of real estate

increased by Baht 53 million, gross profit from hotel operations increased by Baht 74 million and other income increased by Baht 5 million. Meanwhile, finance cost decreased by Baht 20 million, share of profit from investments in associates decreased by Baht 18 million, selling and administrative expenses increased by Baht 85 million and income tax expenses increased by Baht 13 million.

VII Financial Position

	(Unit: Million Baht)			
	<u>30 June 2022</u>	<u>31 December 2021</u>	<u>Change</u>	<u>%</u>
Total assets	43,481	46,236	(2,755)	(6)
Total liabilities	16,440	19,251	(2,811)	(15)
Total shareholders' equity	27,041	26,985	56	0.2

- **Financial position**

As of 30 June 2022, the Company's total assets decreased by Baht 2,755 million or 6% decrease from the end of 2021 (as of 31 December 2021), mainly decrease from cash and cash equivalent of Baht 1,777 million, land and construction in progress as well as land and project development cost Baht 787 million and investment in associates of Baht 136 million. Moreover, total liabilities decreased by Baht 2,811 million or 15% decrease from the end of 2021 (as of 31 December 2021), mainly due to repayment of unsecured debentures at amount of Baht 3,500 million, long term loan at amount of Baht 800 million. Meanwhile, during this period the Company issued debentures amount of Baht 1,000 million and borrow a short-term loan from finance institution amount of Baht 500 million.

- **Shareholders' Equity**

As of 30 June 2022, total shareholders' equity of the Company increased by Baht 56 million or 0.2% increase from the end of 2021 (as of 31 December 2021). This was because the Company recognized net profit of Baht 1,100 million for 6-month period ended 30 June 2022. Meanwhile, other components of shareholders' equity decreased by Baht 296 million due to a loss from share of other comprehensive income of associates.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)
Senior Executive Vice President

Accounting and Finance Department
Tel: 0-2677-7000
Fax: 0-2677-7011-2