

8 November 2022

Subject: Management Discussion and Analysis for the Third Quarter ended 30 September 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 third quarter ended 30 September 2022 and 2021 with the detail as follows:

I Operating revenue breakdown by business segment

(Unit: Million Baht)

	Third quarter				9-month period			
	2022	2021	Change	%	2022	2021	Change	%
Revenue from sales of real estate	2,142	1,447	695	48	6,027	5,278	749	14
Revenue from hotel operations	201	67	134	200	451	219	232	106
Revenue from office rental operations	74	74	0	0	224	229	(5)	(2)
Other income	58	57	1	2	172	177	(5)	(3)
Total revenues	<u>2,475</u>	<u>1,645</u>	<u>830</u>	50	<u>6,874</u>	<u>5,903</u>	<u>971</u>	16

In summary, the Company generated total revenues for the third quarter of 2022 and 2021 at Baht 2,475 million and Baht 1,645 million respectively, increasing by Baht 830 million or 50% increase compared to the same period of 2021. Details are as follows:

1. **Revenue from sales of real estate** for the third quarter of 2022 increased by Baht 695 million or 48% increase compared to the same period of 2021. This was due to the increase in revenue from housing projects increased by Baht 557 million or 40% increase and revenue from condominium projects by Baht 138 million or 191% increase compared to the same period of 2021.

In the 9 month period of 2022, the Company launched 4 new projects with value of Baht 7,598 million and closed 8 sold-out projects.

2. **Revenue from hotel operations** for the third quarter of 2022 increased by Baht 134 million or 200% increase compared to the same period of 2021. This was due to the Thai Government has eased travel restriction since the second quarter and the improvement in many countries' Covid-19 situations combined with the forthcoming travel season which led to the increase in Thai and international tourists compared to the same period of 2021.

3. **Revenue from office rental operations** for the third quarter of 2022 was stable compared to the same period of 2021.

4. **Other income** for the third quarter of 2022 increased by Baht 1 million or 2% increase compared to the same period of 2021. This was due to management income increased.

II Operating cost breakdown by business segment

(Unit: Million Baht)

	Third quarter				9-month period			
	2022	2021	Change	%	2022	2021	Change	%
Cost from sales of real estate	1,454	1,027	427	42	4,017	3,684	333	9
Cost from hotel operations	140	73	67	92	334	290	44	15
Cost from office rental operations	30	26	4	15	85	81	4	5
Total costs	1,624	1,126	498	44	4,436	4,055	381	9

In summary, the Company's total costs for the third quarter of 2022 increased by Baht 498 million or 44% increase compared to the same period of 2021. This was due to cost from sales of real estate increased by Baht 427 million or 42% increase and cost of hotel operations increased by Baht 67 million or 92% increase which was in line with the increase of revenue from hotel operations.

III Share of profit from investments in associates

In the third quarter of 2022, the Company's share of profit from investments in associates was Baht 406 million, which increased by Baht 119 million or 41% increase 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)

	Third quarter				9-month period			
	2022	2021	Change	%	2022	2021	Change	%
Home Product Center Plc.	305	173	132	76	907	728	179	25
LH Financial Group Plc.	67	87	(20)	(23)	170	222	(52)	(23)
Quality Houses Leasehold								
Property Fund	26	35	(9)	(26)	92	113	(21)	(19)
Quality Houses Hotel and Residence								
Freehold and Leasehold Property Fund	8	(8)	16	(200)	-	(7)	(7)	100
Total	406	287	119	41	1,169	1,056	113	11

IV Interest income

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-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	0.1	0.3	(0.2)	(67)	2	2	-

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

V Expenses

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-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	123	78	45	58	344	272	72
Administrative expenses	353	350	3	1	1,113	1,068	45	4
Finance cost	63	84	(21)	(25)	196	250	(54)	(22)
Income tax expenses	80	31	49	158	218	140	78	56

1. **Selling expenses** for the third quarter of 2022 increased by Baht 45 million or 58% increase compared to the same period of 2021, mainly due to the increase of specific business tax expenses and transfer fees which was in line with the increase of revenue from real estate.

2. **Administrative expenses** for the third quarter of 2022 increased by Baht 3 million or 1% increase compared to the same period of 2021, mainly due to the increase of property tax.

3. **Finance cost** for the third quarter of 2022, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 21 million or 25% decrease compared to the same period of 2021 due to the decrease of loans.

4. **Income tax expenses** for the third quarter of 2022 increased by Baht 49 million or 158% increase compared to the same period of 2021 which was in line with the increase of revenue (excluding share of profit from investments in associates).

VI Net Profit

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-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	640	263	377	143	1,740	1,176	564

In the third quarter of 2022, the Company's net profit increased by Baht 377 million, or 143% increase compared to the same period of 2021. This was mainly due to gross profit from sales of real estate increased by Baht 268 million, gross profit from hotel operations increased by Baht 67 million, other income

increased by Baht 1 million and share of profit from investments in associates increased by Baht 119 million. Meanwhile, finance cost decreased by Baht 21 million, selling and administrative expenses increased by Baht 48 million and income tax expenses increased by Baht 49 million.

VII Financial Position

	<u>30 September 2022</u>	<u>31 December 2021</u>	<u>Change</u>	<u>%</u>
Total assets	44,166	46,236	(2,070)	(4)
Total liabilities	17,081	19,251	(2,170)	(11)
Total shareholders' equity	27,085	26,985	100	0.4

● Financial position

As of 30 September 2022, the Company's total assets decreased by Baht 2,070 million or 4% decrease from the end of 2021 (as of 31 December 2021), mainly decrease from cash and cash equivalent of Baht 344 million, land and construction in progress as well as land and project development cost Baht 1,173 million and investment in associates of Baht 386 million. Moreover, total liabilities decreased by Baht 2,170 million or 11% decrease from the end of 2021 (as of 31 December 2021), due to repayment of unsecured debentures at amount of Baht 3,500 million and long term loan at amount of Baht 1,200 million. Additionally, during this period the Company issued debentures amount of Baht 1,000 million and borrow a long-term loan from a finance institution amount of Baht 1,500 million.

● Shareholders' Equity

As of 30 September 2022, total shareholders' equity of the Company increased by Baht 100 million or 0.4% increase from the end of 2021 (as of 31 December 2021). This was because the Company recognized net profit of Baht 1,740 million for 9-month period ended 30 September 2022 and other components of shareholders' equity increased by Baht 465 million from the share of other comprehensive income of associates.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)
Senior Executive Vice President

Accounting and Finance Department

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