

MBK Public Company Limited and its subsidiaries

Management discussion and analysis

For the three-month and nine-month periods ended 30 September 2022 (The third quarter)

Analysis of operating results

1. Overall operating results

The operating results of MBK Public Company Limited and its subsidiaries (“the Group”) for the three-month and nine-month periods ended 30 September 2022 and 2021 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
	2022	2021	Inc./Dec.		2022	2021	Inc./Dec.	
1) Operating revenue	1,980	1,792	188	10%	5,916	5,706	210	4%
2) Operating profit (loss)	54	(25)	79	316%	178	236	(58)	(25%)
3) Share of profit (loss) from investments in associates and joint venture	148	(183)	331	181%	294	(330)	624	189%
4) Other income	65	232	(167)	(72%)	359	534	(175)	(33%)
5) Finance costs	(183)	(193)	10	5%	(552)	(564)	12	2%
6) Income tax expense	(66)	(84)	18	21%	(169)	(219)	50	23%
7) Net profit (loss)	18	(253)	271	107%	110	(343)	453	132%
8) Loss (profit) attributable to non- controlling interest of the subsidiaries	(14)	(19)	5	26%	(29)	(50)	21	42%
9) Net profit (loss) – attributable to equity holders of the Company	4	(272)	276	101%	81	(393)	474	121%
10) Earnings (loss) per share (Baht)	0.002	(0.20)	0.202	101%	0.06	(0.29)	0.35	121%

1.1 The operating results for the three-month period (The third quarter)

The overall operating results of the Group in comparison with the same period of last year showed that the operating revenue for the three-month periods ended 30 September 2022 and 2021 were Baht 1,980 million and Baht 1,792 million, respectively, increased by Baht 188 million or 10%. The net profit (loss) attributable to equity holders of the Company for the three-month periods then ended were Baht 4 million and Baht (272) million, respectively, increased by Baht 276 million or 101%. The significant changes were as follows.

a) The spread of Corona Virus (“COVID-19”)

The impact of the epidemic outbreak of COVID-19 in all regions of the world since 2020 has caused a hugely sluggish economy and continued impact to the present year. In Thailand has been affected since March 2020, especially in 2021, the new outbreaks of COVID-19 epidemic are widespread and more severe. This situation has affected the business operations of the Group. the Group’s business activities temporarily closed in accordance with the government measures during the year 2020 and 2021 as follows:

Year	Business segment	Closing periods	No.of days
2020	All shopping centers and food centers	22 Mar. - 16 May. 20	56 days
	All golf courses	22 Mar. - 2 May. 20	42 days
	All hotels (except for Tinidee@Bangkok Golf Club)	1 Apr. - 17 Jul. 20	108 days

Year	Business segment	Closing periods	No.of days
2021	All shopping centers and food centers	19 Jul. - 31 Aug. 21	44 days
	Two golf courses in Pathumtani	23 Jul. - 31 Aug. 21	40 days
	All hotels (except for Pathumwan Princess and Tinidee@Bangkok Golf Club)	Mar. - Oct. 21 (Refer to details in 2.1(b))	-

The COVID-19 situation in 2022, there were still several new waves of outbreaks, but the level of severity and concerns of the epidemic began to decline continuously. In addition, after the Government has gradually issued relief measures starting from the fourth quarter of 2021 until present to reduce the strict control of the epidemic including the opening of the country for foreign tourists. As a result, all business sectors, especially for tourism business, began gradually to recover.

The overall revenue and net profit for the current period in comparison with the same period of last year has continued improvement. The significant changes in operating revenue and operating profit (loss) of the Group business segments were noted in No. 2.1 - Operating revenue – by segment and No. 2.2 – Operating profit (loss) – by segment. However, the Group’s management has followed up continuously on the situations for strategic planning and coping with changes in several contexts.

- b) Share of profit from investments in associates and joint venture for the three-month and nine-month periods increased by Baht 331 million or 181% and Baht 624 million or 189%, respectively, due to the following reasons:

- Share of profit from an associate that operates shopping center business for the three-month and nine-month periods increased by Baht 306 million or 184% and Baht 636 million or 187%, respectively. The main reasons were the temporarily closed of shopping center during last year period affected to the business operations. In addition, at present the government has issued the relief measures to control COVID-19 and the concerns over the disease have decreased accordingly as mentioned above.
 - Share of profit (loss) from an associate that operates life assurance business wholly decreased. In August 2021, the investment in such associates were sold to the existing shareholders therefore, there was no profit sharing recognized in the current period. In the same period of last year, the recognition of profit (loss) sharing for the three-month and nine-month periods were Baht (20) million and Baht 18 million, respectively.
- c) Other income for the three-month and nine-month periods decreased by Baht 167 million or 72% and Baht 175 million or 33%, respectively. The major reason was that the recognition of interim dividend income from a related company was in a different quarter. In the current period, dividend income of Baht 174 million was recognised in October 2022 (or the fourth quarter), whereas the last year period, dividend income of Baht 160 million was recognised in September 2021 (or the third quarter). The interim dividend income in comparison with last year period increased by Baht 14 million due to the increase in investment during the current quarter.

1.2 The operating results for the nine-month period

The overall operating results of the Group in comparison with the same period of last year showed that the operating revenue for the nine-month periods ended 30 September 2022 and 2021 were Baht 5,916 million and Baht 5,706 million, respectively, increased by Baht 210 million or 4%. The net profit (loss) for the nine-month periods then ended were Baht 81 million and Baht (393) million, respectively, the net profit increased by Baht 474 million or 121%. The significant changes were already noted in the operating results for the three-month period as mentioned above.

2. Revenue and operating results by segment

The Group's business operations are divided into 8 principal segments as follows:

1. Shopping Center business engages in the business of rental space to retail tenants in the shopping centers and the business of office space for rent.
2. Hotel and tourism business engages in providing for lodging, food and drink, fitness and other facilities and services related for accommodation and travel.
3. Golf business engages in golf services, clubhouse and selling golf equipment.

4. Real-estate business engages in residential for sale, property management and asset appraisal.
5. Food Solution business engages in selling rice for both local and export markets, and the food center and restaurant business.
6. Finance business engages in (i) providing general loan for housing and bridge loan of which the security is marketable property in good location, (ii) motorcycle hire-purchase business, and provision of life assurance business*.
7. Auction business engages in the business of car and motorcycle auction.
8. Corporate Supporting Center business performs as a back-office functions for the Group, and Others business engages in the water supply business.

Note:

* The company that engages in life assurance business was classified as an associate therefore the recognition of operating results is in the form of profit (loss) sharing. The investment in the associates were sold in August 2021.

The significant movements in operating revenue and operating profit/(loss) by segment for the three-month and nine-month periods ended 30 September 2022 when compared to the same period of 2021 were as follows:

2.1 Operating revenue – by segment

(Unit: Million Baht)

Segment	For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
	2022	2021	Inc./Dec.		2022	2021	Inc./Dec.	
1) Shopping Center	478	351	127	36%	1,157	1,199	(42)	(4%)
2) Hotel and Tourism	209	31	178	574%	513	115	398	346%
3) Golf	91	36	55	153%	288	173	115	66%
4) Real-estate	74	208	(134)	(64%)	599	691	(92)	(13%)
5) Food Solution	408	400	8	2%	1,170	1,244	(74)	(6%)
6) Finance	551	607	(56)	(9%)	1,766	1,813	(47)	(3%)
7) Auction	163	158	5	3%	402	463	(61)	(13%)
8) Corporate Supporting Center and Others	6	1	5	500%	21	8	13	163%
Total	1,980	1,792	188	10%	5,916	5,706	210	4%

The operating revenue of the Group for the three-month and the nine-month periods ended 30 September 2022 was Baht 1,980 million and Baht 5,916 million, respectively, increased by Baht 188 million or 10% and Baht 210 million or 4%, respectively. The major changes in operating revenue by segment were as follows:

- a) The revenue of shopping center business for the three-month period increased by Baht 127 million or 36% because in the current quarter, the situation of COVID-19 began to gradually improve. As a result, the shopping center business has continued to recover. However, the revenue for nine-month period decreased by Baht 42 million or 4%. During the first six-month period of current year, the epidemic of COVID-19 still affected the operations continuance from last year which there were several new outbreaks and more severe.

The shopping center business still has measures to help tenants to be able to continue their business until the situation returns to normal such as exemption of rental and service fees throughout the closing period, discount on rental and service fees during the period of operation, reduction in number of rental deposits, and extension of payment period etc. The rental discount rates will vary depending on the business impact of each tenant. In addition, the management periodically assesses the situation of providing assistance to tenants. In the current period, the discount rates for tenants have continued to decline according to the epidemic situation which has gradually improved.

In addition, regarding the revenue recognition under TFRS#16 - Lease agreement determined that the rental discount given to tenants will be adjusted to reduce rental income throughout the remaining lease period and recalculated revenue recognition based on a straight-line method over the remaining lease period. The company will continue to recognize rental income although the shopping center is closed, or there was an exemption of rental charge or giving a discount to a tenant during the operation period. Therefore, the recognition of revenue according to this standard resulted that the revenue for the current period was lower than the same period of last year. Because in 2020 and 2021 there were exemption of rental charges and high rental discount rates, but the rental revenue was still recognized based on the recalculated straight-line method. Moreover, most of the lease agreements were a period of 3 years.

Since 2021 till to present, the management has implemented new marketing strategies in accordance with the current lifestyle of consumers such as selecting the potential new tenants to meet the needs of customers, closing the certain rental space in many zones for renovation to be more modern, and developing new technologies applied to the new normal trends.

- b) The revenue of hotel and tourism business for the three-month and nine-month periods increased by Baht 178 million or 574% and Baht 398 million or 346%, respectively. In November 2021, the government opened the country for foreign tourists but still maintained strict epidemic control measures and has issued relaxation measures periodically. Moreover, the benefits programs such as “Tour Taew Thai” and “Rao Taew Duay Kan” resulted in higher number of Thai people which is the major traveler in the country. In the current year, the number of foreign tourists traveling to Thailand is gradually increasing. Therefore, the hotel and tourism business in 2022 has started to recover continuously.

In addition, during the second and third quarters of 2021, some hotels temporarily closed their services to control operating costs during low season period as follows.

Hotel	Start	End
1. Tinidee@Ranong ***	1 Mar. 21	Indefinitely
2. Layana Resort & Spa in Krabi	1 May 21	31 Oct. 21
3. Tinidee@Phuket and Loch Palm Residence in Phuket	6 May 21	30 Sep. 21
4. Fitness Center at Pathumwan Princess and Paradise Park	26 Apr. 21	30 Sep. 21
5. Fitness Center at Bangkok Golf Club	26 Apr. 21	25 Dec.21
6. Tinidee Hideaway@Tonsai Beach Krabi	1 Aug. 21	31 Oct. 21
7. Dusit Thani Krabi Beach Resort	1 Sep. 21	30 Sep. 21

*** Tinidee@Ranong closed from 1 March 2021 onwards which no schedule to re-open as the hotel management is in process of assessing the situation.

The impact of COVID-19 resulted that the hotel business has to adapt itself to have flexibility for business operation by focusing on offering services to satisfy the needs of local guests, offering a special price or package tour, participating in the public sector's campaign such as the project of “Rao Tiew Duay Kan”, and increasing distribution channels to reach different groups of customers etc.

- c) The revenue of golf business for the three-month and nine-month periods increased by Baht 55 million or 153% and Baht 115 million or 66%, respectively. The major reasons were that in the same period of last year, the golf courses in Pathum Thani were temporarily closed their services according to the government measures during 23 July – 31 August 2021 (total of 40 days). In addition, the opening of the country causing more foreign golfers to travel and play a golf in Phuket and the promotion packages through various channels to increase number of golfers. As a result, golf courses in Phuket have gradually recovered and the golf courses in Pathum Thani also increased in number of local and foreign golfers.

- d) The revenue of real-estate business for the three-month and nine-month periods decreased by Baht 134 million or 64% and Baht 92 million or 13%, respectively, mainly due to the recognition of revenue under residential projects which the significant changes were as follows.

(Unit: Million Baht)

Residential projects	For the three-month			For the nine-month		
	2022	2021	Inc/(Dec)	2022	2021	Inc/(Dec)
Riverdale Residence – Premium residential	-	-	-	-	112	(112)
Riverdale Residence – Land	-	90	(90)	215	90	125
Park Riverdale – Housing	15	27	(12)	93	50	43
Quaritz Rama IX – Premium residential	-	-	-	90	-	90
Quinn Sukhumvit 101 - Condominium	6	27	(21)	58	283	(225)
Baan Rom-Mai-Borwin – Small housing	33	29	4	87	72	15
Other projects	10	16	(6)	28	32	(4)
Total	64	189	(125)	571	639	(68)

Due to the uncertainty of COVID-19 epidemic situation to be ending, and the current economic slowdown, the real-estate business decided to postpone the residential development projects in other locations until the economic returns to normal situation. However, the management continues studying and looking for a new plot of land in potential locations to develop a residential project to meet the needs of consumers who are constantly changing behaviors according to the context, society, and environment.

- e) The revenue of food solution business for the three-month period increased by Baht 8 million or 2%, but for the nine-month period decreased by Baht 74 million or 6%. The significant changes were as follows:
- The revenue of rice business for the three-month and nine-month periods decreased by Baht 36 million or 9% and Baht 146 million or 12%, respectively. The sales of rice consisted of:
 - The domestic sales for the three-month and nine-month periods decreased by Baht 14 million and Baht 196 million, respectively. The major reasons were that the rice mills business is both manufacturer and distributor of rice causing many retailers ceased its operation or reduced purchase of rice volume. In addition, the consumer purchasing power is lower as a results of higher living costs. therefore, they switched to purchase other bands with lower price and quality instead.

- The export sales for the three-month period decreased by Baht 22 million but for the nine-month period increased by Baht 50 million, mainly due to the Ukraine-Russia war causing higher demand from many countries to increase stock of rice level. However, there are many goods waiting to arrive (congestion) at the destination port causing customers to delay rice ordering.
 - The revenue of food center business for the three-month and nine-month periods increased by Baht 44 million or 1,263% and Baht 72 million or 193%, respectively. The major reasons were that all food centers were temporarily closed their services according to the government measures during 19 July – 31 August 2021 (total of 44 days). Moreover, the epidemic situation in 2022 is more relaxing resulted in higher number of customers to eat in the food centers.
- f) The revenue of finance business for the three-month and nine-month periods decreased by Baht 56 million or 9% and Baht 47 million or 3%, respectively. Under COVID-19 situation, finance business is more conservative in lending loans to customers, monitored debt collection status, and reviewed credit risk assessment on a regular basis to reduce default debtor.
- The revenue of hire-purchase for motorcycle business for the three-month period decreased by Baht 4 million or 1%, but for the nine-month period increased by Baht 24 million or 2%. In the current second quarter, there was revenue recognition of Baht 34 million from the disposition by auction process of non-performing loan receivables portfolios. However, if such item was excluded, the hire-purchase revenue for the nine-month period would be decreased by Baht 10 million. The hire-purchase business still has conservative policy in lending although is facing in higher market competition.
 - The revenue of lending business for the three-month and nine-month periods decreased by Baht 52 million or 22% and Baht 72 million or 11%, respectively, according to the lower loans portfolio.
- g) The revenue of auction business for the three-month period increased by Baht 5 million or 3%, but for the nine-month period decreased by Baht 61 million or 13%. The COVID-19 situation over the past two years, affected to the consumer purchasing power of a new car, the financial institutions are more conservative in lending, and the automobile industry reduced its production capacity. Consequently, the number of new cars, used cars and seized cars in the market has declined.

2.2 Operating profit (loss) – by segment

(Unit: Million Baht)

Segment	For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
	2022	2021	Inc./Dec.		2022	2021	Inc./Dec.	
1) Shopping Center	(129)	(231)	102	44%	(576)	(464)	(112)	(24%)
2) Hotel and Tourism	12	(79)	91	115%	(23)	(258)	235	91%
3) Golf	9	(28)	37	132%	41	(45)	86	191%
4) Real-estate	(10)	54	(64)	(119%)	141	179	(38)	(21%)
5) Food Solution	(18)	(13)	(5)	(38%)	(47)	(12)	(35)	(292%)
6) Finance	124	215	(91)	(42%)	498	667	(169)	(25%)
7) Auction	67	64	3	5%	137	179	(42)	(23%)
8) Corporate Supporting Center and Others	(1)	(7)	6	86%	7	(10)	17	170%
Total	54	(25)	79	316%	178	236	(58)	(25%)

The operating profit (loss) of the Group for the three-month period ended 30 September 2022 and 2021 were Baht 54 million and Baht (25) million, respectively, the profit increased by Baht 79 million or 316%. The operating profit for the nine-month period then ended were Baht 178 million and Baht 236 million, respectively, the profit decreased by Baht 58 million or 25%. In overall, operating results varied according to the operating revenue by segment as mentioned in No.2.1, normal economic conditions. The other significant changes were as follows:

- a) Due to the continual relaxation of the COVID-19 epidemic situation resulted that the group revenue had a better trend. However, the Group management has closely monitored the progress of COVID-19 situation and manage operating expenses to be more efficiency. In the same period of last year, some operating expenses were cut and controlled to minimize the impact on the Group operating results.
- b) Employee expenses for the three-month and nine-month periods increased by Baht 70 million and Baht 118 million, respectively, due to the better of COVID-19 situation in the current period resulted in higher employment and increasing staff expenses in accordance with business operations.

- c) Shopping center business and hotel business received a rental discount on land and its related buildings due to the impact of the COVID-19 epidemic. The rental discount can be recognised when receiving the official notice from the lessor only which had details below.

Recognition of rental discount	2022	2021	Inc/(Dec)
The first quarter	179	58	121
The second quarter	-	145	(145)
The third quarter	52	90	(38)
Total for the nine-month periods	231	293	(62)

The Company recognised rental discount for the three-month and nine-month periods in comparison to the same period of last year, decreased by Baht 38 million and Baht 62 million, respectively.

- d) Land and building tax for the three-month and nine-month periods increased by Baht 20 million and Baht 36 million, respectively, because in 2020 and 2021 the government discounted the land and building tax at the rate of 90% of the calculated tax, but in 2022 the tax is returned to pay at the normal rate.
- e) Bad debt and provision for expected credit losses (provision for doubtful debts) of the finance business for the three-month and nine-month periods increased by Baht 23 million and Baht 112 million, respectively. In the current period, a provision was made for accrued interest income of Baht 110 million from a debtor who is in the process of filing a lawsuit to bring collateral to pay the debt.
- f) As a result of COVID-19 epidemic which affected to the operations of the group hotel business, in the same period of last year, hotel business reduced number of employees in order to adjust the size of business operation and to reduce fixed costs in accordance with the situation and recognized the cost of staff reduction for the nine-month periods ended 30 September 2021 were Baht 26 million.

Analysis of financial position

The significant movements in assets, liabilities and shareholders' equity as at 30 September 2022 when compared with the balance as at 31 December 2021 were as follows:

(Unit: Million Baht)

	30 Sep 2022	31 Dec 2021	Increase/(Decrease)	
Total assets	54,416	55,257	(841)	(2%)
Total liabilities	32,866	34,199	(1,333)	(4%)
Total shareholders' equity	21,550	21,058	492	2%

3. Assets

3.1 Cash and cash equivalents

Cash and cash equivalents balance as at 30 September 2022 was Baht 4,010 million, decreased by Baht 438 million or 10%. The major decrease of Baht 844 million was from the debentures which were due for repayments – net of issuance. However, the long-term loans from finance institutions increased by Baht 162 million.

3.2 Loans to customers

Loans to customers (including current portion), net of allowance for expected credit losses (allowance for doubtful accounts), balance as at 30 September 2022 was Baht 13,785 million, decreased by Baht 1,014 million or 7%. The major changes were as follows:

- a) Loan receivables portfolios decreased by Baht 842 million which consisted of loan receivables which secured by pledged/mortgaged of assets specified in the loan agreements by Baht 517 million, the hire-purchase for motorcycle receivables by Baht 324 million and other loans by Baht 1 million. Due to the rising costs of living and the current economic situation, therefore the lending business is to be more conservative.
- b) Allowance for expected credit losses (provision for doubtful debts) increased by Baht 172 million, mainly because a debtor of the lending business ceased paying accrued interest of Baht 110 million. At present, the debtor is in the process of filing a lawsuit to bring collateral to pay the debt.

3.3 Inventories

Inventories balance as 30 September 2022 was Baht 2,148 million, decreased by Baht 149 million or 6%. The major changes were as follows:

- a) The development costs of residential projects decreased by Baht 174 million. The major decrease was from the transfer development costs of several residential projects to cost of sales according to the revenue recognition in the current period as mentioned in No. 2.1 (d).
- b) Rice business increased stock on hand level by Baht 29 million.

3.4 Other current financial assets - Investments in equity marketable securities

Investments in equity marketable securities balance as at 30 September 2022 was Baht 285 million. The Company has a policy to manage its financial liquidity to maximise higher benefits by focusing on investing in a company which has good fundamentals and growth prospects. Therefore, the Company purchased investments in available for sales marketable securities of Baht 283 million. The recognition of changes in fair values of the investments at closing period was Baht 2 million.

3.5 Investment in associates and joint venture

Investment in associates and joint venture balance as at 30 September 2022 was Baht 5,312 million, increased by Baht 200 million or 4%. The increase of Baht 294 million was from the recognition share of profit under equity method, but the decrease of Baht 97 million was from dividend income.

3.6 Other non-current financial assets

Other non-current financial assets balance as at 30 September 2022 was Baht 5,824 million, increased by Baht 757 million or 15%. The major transactions are as follows:

- a) Investments in equity marketable securities balance as at 30 September 2022 was Baht 5,132 million, increased by Baht 132 million or 3% due to the increase in fair value of investments in marketable securities on hand at period ended.
- b) Investment in subordinated perpetual bonds balance as at 30 September 2022 was Baht 641 million. During the current quarter, the Company purchased perpetual bonds from an associate of Baht 652 million and recognized a dilution in the fair value of such bonds at closing period of Baht 11 million.

3.7 Land held for development

Land held for development balance as at 30 September 2022 was Baht 1,900 million, increased by Baht 103 million or 6%. The increase of Baht 101 million was from the purchase of a plot of land located near Riverdale residential projects in Pathumtani for further development of real-estate project.

3.8 Investment properties

Investment properties balance as at 30 September 2022 was Baht 12,650 million, decreased by Baht 415 million or 3%. The significant movements during the nine-month period were as follows:

Description		Million Baht
1	Paradise Park Shopping Center - prepaid rental from the renewal rental contract of for another 20 years which classified to be Rights of use	334
2	MBK shopping center - renovation	97
3	The new shopping center "The Nine Tiwanon" - construction costs and purchase of operating equipment	44
4	The new project "Riverdale Waterfront & Marina" in Pathumtani – purchase of additional land and construction costs	45
5	Depreciation and amortisation	(906)
6	Others	(29)
Total net movements		(415)

3.9 Property, plant and equipment

Property, plant and equipment balance as at 30 September 2022 was Baht 5,517 million, decreased by Baht 106 million or 2%. The significant movements during the nine-month period were as follows:

Description		Million Baht
1	Car auction business - construction costs of a new office building and car auction site located at Tiwanon Road in Pathumthani and improvement of car auction sites in provincial branches	86
2	Recognition rights of use from the long-term rental contracts – car auction sites and tour car park	37
3	Renovation costs of two golf courses in Pathum Thani	18
4	Purchases of other operating assets	157
5	Depreciation and amortisation	(404)
Total net movements		(106)

4. Liabilities

4.1 Long-term loans from financial institution

Long-term loans from financial institution (including current portion) which represented loans of finance business, balance as at 30 September 2022 was Baht 2,402 million, increased by Baht 162 million or 7%. During the current period, there was an increase in borrowings of Baht 800 million which was a loan drawdown according to the terms and conditions under credit facilities agreements. However, the repayments of loans which were due for a total of Baht 632 million.

4.2 Long-term debentures

Long-term debentures (including current portion) balance as at 30 September 2022 was Baht 14,014 million, decreased by Baht 863 million or 6%. In the current quarter, the debentures of Baht 1,044 million were due for repayment. However, a subsidiary issued debenture of Baht 200 million for a period of 1.9 years, bearing interest rate of 4% per annum.

4.3 Long-term liabilities under financial lease agreements

Long-term liabilities under financial lease agreements (including current-portion) balance as at 30 September 2022 was Baht 11,295 million, decreased by Baht 389 million or 3%. The major item is represented liabilities related to the lease agreements granting the right to utilize the shopping center at Pathumwan intersection which is presented net of related deferred interest expense. The significant movements were as follows:

- a) Liabilities under financial lease agreements was due for payment in April 2022 amounting to Baht 810 million. The Company received rental discount during the first quarter of current year of Baht 179 million, therefore the remaining payment was Baht 631 million.
- b) Deferred interest expense decreased by Baht 448 million due to the amortization over the lease period as interest expense for the period.

5. Shareholders' equity

Total shareholders' equity balance as at 30 September 2022 was Baht 21,550 million, increased by Baht 492 million or 2%. The significant movements were as follows:

- a) The increase of Baht 81 million was from net profit from operations for the nine-month period.
- b) The increase of Baht 249 million was the warrant holders of 84 million units exercised their rights to purchase ordinary share at Baht 2.7 - 3.0 each, resulted in an increase in paid-up share capital of Baht 84 million and premium on ordinary of Baht 165 million.
- c) The increase of Baht 99 million was from fair value adjustment of the investment in available-for-sale marketable securities, net of related deferred tax liabilities impact.
- d) The increase of Baht 63 million was from the warrant holders of non-controlling interest of a subsidiary exercised their rights to purchase ordinary share of the subsidiary.

Analysis of the liquidity

6. Cash flows of the Group for the nine-month periods ended 30 September 2022 and 2021 are summarised in the table below.

(Unit: Million Baht)

For the nine-month periods ended 30 September				
	2022	2021	Cash flows Increase/(Decrease)	
Net income from operating activities before changes in operating assets and liabilities	1,623	1,399	224	16%
Net movements in operating assets and liabilities	1,007	(16)	1,023	6,394%
Net cash flows received from (used in) operating activities	2,630	1,383	1,247	90%
Net cash flow received from (used in) investing activities	(1,396)	374	(1,770)	(473%)
Net cash flows received from (used in) financing activities	(1,672)	(1,114)	(558)	(50%)
Net increase (decrease) in cash and cash equivalents	(438)	643	(1,081)	(168%)

6.1 Cash flows from operating activities

Net cash flows received from operating activities increased by Baht 1,247 million or 90% due to the following major reasons: -

Factors in cash increases:

- Cash receipts from operating activities increased by Baht 224 million.
- Loans to customers (net of cash receipts) decreased by Baht 592 million, mainly due to COVID-19 situation causing more strictness conservative in lending.
- Cash receipts from trade and other receivable increased by Baht 315 million.

6.2 Cash flows from investing activities

Net cash flows received from investing activities decreased by Baht 1,770 million or 473% due to the following major reasons:-

Factors in cash decreases:

- Cash paid for purchase of land for development increased by Baht 103 million.
- Cash payments for purchases of property, plant and equipment, and investment properties (net of cash receipts from sales) increased by Baht 138 million.

- c) Cash paid for purchase of investment in perpetual bond of as associate of Baht 652 million.
- d) Cash paid for purchases of investments in marketable securities increased by Baht 254 million for liquidity management.
- e) In February 2021, there was net cash receipt from purchased a new subsidiary of Baht 131 million.
- f) In August 2021, there was cash receipt from sale of investments in group associate that operates life assurance business in the amount of Baht 487 million.

6.3 Cash flows from financing activities

Net cash flows received from financing activities decreased by Baht 558 million or 50% due to the following major reasons:-

Factors in cash increases:

- a) Cash receipts from long-term loans from financial institutions (net of cash repayments) increased by Baht 442 million.
- b) Cash payments to long-term lease liabilities decreased by Baht 118 million mainly due to the rental discount.
- c) Cash receipts from the shareholders of the Company and a subsidiary exercised their warrants to ordinary shares increased by Baht 141 million.

Factors in cash decreases:

- d) Cash receipts of short-term from financial institutions decreased by Baht 407 million.
- e) Cash payments for debentures (net of debentures issuance) increased by Baht 988 million.