

No. AC 03/2023

15 May 2023

RE: Clarification of the Company and its subsidiaries' operating performance

TO: The President of the Stock Exchange of Thailand

M.K. Real Estate Development Plc. ("the Company" "MK" "MK Group") would like to report its consolidated financial results for the three-month period ended 31 March 2023. The consolidated statement of comprehensive income showed a net loss of THB 11.01 million, representing a loss per share of THB 0.0101. This compares to a net operating loss of THB 104.66 million or a loss per share of THB 0.0959 in Q1-2022, representing a decrease in operating loss of THB 93.66 million. Details are as follows.

Unit : THB'000

Operating results :	Q1-2023	Q1-2022	Increase (Decrease)	%
<b>Residential Property</b>				
Revenue	250,330	331,762	<b>(81,432)</b>	<b>(24.55)</b>
Gross Profit	80,068	92,063	<b>(11,995)</b>	<b>(13.03)</b>
Gross profit margin (%)	31.98	27.75	<b>4.24</b>	<b>15.26</b>
<b>Industrial Property</b>				
Revenue	148,338	102,555	<b>45,783</b>	<b>44.64</b>
Gross Profit	93,691	61,145	<b>32,546</b>	<b>53.23</b>
Gross profit margin (%)	63.16	59.62	<b>3.54</b>	<b>5.94</b>
<b>Holistic Health &amp; Wellness</b>				
Revenue	22,945	9,350	<b>13,595</b>	<b>145.40</b>
Gross Profit	(23,907)	(26,661)	<b>2,754</b>	<b>(10.33)</b>
Gross profit margin (%)	(104.19)	(285.14)	<b>180.95</b>	
<b>All bussiness</b>				
Sales & Seviles revenue	421,613	443,667	<b>(22,054)</b>	<b>(4.97)</b>
Gross profit	149,852	126,547	<b>23,305</b>	<b>18.42</b>
Gross profit margin (%)	35.54	28.52	<b>7.02</b>	<b>24.61</b>
Total revenue	657,571	504,683	<b>152,888</b>	<b>30.29</b>
Total Cost & Expense	670,002	619,974	<b>50,028</b>	<b>8.07</b>
Cost of Goods Sold	271,761	317,120	<b>(45,359)</b>	<b>(14.30)</b>
Selling & Admin. Expense	232,107	196,800	<b>35,307</b>	<b>17.94</b>
Finance cost	151,486	127,839	<b>23,647</b>	<b>18.50</b>
Net Profit (Loss)	(11,005)	(104,663)	<b>(93,658)</b>	
Net profit (loss) margin (%)	(1.67)	(20.74)	<b>19.06</b>	
Net profit (loss) per share (Baht)	(0.010)	(0.096)	<b>0.086</b>	

Total revenue from sales and services in Q1-2023 were THB 421.61 million, a decrease of THB 22.05 million or 4.97% from Q1-2022. This consisted of revenue from main businesses operated by the Company and its subsidiaries, including

1) Residential real estate development

For the first quarter of 2023, revenues from real estate business were THB 250.33 million, a decrease of THB 81.43 million or 24.55% when comparing to the same period of last year which saw revenues of THB 331.76 million. Gross profit for Q1-2023 was THB 80.07 million (a gross margin of 31.98%), a decrease of THB 11.99 million from a gross profit of THB 92.06 million (a gross profit margin of 27.75%). The reasons for a decline in revenues were most of the Company's products are townhouses within a price range of THB 2 - 3.5 million and the target customers are a vulnerable group with relatively high household debt, meaning they may require some time to pay off their existing debt before buying residential real estate. The Company continued to develop houses in existing projects that catered to the demands of the present-day customers focusing on being competitive in terms of value-for-money and price. In the meantime, MK gave its priority to cost control as well as the management of housing inventory and financial liquidity.

2) Industrial real estate development

MK Group had revenue from industrial real estate development amounting to THB 148.34 million in Q1-2023, an increase of THB 45.78 million or 44.64%. This consisted of revenue from rent and services amounting to THB 106.82 million, an increase from THB 79.70 million recorded in Q1-2022. In Q1-2022, the rental business took a big hit as a result of the pandemic. However, in the last months of the year 2022, tenants stated to return and entered into rent agreements. As at the end of Q1-2023, the space for rent amounted to 192.173 square meters, a decrease from the end of 2022 due to the sale of its assets to Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (Prospect REIT). In addition, the Group had revenue from real estate management, which went up to THB 41.52 million, an increase of 81.68% from THB 22.86 million revenue in Q1-2022. In total, industrial real estate development had a gross profit of THB 93.69 million (a gross profit margin of 63.16%), an increase of THB 32.55 million from a gross profit of THB 61.14 million (a gross profit margin of 59.62%) in Q1-2022.

3) Holistic Health and Wellness

MK's holistic health business recorded revenue of THB 22.95 million in Q1-2023, an increase of THB 13.60 million or 145.40% from Q1-2022. The number of customers in the holistic health and wellness business tends to grow gradually, while fixed costs are significant. Though sales are improving, the sales target has not been met, while the Company continues to recognize fixed costs and expenses from depreciation of the property and equipment, as well as costs of personnel hired to make sure services are available when needed. For this reason, the Company recorded a gross loss amounting to THB 23.91 million (104.19%), although such loss decreased by THB 2.75 million compared to the same period last year. Furthermore, the Company has opened another holistic health and wellness center in Sam Pran District, Nakohn Pathom, which has been

providing services since the end of the first quarter 2023. This is expected to contribute to the holistic health business revenue in the future.

In addition to revenues and expenses from each business, MK Group had a revenue of THB 191.56 million from the sale of its assets including land and warehouses to the Prospect REIT.

Costs and expenses in the first quarter of 2023 totaled THB 670 million, an increase of THB 50.03 million, or 8.07% from those recorded in Q1-2022. Although selling and administrative expenses and financial costs increased due to investments in new businesses in line with the recent revenue restructuring plan, MK was able to manage cost of sales and increase gross profits. As a result, its Q1-2023 operating loss decreased by THB 93.66 million from those recorded in Q1-2022.

Please be informed accordingly.

Yours sincerely,

(Mrs. Siripan Leewanun)

Senior Executive Vice President