

9 May 2023

Subject: Management Discussion and Analysis for the first quarter ended 31 March 2023

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 2023 and 2022 with the detail as follows:

### I Operating revenue breakdown by business segment

	(Unit: Million Baht)			
	<u>First quarter</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Revenue from sales of real estate	1,590	1,915	(325)	(17)
Revenue from hotel operations	280	101	179	177
Revenue from office rental operations	33	75	(42)	(56)
Other income	62	51	11	22
Total revenues	<u>1,965</u>	<u>2,142</u>	<u>(177)</u>	<u>(8)</u>

In summary, the Company generated total revenues for the first quarter ended 31 March 2023 and 2022 at Baht 1,965 million and Baht 2,142 million respectively, decreasing by Baht 177 million or 8% decrease compared to the same period of 2022. Details are as follows:

1. Revenue from sales of real estate for the first quarter of 2023 decreased by Baht 325 million or 17% decrease compared to the same period of 2022. This was due to the decrease in revenue from housing projects decreased by Baht 396 million or 21% decrease. While the revenue from condominium projects increase by Baht 71 million or 112% increase compared to the same period of 2022.

In the first quarter of 2023, the Company launched 2 new projects with value of Baht 2,247 million and closed 2 sold-out housing projects.

2. Revenue from hotel operations for the first quarter of 2023 increased by Baht 179 million or 177% increase compared to the same period of 2022. This was due to the improvement in Covid-19 situations which led to the increase in international tourists.

3. Revenue from office rental operations for the first quarter of 2023 decreased by Baht 42 million or 56% decrease compared to the same period of 2022. This is because the land lease of Q. House Asoke has expired in November 2022.

4. Other income for the first quarter of 2023 increased by Baht 11 million or 22% increase compared to the same period of 2022. This was due to management income increased.

## II Operating cost breakdown by business segment

(Unit: Million Baht)

	<u>First quarter</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Cost from sales of real estate	1,056	1,263	(207)	(16)
Cost from hotel operations	166	81	85	105
Cost from office rental operations	15	27	(12)	(44)
Total costs	<u>1,237</u>	<u>1,371</u>	<u>(134)</u>	(10)

The Company's total costs for the first quarter of 2023 decreased by Baht 134 million or 10% decrease compared to the same period of 2022. This was due to cost from sales of real estate decreased by Baht 207 million or 16% decrease. While the cost of hotel operations increased by Baht 85 million or 105% increase. These were in line with the revenues.

## III Share of profit from investments in associates

In the first quarter of 2023, the Company's share of profit from investments in associates was Baht 452 million, which increased by Baht 53 million or 13% increase compared to the same period of 2022. Details of the Company's share of profit from 4 associate companies are as follows:

(Unit: Million Baht)

	<u>First quarter</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Home Product Center Plc.	320	300	20	7
LH Financial Group Plc.	92	70	22	31
Quality Houses Leasehold Property Fund	28	37	(9)	(24)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	<u>12</u>	<u>(8)</u>	<u>20</u>	250
Total	<u>452</u>	<u>399</u>	<u>53</u>	13

#### IV Expenses

(Unit: Million Baht)

	<u>First quarter</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Selling expenses	122	100	22	22
Administrative expenses	361	350	11	3
Finance cost	61	71	(10)	(14)
Income tax expenses	45	64	(19)	(30)

1. Selling expenses for the first quarter of 2023 increased by Baht 22 million or 22% increase compared to the same period of 2022, mainly due to the increase of commission expense which was in line with the increase of revenue from hotel operations.

2. Administrative expenses for the first quarter of 2023 increased by Baht 11 million or 3% increase compared to the same period of 2022, mainly due to the increase of litigations.

3. Finance cost for the first quarter of 2023, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 10 million or 14% decrease compared to the same period of 2022 due to the decrease of average loans during the period.

4. Income tax expenses for the first quarter of 2023 decreased by Baht 19 million or 30% decrease compared to the same period of 2022 which was in line with the operating profit (excluding share of profit from investments in associates).

#### V Net Profit

(Unit: Million Baht)

	<u>First quarter</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Net Profit	592	585	7	1

The Company's net profit for the first quarter of 2023 increased by Baht 7 million, or 1% increase compared to the same period of 2022. This was mainly due to gross profit from sales of real estate decreased by Baht 118 million, gross profit from hotel operations increased by Baht 94 million, share of profit from investments in associates increased by Baht 53 million and other income increased by Baht 11 million. Meanwhile, selling and administrative expenses increased by Baht 33 million, income tax expenses decreased by Baht 19 million and finance cost decreased by Baht 10 million.

## VI Financial Position

(Unit: Million Baht)

	<u>31 March 2023</u>	<u>31 December 2022</u>	<u>Change</u>	<u>%</u>
Total assets	43,881	43,626	255	1
Total liabilities	15,568	15,793	(225)	(1)
Total shareholders' equity	28,313	27,833	480	2

- **Financial position**

As of 31 March 2023, the Company's total assets increased by Baht 255 million or 1% increase from the end of 2022 (as of 31 December 2022), mainly increase from investments in associates by Baht 293 million while land and construction in progress as well as land and project development cost decrease by Baht 47 million. Moreover, total liabilities decreased by Baht 225 million or 1% decrease from the end of 2022 (as of 31 December 2022), due to repayment of short term loan at amount of Baht 800 million and long term loan at amount of Baht 400 million. Additionally, during this period the Company issued debentures amount of Baht 1,000 million.

- **Shareholders' Equity**

As of 31 March 2023, total shareholders' equity of the Company increased by Baht 480 million or 2% increase from the end of 2022 (as of 31 December 2022). This was because the Company recognized net profit of Baht 592 million for the first quarter of 2023. Meanwhile, other components of shareholders' equity decreased by Baht 112 million from the share of other comprehensive income of associates.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)  
Senior Executive Vice President

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