

15 August 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 30 June 2023. The consolidated statement of comprehensive income showed a net profit of THB 33.61 million, representing a profit per share of THB 0.03. This compares to a net operating loss of THB 109.38 million or a loss per share of THB 0.10 in Q2-2022.

For the six-month period ended 30 June 2023, the consolidated statement of comprehensive income showed a net profit of THB 22.61 million, representing a profit per share of THB 0.02. This compares to a net operating loss of THB 214.04 million or a loss per share of THB 0.20 in 1H-2022. Details are as follows.

Unit : THB'000

Operating Results	2nd quarter				6 months			
	2023	2022	Increase (Decrease)	%	2023	2022	Increase (Decrease)	%
Residential Property								
Revenue	684,751	322,974	361,777	112.01	935,081	654,736	280,345	42.82
Gross Profit	403,712	91,764	311,948	339.95	483,780	183,827	299,953	163.17
Gross profit (Loss) margin (%)	58.96	28.41	30.55	107.51	51.74	28.08	23.66	84.27
Industrial Property								
Revenue	137,936	108,610	29,326	27.00	286,274	211,165	75,109	35.57
Gross Profit	81,086	65,765	15,321	23.30	174,777	126,910	47,867	37.72
Gross profit (Loss) margin (%)	58.79	60.55	(1.77)	(2.92)	61.05	60.10	0.95	1.58
Holistic Health & Wellness								
Revenue	26,156	16,230	9,926	61.16	49,101	25,580	23,521	91.95
Gross Profit (Loss)	(52,105)	(20,308)	(31,797)		(76,012)	(46,969)	(29,043)	
Gross profit (Loss) margin (%)	(199.21)	(125.13)	(74.08)		(154.81)	(183.62)	28.81	
All businesses								
Sales & Services revenue	848,843	447,814	401,029	89.55	1,270,456	891,481	378,975	42.51
Gross profit (Loss)	432,693	137,221	295,472	215.33	582,545	263,768	318,777	120.86
Gross profit (Loss) margin (%)	50.97	30.64	20.33	66.35	45.85	29.59	16.27	54.97
Total revenue	961,067	508,283	452,784	89.08	1,618,638	1,012,966	605,672	59.79
Total Cost & Expenses	930,693	626,588	304,105	48.53	1,600,695	1,246,562	354,133	28.41
Cost of Goods Sold	416,150	310,593	105,557	33.99	687,911	627,713	60,198	9.59
Selling & Admin. Expenses	251,575	208,682	42,893	20.55	483,682	405,482	78,200	19.29
Finance cost	209,822	140,924	68,898	48.89	361,308	268,763	92,545	34.43
Net profit (Loss)	33,610	(109,379)	142,989		22,605	(214,042)	236,647	
Net profit (Loss) margin (%)	3.50	(21.52)	25.02		1.40	(21.13)	22.53	
Net profit per share (Baht)	0.03	(0.10)	0.13		0.02	(0.20)	0.22	

Total revenue from sales and services in Q2-2023 and 1H-2023 were THB 848.84 million, an increase of THB 401.03 million or 89.55% from Q2-2022 and THB 1,270.46 million, an increase of THB 378.98 million or 42.51% from 1H-2022. This revenue derives from the main businesses operated by the Company and its subsidiaries, which are:

1) Residential real estate development

For Q2-2023, revenues from the sale of residential real estate and the sale of undeveloped land were THB 211.10 million and THB 473.65 million, respectively. In total, the revenues for the business were THB 684.75 million, an increase of THB 361.78 million or 112.01% when comparing to the same period of last year which saw revenues of THB 322.97 million. Gross profit was THB 403.71 million (a gross profit margin of 58.96%), an increase of THB 311.95 million from a gross profit of THB 91.76 million (a gross profit margin of 28.41%) recorded in Q2-2022. Such increase in the gross profit came primarily from the sale of undeveloped land with low carrying cost.

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 and who have been impacted by an increase in lending interest rates, 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.

For 1H-2023, revenues from the residential real estate business were THB 935.08 million (comprised of revenues from the sale of residential property of THB 397.51 million and from the sale of undeveloped land of THB 537.57 million). Gross profit was THB 483.78 million (a gross profit margin of 51.74%), an increase of THB 299.95 million from a gross profit of THB 183.83 million (a gross profit margin of 28.08%) recorded in 1H-2022.

2) Industrial real estate development

MK Group had revenue from industrial real estate development amounting to THB 137.94 million in Q2-2023, an increase of THB 29.33 million or 27%. This consisted of revenue from rent and services amounting to THB 96.75 million, an increase from THB 83.23 million recorded in Q2-2022. Revenue increased despite a decrease in its rental area from the sale of assets to Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (Prospect REIT) in Q1-2023. 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 started to return and entered into rent agreements. As at the end of June 2023, the space for rent amounted to 189,351 square meters, a decrease from the end of 2022 due to the sale of its assets to Prospect REIT. In addition, the Group had revenue from real estate management, which went up to THB 41.19 million, an increase of 62.25% from THB 25.38 million revenue in Q2-2022. In total, industrial real estate development had a gross profit of THB 81.09 million (a gross profit margin of 58.79%), an increase of THB 15.32 million from a gross profit of THB 65.77

million (a gross profit margin of 60.55%) in Q2-2022. In Q2-2023, MK Group also recorded additional gain from sale of its investment property assets to the Prospect REIT in an amount of THB 61.08 million.

For 1H-2023, MK Group had revenue from industrial real estate development amounting to THB 286.27 million, an increase of THB 75.11 million or 35.57%, (consisting of revenue from rent and services of THB 203.57 million and revenue from real estate management of THB 82.71 million). In total, industrial real estate development had a gross profit of THB 174.78 million (a gross profit margin of 61.05%), an increase of THB 47.87 million from a gross profit of THB 126.91 million (a gross profit margin of 60.10%) in 1H-2022. In addition, MK also recorded a gain from sale of its investment property asset to the Prospect REIT of THB 252.64 million in 1H-2023.

3) Holistic Health and Wellness

MK's holistic health business recorded revenue of THB 26.16 million in Q2-2023, an increase of THB 9.93 million or 61.16% from Q2-2022. At the end of the first quarter 2023, a holistic health and wellness center was opened in Sam Pran District, Nakohn Pathom. There are now two health and wellness properties under management. Though sales are improving, the number of customers in the holistic health and wellness business tends to grow gradually. 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 52.11 million in Q2-2023 (199.21%), such loss increased by THB 31.80 million compared to the same period last year

In 1H-2023, the holistic health business recorded revenue of THB 49.10 million, an increase of THB 23.52 million or 91.95% from 1H-2022. The Company recorded a gross loss amounting to THB 76.01 million (154.81%), compared to a gross loss of THB 46.97 million (183.62%) recorded in 1H-2022.

In Q2-2023 and 1H-2023, the 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 operating performance for both periods this year showed net profits compared to net losses recorded last year.

Please be informed accordingly.

Yours sincerely,

(Mrs. Siripan Leewanun)

Senior Executive Vice President