

8 August 2023

Subject: Management Discussion and Analysis for the Second Quarter ended 30 June 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 second quarter ended 30 June 2023 and 2022 with the detail as follows:

### I Operating revenue breakdown by business segment

(Unit: Million Baht)

	Second quarter				6-month period			
	2023	2022	Change	%	2023	2022	Change	%
Revenue from sales of real estate	2,120	1,970	150	8	3,711	3,885	(174)	(4)
Revenue from hotel operations	269	149	120	81	549	250	299	120
Revenue from office rental operations	34	76	(42)	(55)	68	150	(82)	(55)
Other income	76	63	13	21	137	114	23	20
Total revenues	<u>2,499</u>	<u>2,258</u>	<u>241</u>	11	<u>4,465</u>	<u>4,399</u>	<u>66</u>	2

In summary, the Company generated total revenues for the second quarter of 2023 and 2022 at Baht 2,499 million and Baht 2,258 million respectively, increasing by Baht 241 million or 11% increase compared to the same period of 2022. Details are as follows:

1. **Revenue from sales of real estate** for the second quarter of 2023 increased by Baht 150 million or 8% increase compared to the same period of 2022. This was due to an increase in revenue from housing projects by Baht 40 million or 2% increase as well as an increase in revenue from condominium projects by Baht 110 million or 39% increase compared to the same period of 2022.

In the 6 month period of 2023, the Company launched 2 new projects with value of Baht 2,247 million and closed 3 sold-out projects.

2. **Revenue from hotel operations** for the second quarter of 2023 increased by Baht 120 million or 81% increase compared to the same period of 2022. This was due to the improvement of Covid-19 situation which resulted in the increase in both Thai and international tourists.

3. **Revenue from office rental operations** for the second quarter of 2023 decreased by Baht 42 million or 55% decrease compared to the same period of 2022. This was because the land lease of Q. House Asoke expired in November 2022.

4. Other income for the second quarter of 2023 increased by Baht 13 million or 21% increase compared to the same period of 2022. This was mainly from an increase of building management income.

## II Operating cost breakdown by business segment

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Cost from sales of real estate	1,444	1,300	144	11	2,500	2,563	(63)	(2)
Cost from hotel operations	161	112	49	44	327	194	133	69
Cost from office rental operations	16	29	(13)	(45)	31	55	(24)	(44)
<b>Total costs</b>	<b>1,621</b>	<b>1,441</b>	<b>180</b>	<b>12</b>	<b>2,858</b>	<b>2,812</b>	<b>46</b>	<b>2</b>

In summary, the Company's total costs for the second quarter of 2023 increased by Baht 180 million or 12% increase compared to the same period of 2022. This was due to cost from sales of real estate increased by Baht 144 million or 11% increase and cost of hotel operations increase by Baht 49 million or 44% increase. This was in line with the increase in revenue.

## III Share of profit from investments in associates

In the second quarter of 2023, the Company's share of profit from investments in associates was Baht 438 million, which increased by Baht 75 million or 21% 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>Second quarter</u>				<u>6-month period</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Home Product Center Plc.	322	302	20	7	642	602	40	7
LH Financial Group Plc.	73	32	41	128	165	103	62	60
Quality Houses Leasehold								
Property Fund	33	29	4	14	61	66	(5)	(8)
Quality Houses Hotel and Residence								
Freehold and Leasehold Property Fund	10	-	10	100	23	(8)	31	388
<b>Total</b>	<b>438</b>	<b>363</b>	<b>75</b>	<b>21</b>	<b>891</b>	<b>763</b>	<b>128</b>	<b>17</b>

## IV Expenses

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Selling expenses	151	121	30	25	273	221	52	24
Administrative expenses	350	410	(60)	(15)	710	760	(50)	(7)
Finance cost	63	62	1	2	123	133	(10)	(8)
Income tax expenses	87	73	14	19	132	138	(6)	(4)

1. Selling expenses for the second quarter of 2023 increased by Baht 30 million or 25% increase compared to the same period of 2022, mainly due to the increase of commission expenses which was in line with the increase of revenue from hotel operations.

2. Administrative expenses for the second quarter of 2023 decreased by Baht 60 million or 15% decrease compared to the same period of 2022, mainly due to the decrease in recognition of impairment loss on assets.

3. Finance cost for the second quarter of 2023, consisting of interest expenses, bank fees and financial advisory fees, slightly increased by Baht 1 million or 2% increase compared to the same period of 2022.

4. Income tax expenses for the second quarter of 2023 increased by Baht 14 million or 19% increase compared to the same period of 2022 which was in line with the increase of revenue (excluding share of profit from investments in associates).

## V Net Profit

(Unit: Million Baht)

	<u>Second quarter</u>				<u>6-month period</u>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Net Profit	669	515	154	30	1,262	1,100	162	15

In the second quarter of 2023, the Company's net profit increased by Baht 154 million, or 30% increase compared to the same period of 2022. This was mainly due to gross profit from sales of real estate increased by Baht 6 million, gross profit from hotel operations increased by Baht 71 million, gross profit from office rental operations decreased by Baht 28 million, share of profit from investments in associates increased by Baht 75 million and other income increased by Baht 13 million. Meanwhile, selling expenses increased by Baht 30 million, administrative expenses decreased by Baht 60 million, and income tax expenses increased by Baht 14 million.

## VI Financial Position

(Unit: Million Baht)

	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>Change</u>	<u>%</u>
Total assets	43,651	43,626	25	0.1
Total liabilities	15,836	15,793	43	0.3
Total shareholders' equity	27,815	27,833	(18)	(0.1)

- **Financial position**

As of 30 June 2023, the Company's total assets increased by Baht 25 million or 0.1% increase from the end of 2022 (as of 31 December 2022), mainly increase from cash and cash equivalent of Baht 456 million and investment in associates of Baht 22 million. Meanwhile, land and construction in progress as well as land and project development cost decreased by Baht 390 million. Right-of-use assets decreased by Baht 86 million. Moreover, total liabilities increased by Baht 43 million or 0.3% increase from the end of 2022 (as of 31 December 2022), mainly due to the Company issued debentures of Baht 2,000 million. Meanwhile, during this period the Company repaid short-term loans and a long-term loan totaling Baht 1,800 million, lease liabilities of Baht 81 million and income tax of Baht 43 million.

- **Shareholders' Equity**

As of 30 June 2023, total shareholders' equity of the Company decreased by Baht 18 million or 0.1% decrease from the end of 2022 (as of 31 December 2022). This was because the Company recognized net profit of Baht 1,262 million for 6-month period ended 30 June 2023. Meanwhile, the Company paid the dividend of Baht 1,071 million in May 2023 in accordance with the resolution of the Annual General Meeting of 2023 held on 21 April 2023. Moreover, other components of shareholders' equity decreased by Baht 174 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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