

Current situation and impact on the Company

On May 31, 2023, the Monetary Policy Committee (“MPC”) at the Bank of Thailand increased the policy rate from 1.75 percent to 2.00 percent per year. The increase is driven by expectations of steady economic expansion, long-term sustainable growth, and the need to monitor upside risks to inflation. The MPC still expects economic growth to be between 3.6 and 3.8 percent in 2023 and 2024, respectively. It is expected that inflation would continue to decline gradually, with headline inflation returning to the target range at 2.5 and 2.4 percent in 2023 and 2024, respectively. As in the previous quarter, the predictions are based on the observed recovery in tourism, which would drive labor income and therefore private consumption.

The real estate industry was directly impacted by the world economic recession and the rise in construction material prices and labor costs. Nonetheless, the Company, Raimon Land Public Company Limited, along with our subsidiaries, have been able to effectively handle the impacts of these factors by fixing the cost for all our ongoing projects from their inception. Moreover, we diligently monitored and managed our financial costs, including both floating and fixed interest rates. As a result, we mitigated the impact of the interest rate increase and remained relatively unaffected.

Management outlook and future projects

In Q1 2023, the Thai economy grew by 2.7% year-on-year, improving from 1.4 percent in the previous quarter. In 2022, the economy witnessed notable growth acceleration, surging from 1.5% in 2021 to an impressive 2.6%. This significant upturn is mainly due to two key factors: the resurgence of the tourism industry and the consistent improvement in domestic demand, for both private consumption and investment.

This year in Q4 2023, the Company plans to launch 2 new ultra-luxury projects, both in Phuket and Bangkok, maintaining itself as the number 1 leader in real estate development at the luxury and ultra-luxury level. One of the new projects will be Rosewood Residences Kamala, a super-luxury villa development worth 7 billion baht. The Company has observed that the buyers in the luxury segment have demonstrated resilience to economic fluctuations as evidenced by their continued activity even through the pandemic.

Moreover, the Company has consistently evolved its approach to project-based investments, transitioning from self-funding to a joint venture model, particularly focusing on the Asset-Light strategy. This new approach involves collaborating with landowners to develop projects, leading to substantial savings in both land and finance costs. As a result, the Company's financial statements now reflect a shift in revenue and profit recognition, moving away from recognizing revenue solely from real estate sales to accounting for the share of profits or losses from joint ventures. At present, the Company proudly offers two joint venture residential projects on sale: The Estelle Phrom Phong and Tait Sathorn 12.

Regarding our current projects, in Q2 2023, the Company's luxury residential project Tait Sathorn 12, which is a 51:49 joint venture with Tokyo Tatemono Asia Pte. Ltd., will see the first of its units being transferred starting in Q3 2023 after the completion of its construction. Additionally, the Company's Grade-A office tower, OCC – One City Centre, which is also a joint venture with Mitsubishi Estate Asia (MEA Commercial Holding Pte. Ltd. (60:40 JV), has finished construction, with only the BTS link under construction as of July 2023. The office building is renowned for its green technology, amenities, and attractive location, with many leading multinational firms, industry-leading companies, and other world-renowned organizations signing contracts as tenants.

Financial highlight 2Q/2023

- The Company's backlog stood at THB 4,681.5mn as of 30 June 2023.
- Presales in 2Q/2023 were THB 554.5mn, and in 1H/2023 was THB 1,072.2mn.
- Total revenue in 2Q/2023 was THB 70.2mn, of which, THB 13.7mn and THB 13.9mn were from project management fee and guarantee fee income, respectively.
- Total revenue in 1H/2023 was THB 131.9mn, of which, THB 35.3mn and THB 27.3mn were from project management fee and guarantee fee income, respectively.
- As of 30 June 2023, the total assets and total liabilities were THB 8,057.0mn and THB 4,016.1mn, respectively.
- The Interest-Bearing Debt to Equity ratio ("IBD/E") stood at 0.89 times as of 30 June 2023.

Management Discussion & Analysis (- translation -)

For operating results of 2Q/2023, ended 30 June 2023



Operating result 2Q/2023 and 1H/2023

Summary of statement of profit and loss

	2Q/2023		2Q/2022		Change		1H/2023		1H/2022		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
Revenues												
Revenues	9.0	12.8	18.4	24.3	(9.4)	(51.1)	17.7	13.4	45.8	26.7	(28.1)	(61.4)
Other income	38.2	54.4	42.4	56.1	(4.2)	(9.9)	83.6	63.4	110.9	64.6	(27.3)	(24.6)
Unrealized gain on the exchange rate	11.3	16.1	12.6	16.7	(1.3)	(10.3)	8.0	6.1	12.7	7.4	(4.7)	(37.0)
Gain on fair value measurement of financial assets	11.7	16.7	2.3	3.0	9.4	408.7	22.6	17.1	2.3	1.3	20.3	882.6
Total revenues	70.2	100.0	75.7	100.0	(5.5)	(7.3)	131.9	100.0	171.6	100.0	(39.7)	(23.1)
Expenses												
COGs	-	-	14.5	19.2	(14.5)	(100.0)	-	-	40.4	23.5	(40.4)	(100.0)
Distribution costs	13.7	19.5	13.5	17.8	0.2	1.5	15.4	11.7	35.7	20.8	(20.3)	(56.9)
Administrative expenses	104.3	148.6	185.7	245.3	(81.4)	(43.8)	209.6	158.9	284.4	165.7	(74.8)	(26.3)
Net financial cost	69.3	98.7	44.4	58.7	24.9	56.1	137.2	104.0	108.5	63.2	28.7	26.5
Share of loss in JV	40.1	57.1	10.8	14.2	29.3	271.3	28.0	21.2	13.5	7.9	14.5	107.4
Tax expense (income)	0.2	0.3	(0.2)	(0.2)	0.4	(200.0)	0.4	0.3	-	-	0.4	100.0
Net profit (loss)	(157.4)	(224.2)	(193.0)	(255.0)	35.6	(18.4)	(258.7)	(196.1)	(310.9)	(181.2)	52.2	(16.8)

Presales and Backlog

In 2Q/2023, the Company had presales of THB 554.5mn, an increase from the presales of THB 434.8mn in 2Q/2022. The increase was from the sales of The Estelle Phrom Phong, which was completed in 3Q/2022. Thus, customers can visit the project, common areas, facilities, and actual units to use as information to support their decision-making.

In 1H/2023, the Company had Presales of THB 1,072.2mn, an increase from the Presales of THB 753.1mn, mainly from the sales of The Estelle Phrom Phong as previously mentioned.

As of 30 June 2023, the total backlog was THB 4,681.5mn, a decrease from THB 4,965.3mn as of 31 December 2022, mainly from the transfer of the Estelle Phrom Phong which started in 3Q/2022, net of the presales throughout the 1H/2023.

Management Discussion & Analysis (- translation -)

For operating results of 2Q/2023, ended 30 June 2023



Revenues

	2Q/2023		2Q/2022		Change		1H/2023		1H/2022		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
Revenues												
The Lofts Silom	-	-	-	-	-	-	-	-	19.8	11.5	(19.8)	(100.0)
Northpoint	-	-	10.7	14.1	(10.7)	(100.0)	-	-	10.7	6.2	(10.7)	(100.0)
Total revenue from sales of real estate	-	-	10.7	14.2	(10.7)	(100.0)	-	-	30.5	17.8	(30.5)	(100.0)
Revenue from rental and services	9.0	12.8	7.7	10.1	1.3	16.9	17.7	13.4	15.3	8.9	2.4	15.7
Other income												
Project management income	13.7	19.5	23.4	30.9	(9.7)	(41.5)	35.3	26.8	52.6	30.7	(17.3)	(32.9)
Marketing commission income	9.5	13.5	3.7	4.8	5.8	156.8	18.3	13.9	10.6	6.2	7.7	72.6
Guarantee fee income	13.9	19.8	14.3	18.9	(0.4)	(2.8)	27.3	20.7	28.0	16.3	(0.7)	(2.5)
Gain on fair value measurement of financial assets and unrealized gain on the exchange rate	23.0	32.8	14.9	19.6	8.1	54.4	30.6	23.2	14.9	8.7	15.7	105.4
Other revenues ¹	1.1	1.6	1.1	1.4	-	-	2.7	2.0	19.7	11.5	(17.0)	(86.3)
Total revenues	70.2	100	75.7	100.0	(5.5)	(7.3)	131.9	100	171.6	100.0	(39.7)	(23.1)

Revenue from sales of real estate

There was no revenue from sales of real estate in 2Q/2023 because most inventories have been fully recognized. The remaining inventories will be recognized in the "share of profits from joint ventures" category, as described above.

Revenue from rental and services

Most of the rental and services income is generated from the Somerset Riverside Bangkok project and the Vue Mall, which is a community shopping center located next to The River condominium. In 2Q/2023, revenue slightly increased to THB 9.0mn from THB 7.7mn from the same period last year. In 1H/2023, this revenue also increased

¹ Revenue from deposit forfeited and others

THB 2.4mn from THB 15.3mn to THB 17.7mn. The increase in rental and services income was attributed to economic activities and the return of normalcy in tourism.

Project management income

This income is derived from fees that the Company charges to the joint venture companies for project construction management and managing residential juristic persons. In 2Q/2023, project management income is THB 13.7mn, which decreased 41.5% as compared to THB 23.4mn in the same period last year.

In 1H/2023, project management income decreased to THB 35.3mn, from THB 52.6mn in the same period last year. The lower revenues in both 2Q/2023 and 1H/2023 are in line with the project construction progress of the 3 joint venture projects.

Marketing commission income and guarantee fee income

Marketing commission income is the commission fee the Company charges the joint venture companies on sales of the units in the joint venture projects. The income also includes the commission fee for resale and leasing services to the property owners. Guarantee fee income is the fee charged to the joint venture companies when the Company acts as a guarantor for the loan of the joint venture companies.

At the end of 2Q/2023, the Company is engaging in 4 joint venture companies: 1) Raimon Land Twenty Six Co., Ltd., developing The Estelle Phrom Phong project; 2) Raimon Land Sathorn Co., Ltd., developing Tait Sathorn 12 project; 3) RML 548 Co., Ltd., developing the grade A office building project named One City Centre and 4) Raimon Land Thirty Eight Co., Ltd., developing a condominium project in soi Sukhumvit 38.

Marketing commission income in 2Q/2023 and 1H/2023 were THB 9.5mn and THB 18.3mn from THB 3.7mn and THB 10.6mn, increased THB 5.8mn and THB 7.7mn, respectively, when compared with the same periods last year. The improvement is attributed to the resales and leasing commissions. The guarantee fee income in 2Q/2023 and 1H/2023 were THB 13.9mn and THB 27.3mn, respectively, they slightly decreased, which is in line with the loan repayment of The Estelle Phrom Phong project, net of the loan drawdowns following the construction progress of other joint venture projects.

Gain on fair value measurement of financial assets and unrealized gain on the exchange rate

On 2 February 2022, the Company entered into a convertible promissory note purchase agreement with another company that is registered and operating in the United States of America totaling USD 7 million. Such convertible promissory note can be converted to shares of such company pursuant to the conditions indicated in the agreement.

On 31 August 2022, the Company entered into a new convertible promissory note that amounted to USD 7.28 million resulting in the Prior Note and Prior Purchase Agreement being canceled.

In 1H/2023, the Company had a gain on fair value measurement and unrealized gain on the exchange rate of this convertible promissory note THB 30.6mn, increased by THB 15.7mn in the same periods last year, mainly due to the convertible promissory note.

Other income

Other income in 1H/2023 was THB 2.7mn, decreased from THB 19.7mn in the same periods last year, mainly due to the deposit forfeited from The Lofts Silom and The Lofts Asoke customers who defaulted on the purchase agreement in 1Q/2022.

Cost of real estate sold, gross profit, and gross profit margin of sales of real estate

There was no cost of real estate sold in 1H/2023, which is in line with revenue from sales of real estate.

Distribution costs and Administrative expenses (SG&A)

The distribution costs, including advertising, marketing, commission, and condominium units transfer-related expenses, while administrative expenses are mostly fixed costs related to employees and all expenses related to business operations.

In 2Q/2023, the distribution costs were THB 13.7mn, increased by THB 0.2mn or 1.5% from THB 13.5mn in the same period last year. The administrative expenses decreased to THB 104.3mn from THB 185.7mn in the same period last year, mainly due to a decrease in expenses related to litigation in 2Q/2023.

In 1H/2023, the distribution costs were THB 15.4mn decreased by THB 20.3mn or 56.9% from THB 35.7mn in the same period last year, the decrease is in line with revenue from sales of real estate. The administrative expenses decreased to THB 209.6mn from THB 284.4mn in the same period last year, mainly due to a decrease in expenses related to litigation in 2Q/2023.

Net financial cost

Financial costs are primarily interest expenses on debentures and loans to develop projects, recorded as development costs until the construction is complete. Post-construction completion, such interest expenses will be recorded as financial expenses in the Statement of Income. Loans are repaid in installments upon unit transfer. Currently, the Company raised funds through debentures and loans with financial institutions. Most of the finance costs are from interest on debentures.

In 2Q/2023 and In1H/2023, the net financial cost was THB 69.3mn and 137.2mn, increased by 24.9mn and 28.7mn from THB 44.4mn and THB 108.5mn, respectively, in the same period last year. The higher net finance costs were mainly due to interest rates on the new debentures issued in 2022. As of 30 June 2023, the Company's interest-bearing debts were THB 3,590.7mn, an increase from THB 3,533.2mn at the end of 2022.

Net loss

In 2Q/2023, the Company had a consolidated net loss of THB 157.4mn, a decrease of THB 35.6mn from the net loss of THB 193.0mn in 2Q/2022. Net loss per share was THB 0.04 per share.

In 1H/2023, the Company had a consolidated net loss of THB 258.7mn, a decrease of THB 52.2mn from the net loss of THB 310.9mn in 1H/2022. Net loss per share was THB 0.06 per share.

Financial position as of 30 June 2023

	30 June 2023		31 December 2022		Change	
	THB mn	%	THB mn	%	THB mn	%
Assets	8,057.0	100	8,255.4	100.0	(198.4)	(2.4)
Liabilities	4,016.1	49.8	3,956.5	47.9	59.6	1.5
Interest-bearing debt	3,590.7	44.5	3,533.2	42.8	57.5	1.6
Other liabilities	425.4	5.3	423.3	5.1	2.1	0.5
Equity	4,040.9	50.2	4,298.9	52.1	(258.0)	(6.0)
Total Liabilities and Equity	8,057.0	100	8,255.4	100.0	(198.4)	(2.4)

Assets

As of 30 June 2023, the Company's total assets stood at THB 8,057.0mn, a decrease of THB 198.4mn or 2.4% from THB 8,255.4mn as of 31 December 2022. The major change in assets were 1) a decrease of cash and cash equivalents of THB 70.8mn mainly from paid interest of debentures and paid for the operation, 2) a decrease of investment in joint venture of THB 432.3mn 3) a decrease of share reduction receivable of THB 148.8mn 4) the increasing of property, plant and equipment and right-of-use assets of THB 88.6mn and 5) an increase of loans to related parties, net of THB 9.4mn from THB 150mn repayment of loans to a joint venture, net of loans to another joint venture of THB 159.4mn.

Liabilities

Total liabilities stood at THB 4,016.1mn, an increase of THB 59.6mn, or 1.5% from THB 3,956.5mn as of 31 December 2022. The Interest-Bearing Debt ("IBD") stood at THB 3,590.7mn, an increase of THB 57.5mn from THB 3,533.2mn as of 31 December 2022. The major changes in liabilities were 1) loans from other parties increased

THB 81.9mn 2) increases of lease liabilities THB 49.3mn due to the Company entering into a new lease agreement for the new office at OCC and 3) debenture decreased THB 73.3mn due to maturity due.

Shareholders' equity

The Company's total shareholders' equity stood at 4,040.9mn, a decrease of THB 258.0mn or 6.0% from THB 4,298.9mn as of 31 December 2022, mainly from the net loss in 1H/2023.

Interest-Bearing Debt to Equity ratio

The IBD/E ratio as of 30 June 2023 was 0.89 times, which increased from 0.82 times as of 31 December 2022 due to a decrease in shareholders' equity resulting from the operating results during the quarters.

Cash flows

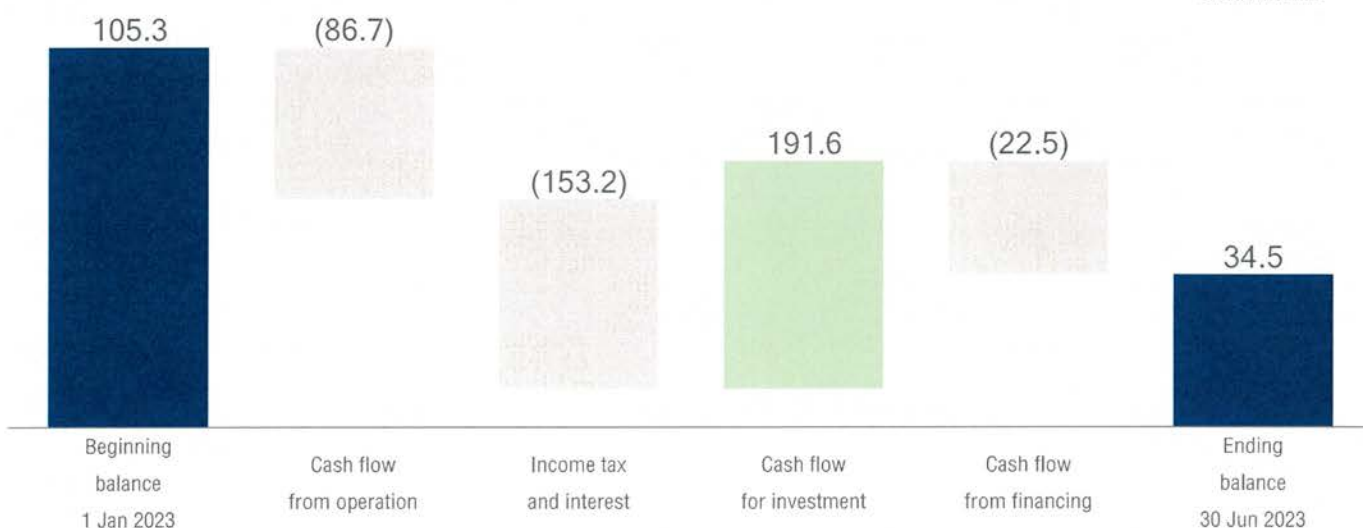
For 1H/2023, the Company had net cash used in the operating activities of THB 86.7mn. In addition, the Company had THB 153.2mn cash paid for financial costs and tax, resulting in net cash used in the operating activities of THB 239.9mn. The key changes in operating activities were 1) THB 258.3mn loss before tax in 1H/2023, 2) THB 14.1mn cash paid for project development cost, and 3) THB 33.3mn cash paid to payable related to litigation. For the investing activities, the Company received net cash of THB 191.6mn, mainly 1) THB 159.4mn cash paid for the long-term loan granted to a joint venture company 2) THB 78.1mn cash received from the short-term loan granted to a joint venture company 3) THB 139.6mn cash paid for investments in joint venture companies, and 4) Cash received from a share reduction and dividend payment of a joint venture, Raimon Land Twenty Six Co., Ltd., of THB 294.4mn and THB 172.6mn, respectively. For the financing activities, the Company paid net cash of THB 22.5mn. The key components were 1) THB 1.2mn net cash paid for debenture 84.5mn, 2) THB 16.5mn cash paid for financial transaction costs 3) THB 2.4mn cash paid for long-term borrowings from financial institutions, and 4) THB 82.7mn net cash received from short-term borrowing from other parties. As a result, the Company had ending cash and cash equivalents of THB 34.5mn as of 30 June 2023.

Management Discussion & Analysis (- translation -)

For operating results of 2Q/2023, ended 30 June 2023

Cash flows movement in 2Q/2023

Unit: THB mn



Maneekarn Wuttikullert
Acting Chief Financial Officer