

13 November 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 September 2023. The consolidated statement of comprehensive income showed a net loss of THB 338.33 million, representing a loss per share of THB 0.31. This compares to a net operating profit of THB 87.66 million or a profit per share of THB 0.08 in Q3-2022.

For the nine-month period ended 30 September 2023, the consolidated statement of comprehensive income showed a net loss of THB 315.72 million, representing a loss per share of THB 0.29. This compares to a net operating loss of THB 126.38 million or a loss per share of THB 0.12 in 9M-2022. Details are as follows.

Operating Results	3rd quarter				9 months			
	2023	2022	Increase (Decrease)	%	2023	2022	Increase (Decrease)	%
	Unit : THB'000							
Residential Property								
Revenue	723,926	879,573	(155,647)	(17.70)	1,659,007	1,534,309	124,698	8.13
Gross Profit	181,268	421,495	(240,227)	(56.99)	665,048	605,322	59,726	9.87
Gross profit (Loss) margin (%)	25.04	47.92	(22.88)	(47.75)	40.09	39.45	0.63	1.61
Industrial Property								
Revenue	146,531	120,104	26,427	22.00	432,805	331,269	101,536	30.65
Gross Profit	67,906	76,482	(8,576)	(11.21)	242,683	203,392	39,291	19.32
Gross profit (Loss) margin (%)	46.34	63.68	(17.34)	(27.23)	56.07	61.40	(5.33)	(8.67)
Holistic Health & Wellness								
Revenue	37,801	14,695	23,106	157.24	86,902	40,275	46,627	115.77
Gross Profit (Loss)	(55,752)	(22,523)	(33,229)		(131,764)	(69,492)	(62,272)	
Gross profit (Loss) margin (%)	(147.49)	(153.27)	5.78		(151.62)	(172.54)	20.92	
All businesses								
Sales & Services revenue	908,258	1,014,372	(106,114)	(10.46)	2,178,714	1,905,853	272,861	14.32
Gross profit (Loss)	193,422	475,454	(282,032)	(59.32)	775,967	739,222	36,745	4.97
Gross profit (Loss) margin (%)	21.30	46.87	(25.58)	(54.57)	35.62	38.79	(3.17)	(8.18)
Total revenue	950,478	1,087,803	(137,325)	(12.62)	2,569,336	2,104,466	464,870	22.09
Total Cost & Expenses	1,291,540	1,012,649	278,891	27.54	2,891,228	2,259,211	632,017	27.98
Cost of Goods Sold	714,836	538,918	175,918	32.64	1,402,747	1,166,631	236,116	20.24
Selling & Admin. Expenses and Other Expenses	366,999	275,567	91,432	33.18	849,674	681,049	168,625	24.76
Finance cost	219,777	161,156	58,621	36.38	581,085	429,919	151,166	35.16
Net profit (Loss)	(338,325)	87,659	(425,984)		(315,720)	(126,383)	(189,337)	
Net profit (Loss) margin (%)	(35.60)	8.06	(43.65)		(12.29)	(6.01)	(6.28)	
Net profit (Loss) per share (Baht)	(0.31)	0.08	(0.39)		(0.29)	(0.12)	(0.17)	

Total revenue from sales and services in Q3-2023 and 9M-2023 were THB 908.26 million, a decrease of THB 106.11 million or 10.46% from Q3-2022 and THB 2,178.71 million, an increase of THB 272.86 million or 14.32% from 9M-2022. This revenue derives from the main businesses operated by the Company and its subsidiaries, which are:

1) Residential real estate development

For Q3-2023, revenues from the sale of residential real estate and the sale of undeveloped land were THB 166.10 million and THB 557.83 million, respectively. In total, the revenues for the business were THB 723.93 million, a decrease of THB 155.65 million or 17.70% when comparing to the same period of last year which saw revenues of THB 879.57 million. Gross profit was THB 181.27 million (a gross profit margin of 25.04%), a decrease of THB 240.23 million from a gross profit of THB 421.50 million (a gross profit margin of 47.92%) recorded in Q3-2022. Such decrease in the gross profit came primarily from the sale of undeveloped land at a lower profit margin. Without the sale of land, a gross profit margin of the sale of residential real estate was 23.26%.

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. MK may consider further sales promotions such as price reductions to help targeted customers in applying for bank loans. In the meantime, MK gave its priority to cost control as well as the management of housing inventory and financial liquidity.

For 9M-2023, revenues from the residential real estate business were THB 1,659.01 million (comprised of revenues from the sale of residential property of THB 563.61 million and from the sale of undeveloped land of THB 1,095.40 million). Gross profit was THB 665.05 million (a gross profit margin of 40.09%). Without the sale of land, the gross profit margin of the sale of residential real estate was 22.66%, an increase of THB 59.73 million from a gross profit of THB 605.32 million (a gross profit margin of 39.45%) recorded in 9M-2022.

2) Industrial real estate development

MK Group had revenue from industrial real estate development amounting to THB 146.53 million in Q3-2023, an increase of THB 26.43 million or 22%. This consisted of revenue from rent and services amounting to THB 102.32 million, an increase from THB 84.87 million recorded in Q3-2022. 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 September 2023, the space for rent amounted to 222,011 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 44.21 million, an increase from THB 35.24 million

revenue in Q3-2022. In total, industrial real estate development had a gross profit of THB 67.91 million (a gross profit margin of 46.34%), a decrease of THB 8.58 million from a gross profit of THB 76.48 million (a gross profit margin of 63.68%) in Q3-2022

For 9M-2023, MK Group had revenue from industrial real estate development amounting to THB 432.81 million, an increase of THB 101.54 million or 30.65%, (consisting of revenue from rent and services of THB 305.89 million and revenue from real estate management of THB 126.91 million, increases from THB 247.80 million and THB 83.47 million recorded in the same period last year, respectively). In total, industrial real estate development had a gross profit of THB 242.68 million (a gross profit margin of 56.07%), an increase of THB 39.29 million from a gross profit of THB 203.39 million (a gross profit margin of 61.40%) in 9M-2022. In addition, MK also recorded a gain from sale of its investment property asset to the Prospect REIT of THB 251.63 million in 9M-2023.

3) Holistic Health and Wellness

MK's holistic health business recorded revenue of THB 37.80 million in Q3-2023, an increase of THB 23.11 million or 157.24% from Q3-2022. At the end of the first quarter 2023, a holistic health and wellness center was opened in Sam Pran District, Nakhonn 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 55.75 million in Q3-2023 (a gross loss margin of 147.49%). The loss increased by THB 33.23 million compared to the same period last year

In 9M-2023, the holistic health business recorded revenue of THB 86.90 million, an increase of THB 46.63 million or 115.77% from 9M-2022. The Company recorded a gross loss amounting to THB 131.76 million (a gross loss margin of 151.62%), compared to a gross loss of THB 69.49 million (a gross loss margin of 172.54%) recorded in 9M-2022.

For the combined businesses, MK was able to manage cost of sales and increase gross profits in 9M-2023.

The selling and administrative expenses for the 9M-2023 was THB 849.67 million, an increase of THB 168.63 million from 9M-2022. In arriving at the net result, MK also recorded an unrealized loss on fair value valuation of its financial asset of THB 119 million and finance costs increased to THB 581.09 million, an increase of THB 151.17 million from the same period last year due to investments in new businesses in line with the ongoing revenue restructuring plan. As a result, its performance this year showed net operating loss.

Please be informed accordingly.

Yours sincerely,

(Mrs. Siripan Leewanun)

Senior Executive Vice President