

7 November 2023

Subject: Management Discussion and Analysis for the third quarter ended 30 September 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 third quarter ended 30 September 2023 and 2022 with the detail as follows:

I Operating revenue breakdown by business segment

(Unit: Million Baht)

	Third quarter				9-month period			
	2023	2022	Change	%	2023	2022	Change	%
Revenue from sales of real estate	1,993	2,142	(149)	(7)	5,704	6,027	(323)	(5)
Revenue from hotel operations	321	201	120	60	870	451	419	93
Revenue from office rental operations	35	74	(39)	(53)	102	224	(122)	(54)
Other income	71	58	13	22	209	172	37	22
Total revenues	<u>2,420</u>	<u>2,475</u>	<u>(55)</u>	<u>(2)</u>	<u>6,885</u>	<u>6,874</u>	<u>11</u>	<u>0.2</u>

In summary, the Company generated total revenues for the third quarter of 2023 and 2022 at Baht 2,420 million and Baht 2,475 million respectively, decreasing by Baht 55 million or 2% decrease compared to the same period of 2022. Details are as follows:

1. **Revenue from sales of real estate** for the third quarter of 2023 decreased by Baht 149 million or 7% decrease compared to the same period of 2022. This was due to an decrease in revenue from housing projects by Baht 163 million or 8% decrease. While revenue from condominium projects increased by Baht 14 million or 6% increase compared to the same period of 2022.

In the 9-month period of 2023, the Company launched 4 new projects with value of Baht 4,809 million and closed 3 sold-out projects.

2. **Revenue from hotel operations** for the third quarter of 2023 increased by Baht 120 million or 60% 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 third quarter of 2023 decreased by Baht 39 million or 53% 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 third quarter of 2023 increased by Baht 13 million or 22% 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>Third quarter</u>				<u>9-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	1,376	1,454	(78)	(5)	3,876	4,017	(141)	(4)
Cost from hotel operations	191	140	51	36	518	334	184	55
Cost from office rental operations	15	30	(15)	(50)	46	85	(39)	(46)
Total costs	<u>1,582</u>	<u>1,624</u>	<u>(42)</u>	<u>(3)</u>	<u>4,440</u>	<u>4,436</u>	<u>4</u>	<u>0.1</u>

In summary, the Company's total costs for the third quarter of 2023 decreased by Baht 42 million or 3% decrease compared to the same period of 2022. This was due to cost from sales of real estate decreased by Baht 78 million or 5% decrease while cost of hotel operations increase by Baht 51 million or 36% increase. This was in line with the revenues.

III Share of profit from investments in associates

In the third quarter of 2023, the Company's share of profit from investments in associates was Baht 422 million, which increased by Baht 16 million or 4% 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>Third quarter</u>				<u>9-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.	305	305	-	-	946	907	39	4
LH Financial Group Plc.	74	67	7	10	240	170	70	41
Quality Houses Leasehold Property Fund	29	26	3	12	90	92	(2)	(2)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	14	8	6	75	37	-	37	100
Total	<u>422</u>	<u>406</u>	<u>16</u>	<u>4</u>	<u>1,313</u>	<u>1,169</u>	<u>144</u>	<u>12</u>

IV Expenses

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-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	158	123	35	28	430	344	86	25
Administrative expenses	341	353	(12)	(3)	1,051	1,113	(62)	(6)
Finance cost	58	63	(5)	(8)	181	196	(15)	(8)
Income tax expenses	70	80	(10)	(13)	202	218	(16)	(7)

1. Selling expenses for the third quarter of 2023 increased by Baht 35 million or 28% 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 third quarter of 2023 decreased by Baht 12 million or 3% 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 third quarter of 2023, consisting of interest expenses, bank fees and financial advisory fees, decreased by Baht 5 million or 8% decrease compared to the same period of 2022.

4. Income tax expenses for the third quarter of 2023 decreased by Baht 10 million or 13% decrease compared to the same period of 2022 which was in line with the decrease of revenue (excluding share of profit from investments in associates).

V Net Profit

(Unit: Million Baht)

	<u>Third quarter</u>				<u>9-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	634	640	(6)	(1)	1,896	1,740	156	9

In the third quarter of 2023, the Company's net profit decreased by Baht 6 million, or 1% decrease compared to the same period of 2022. This was mainly due to gross profit from sales of real estate decreased by Baht 71 million, gross profit from hotel operations increased by Baht 69 million, gross profit from office rental operations decreased by Baht 24 million, share of profit from investments in associates increased by Baht 16 million and other income increased by Baht 13 million. Meanwhile, selling expenses increased by Baht 35 million, administrative expenses decreased by Baht 12 million, and income tax expenses decreased by Baht 10 million.

VI Financial Position

(Unit: Million Baht)

	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>Change</u>	<u>%</u>
Total assets	42,753	43,626	(873)	(2)
Total liabilities	15,051	15,793	(742)	(5)
Total shareholders' equity	27,702	27,833	(131)	(1)

- **Financial position**

As of 30 September 2023, the Company's total assets decreased by Baht 873 million or 2% decrease from the end of 2022 (as of 31 December 2022), mainly decrease from land and project development cost as well as land and construction in progress decreased by Baht 501 million, investment in associates of Baht 305 million and Right-of-use assets decreased by Baht 143 million. Moreover, total liabilities decreased by Baht 742 million or 5% decrease from the end of 2022 (as of 31 December 2022), mainly due to the Company repaid short-term loans and a long-term loan totaling Baht 2,574 million and lease liabilities decreased from repayment and contract modification totaling Baht 136 million. Meanwhile, during this period the Company issued unsecured debentures of Baht 2,000 million.

- **Shareholders' Equity**

As of 30 September 2023, total shareholders' equity of the Company decreased by Baht 131 million or 1% decrease from the end of 2022 (as of 31 December 2022). This was because the Company recognized net profit of Baht 1,896 million for 9-month period ended 30 September 2023. Meanwhile, during this period the Company paid the dividend totaling Baht 1,607 million. Moreover, other components of shareholders' equity decreased by Baht 420 million from the share of other comprehensive income of associates.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)
Senior Executive Vice President

Accounting and Finance Department

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