

No. AC 02/2024

28 February 2024

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 year ended 31 December 2023. The consolidated statement of comprehensive income showed a net loss of THB 671.95 million, representing a loss per share of THB 0.62. This compares to a net operating loss of THB 35.83 million or a loss per share of THB 0.03 in 2022. Details are as follows.

Unit : THB'000				
Operating results :	2023	2022	Increase (Decrease)	%
<b>Residential Property</b>				
Revenue	1,760,389	1,790,543	<b>(30,154)</b>	<b>(1.68)</b>
Gross Profit	687,971	668,260	<b>19,711</b>	<b>2.95</b>
Gross profit margin (%)	39.08	37.32	<b>1.76</b>	<b>4.71</b>
<b>Industrial Property</b>				
Revenue	575,478	458,366	<b>117,112</b>	<b>25.55</b>
Gross Profit	314,798	285,689	<b>29,109</b>	<b>10.19</b>
Gross profit margin (%)	54.70	62.33	<b>(7.63)</b>	<b>(12.23)</b>
<b>Holistic Health &amp; Wellness</b>				
Revenue	132,696	57,318	<b>75,378</b>	<b>131.51</b>
Gross Loss	(175,295)	(95,148)	<b>80,147</b>	
Gross loss margin (%)	(132.10)	(166.00)		
<b>All bussiness</b>				
Sales & Sevices revenue	2,468,563	2,306,227	<b>162,336</b>	<b>7.04</b>
Gross profit	827,474	858,801	<b>(31,327)</b>	<b>(3.65)</b>
Gross profit margin (%)	33.52	37.24	<b>(3.72)</b>	<b>(9.98)</b>
Total revenue	2,938,735	2,567,205	<b>371,530</b>	<b>14.47</b>
Total Cost & Expense	3,617,921	3,079,742	<b>538,179</b>	<b>17.47</b>
Cost of Goods Sold	1,641,089	1,447,426	<b>193,663</b>	<b>13.38</b>
Selling & Admin. Expense	1,120,269	1,012,747	<b>107,522</b>	<b>10.62</b>
Finance cost	735,655	598,847	<b>136,808</b>	<b>22.85</b>
Net Loss	(671,949)	(35,834)	<b>636,115</b>	
Net loss margin (%)	(22.87)	(1.40)		
Net loss per share (Baht)	(0.62)	(0.03)		

Total revenue from sales and services in 2023 were THB 2,468.56 million, an increase of THB 162.34 million or 7.04% from 2022. This revenue derives from the main businesses operated by the Company and its subsidiaries, which are:

1) Residential real estate development

Most of the Company's products are townhouses within a price range of THB 2-3.5 million and the target customers are those who have relatively high household debt and 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. In addition, financial institutions have exercised more stringent lending conditions resulting in higher than 50% rejection rate. The residential real estate sector is relying on the economic growth which promote higher household income and purchasing power. In this slow economic situation, the Company has no plan to develop new project and gave its priority to cost control as well as the management of housing inventory and financial liquidity.

For 2023, revenues from the residential real estate business were THB 1,760.39 million, a decrease of THB 30.15 million or 1.68% from 2022 (comprised of revenues from the sale of residential property of THB 652.74 million, a decrease of THB 625.05 million or 61.01% and from the sale of undeveloped land of THB 1,107.65 million, an increase of THB 594.89 million or 116.70%). Gross profit was THB 687.97 million (a gross profit margin of 39.08%), an increase of THB 19.71 million from a gross profit of THB 668.26 million (a gross profit margin of 37.32%) recorded in 2022. Without the sale of land, the gross profit margin of the sale of residential real estate was 23.21%,

2) Industrial real estate development

MK Group had revenue from industrial real estate development amounting to THB 575.48 million in 2023, an increase of THB 117.11 million or 25.55%. This consisted of revenue from rent and services amounting to THB 402.14 million, an increase from THB 340.11 million recorded in 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. As at the end of December 2023, the space for rent amounted to 280,630 square meters, an increase from the end of 2022 from additional warehouse construction. In addition, the Group had revenue from real estate management, which went up to THB 173.34 million, an increase from THB 118.26 million revenue in 2022. In total, industrial real estate development had a gross profit of THB 314.80 million (a gross profit margin of 54.70%), an increase of THB 29.11 million from a gross profit of THB 285.69 million (a gross profit margin of 62.33%) in 2022. In addition, MK also recorded a gain from sale of its investment property asset to the Prospect REIT of THB 261.59 million in 2023.

3) Holistic Health and Wellness

MK's holistic health business recorded revenue of THB 132.70 million in 2023, an increase of THB 75.38 million or 131.51% from 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 175.30 million (a gross loss margin of 132.10%). The loss increased by THB 80.15 million compared to the same period last year

For the combined businesses, MK was able to manage cost of sales and recorded gross profits of THB 827.47 million in 2023, a decrease of THB 31.33 million or 3.65%.

The selling and administrative expenses for 2023 was THB 967.01 million, a decrease of THB 45.74 million from 2022. In arriving at the net result, a wellness business subsidiary recorded an impairment on its fixed assets of THB 100.71 million and MK also recorded an unrealized loss on fair value valuation of its financial asset of THB 52.55 million and finance costs increased to THB 735.66 million, an increase of THB 136.81 million from 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