

27 February 2024

Subject: Management Discussion and Analysis for the year 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 year 2023 and 2022 with the detail as follows:

I Operating revenue breakdown by business segment

	(Unit: Million Baht)			
	2023	2022	Change	%
Revenue from sales of real estate	7,619	8,227	(608)	(7)
Revenue from hotel operations	1,215	717	498	69
Revenue from office rental operations	134	282	(148)	(52)
Other income	269	219	50	23
Total revenues	<u>9,237</u>	<u>9,445</u>	<u>(208)</u>	<u>(2)</u>

In summary, the Company generated total revenues for the year 2023 and 2022 at Baht 9,237 million and Baht 9,445 million respectively, decreasing by Baht 208 million or 2% decrease compared to 2022. Details are as follows:

1. Revenue from sales of real estate for the year 2023 decreased by Baht 608 million or 7% decrease compared to 2022. This was due to an decrease in revenue from housing projects by Baht 736 million or 10% decrease. While revenue from condominium projects increased by Baht 128 million or 17% increase compared to 2022.

In 2023, the Company launched 6 new projects with value of Baht 7,261 million and closed 4 sold-out projects.

2. Revenue from hotel operations for the year 2023 increased by Baht 498 million or 69% increase compared to 2022. This was due to the increase in both Thai and international tourists.

3. Revenue from office rental operations for the year 2023 decreased by Baht 148 million or 52% decrease compared to 2022. This was because the land lease of Q. House Asoke expired in November 2022.

4. Other income for the 2023 increased by Baht 50 million or 23% increase compared to 2022. This was mainly from an increase in management income from office building and hotel.

II Operating cost breakdown by business segment

	(Unit: Million Baht)			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Cost from sales of real estate	5,186	5,490	(304)	(6)
Cost from hotel operations	716	496	220	44
Cost from office rental operations	61	111	(50)	(45)
Total costs	<u>5,963</u>	<u>6,097</u>	<u>(134)</u>	<u>(2)</u>

In summary, the Company's total costs for the year 2023 decreased by Baht 134 million or 2% decrease compared to 2022. This was due to cost from sales of real estate decreased by Baht 304 million or 6% decrease while cost of hotel operations increased by Baht 220 million or 44% increase. This was in line with the revenues.

III Share of profit from investments in associates

In 2023, the Company's share of profit from investments in associates was Baht 1,753 million, which increased by Baht 167 million or 11% increase compared to 2022. Details of the Company's share of profit from 4 associate companies are as follows:

	(Unit: Million Baht)			
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Home Product Center Plc.	1,280	1,235	45	4
LH Financial Group Plc.	288	217	71	33
Quality Houses Leasehold Property Fund	120	120	-	-
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	<u>65</u>	<u>14</u>	<u>51</u>	<u>364</u>
Total	<u>1,753</u>	<u>1,586</u>	<u>167</u>	<u>11</u>

IV Expenses

(Unit: Million Baht)

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Selling expenses	583	494	89	18
Administrative expenses	1,488	1,501	(13)	(1)
Finance cost	238	259	(21)	(8)
Income tax expenses	220	288	(68)	(24)

1. Selling expenses for the year 2023 increased by Baht 89 million or 18% increase compared to 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 year 2023 decreased by Baht 13 million or 1% decrease compared to 2022, mainly due to the decrease in recognition of provision for loss arising from litigations.

3. Finance cost for the 2023, consisting of interest expenses and bank fees , decreased by Baht 21 million or 8% decrease compared to 2022 due to loan repayment.

4. Income tax expenses for the year 2023 decreased by Baht 68 million or 24% decrease compared to 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>2023</u>	<u>2022</u>	<u>Change</u>	<u>%</u>
Net Profit	2,503	2,396	107	4

The Company's net profit for the year 2023 increased by Baht 107 million, or 4% increase compared to 2022. This was mainly due to gross profit from sales of real estate decreased by Baht 303 million, gross profit from hotel operations increased by Baht 278 million, gross profit from office rental operations decreased by Baht 98 million, share of profit from investments in associates increased by Baht 167 million and other income increased by Baht 50 million. Meanwhile, selling expenses increased by Baht 89 million, administrative expenses decreased by Baht 13 million, and income tax expenses decreased by Baht 68 million.

VI Financial Position

	(Unit: Million Baht)			
	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>Change</u>	<u>%</u>
Total assets	43,442	43,626	(184)	(0.4)
Total liabilities	15,070	15,793	(723)	(5)
Total shareholders' equity	28,372	27,833	539	2

- **Financial position**

As of 31 December 2023, the Company's total assets decreased by Baht 184 million or 0.4% decrease from the end of 2022 (as of 31 December 2022), mainly decrease from Right-of-use assets of Baht 183 million, cash and cash equivalent of Baht 183 million and increase from investment in associates of Baht 104 million and deposits for purchase of land of Baht 72 million. Moreover, total liabilities decreased by Baht 723 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 2,419 million and lease liabilities decreased from repayment and contract modification totaling Baht 155 million. Meanwhile, during this period the Company issued unsecured debentures of Baht 2,000 million.

- **Shareholders' Equity**

As of 31 December 2023, total shareholders' equity of the Company increased by Baht 539 million or 2% increase from the end of 2022 (as of 31 December 2022). This was because the Company recognized net profit of Baht 2,503 million for the year 2023. Meanwhile, the Company paid the dividend of Bath 1,071 million in May 2023 in accordance with the resolution of the Annual General Meeting Of 2023 held on 21 April 2023 and paid an interim dividend of Bath 536 million in September 2023 in accordance with the resolution of the Board of Directors' Meeting No.5/2023 dated 9 August 2023. Moreover, other components of shareholders' equity decreased by Baht 166 million from the share of other comprehensive income of associates and recognition of actuarial gain.

Please be informed accordingly.

Sincerely yours,

(Miss Apinya Jarutrakulchai)
Senior Executive Vice President

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