



NNCLAC 005/2564

9 August 2021

Subject Explanation of the change in operating results for the three-month and six-month ended June 30, 2021 compared with the same period of previous year

To President
The Stock Exchange of Thailand

Nava Nakorn Public Company Limited would like to explain the change in operating results for the three-month and six-month ended June 30, 2021 compared with the same period of previous year as follows:-



Net profit(loss)

Compared Q2/2021 and Q2/2020

For Q2/2021, net profit attributable to owners of the parent of the consolidated financial statements of Baht 155.8 million which increased by Baht 79.1 million or by 103% compared with the same period of previous year

⊕ The Company reported the operating results for the three-month ended June 30, 2021 with the net profit attributable to owners of the parent of the consolidated financial statements of Baht 155.8 million which operating profit results increased by Baht 79.1 million or operating profit results increased by 103% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 76.7 million, effect from sale of real estate development projects, increasing of share of profit of investment in a joint venture and also increasing of Profit from recurring income in this period.

⊕ In addition, managing expenses were continuously proceeded to decrease by management team.



Financial Position

The Company maintained its healthy financial position, with cash and cash equivalents, short term investment and fixed deposit at financial institution of Baht 804.8 million

⊕ As at June 30, 2021, the Company maintained its healthy financial position, with total consolidated assets amounting to Baht 4,294.4 million, of which Baht 804.8 million was cash and cash equivalents, short term investment and fixed deposit at financial institution;

while total consolidated liabilities were reported at Bath 1,092.8 million in which interest-bearing debt accounted for Baht 261.1 million ;and total consolidated shareholders' equity attributable to owners of the parent at Baht 3,201.6 million.

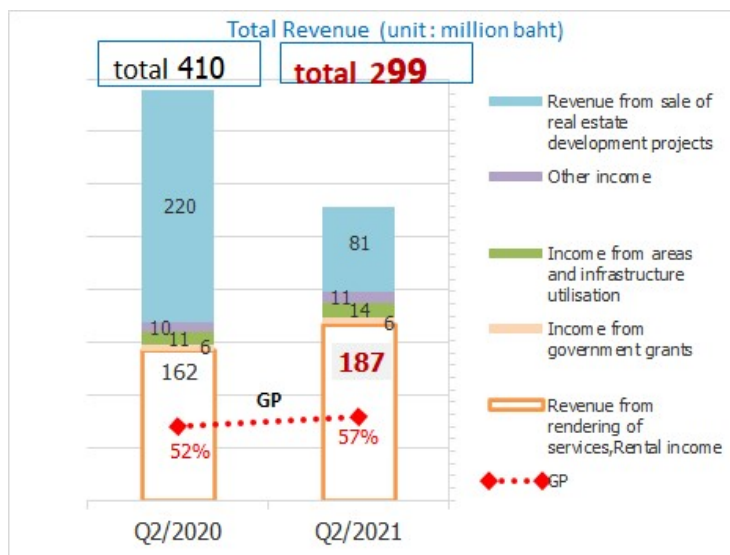
Table of key financial results

(Unit: Million Baht)

			%
(Unit: Million Baht)	Q2	Q2	Inc. (Dec.)
	2021	2020	YoY
Total Revenue	299	410	(27%)
Revenue from rendering of services ,Rental income	187	162	15%
EBITDA	162	100	63%
Profit (loss) for the year	156	77	103%
<input checked="" type="checkbox"/> Profit (loss) from recurring income	65	46	40%
<input checked="" type="checkbox"/> Profit (loss) from share of net profit - joint venture	38	11	237%
<input checked="" type="checkbox"/> Income from areas and infrastructure utilization- joint venture	14	11	31%
<input checked="" type="checkbox"/> Profit (loss) from sale of real estate development projects	39	8	362%

; with the highlight financial information details as follows:

1. Revenue from sale of real estate development projects, Revenue from rendering of services ,Rental income and other income : Q2/2021 , Q2/2020



◀ the Company had revenue from rendering of services and rental income (recurring income) for the three-month ended June 30, 2021 of Baht 187.4 million ,compared with the same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 162.4 million

which increased by 15% or Baht 24.9 million which mainly resulted from more usage utilities of customer in overall.

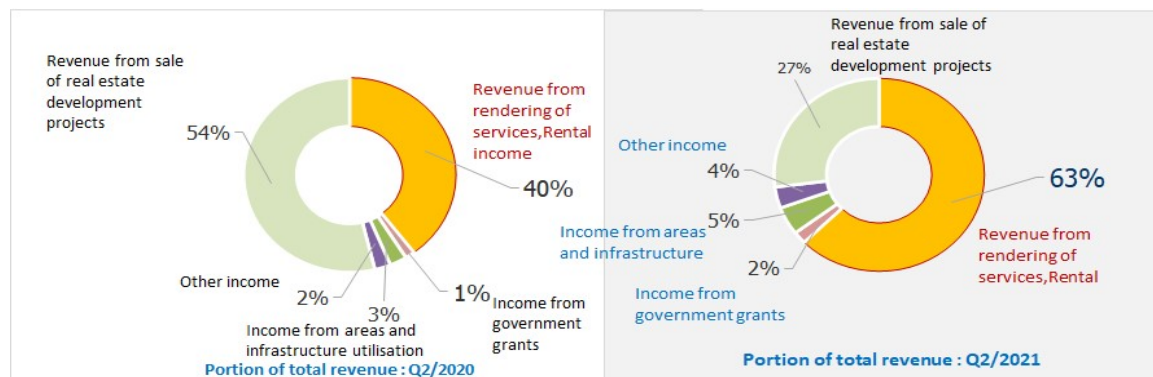
◀◀ There was sale of real estate development projects of Baht 80.8 million which increased from the same period of previous year with sale of real estate development projects of Baht 220.4 million.

◀◀ Part of other income, the Company had other income for the three-month ended June 30, 2021, comprised of Income from government grants of Baht 6.1 million ,no significant change from the same period of the previous year due to Income from government grants were recognized by amortization along with the estimated useful lives of flood protection system. This period, some parts of such flood protection system were end of depreciated period such as aqueduct system, dredging canal system, along with changing of government grants recognition.

Income from areas and infrastructure utilization of Baht 14.1 million, increasing by Income from right of ways and infrastructure utilization of Baht 0.75 million – Ratch Cogeneration Co.,Ltd., (income per contract was of Baht 0.25 million per month since July 2020).

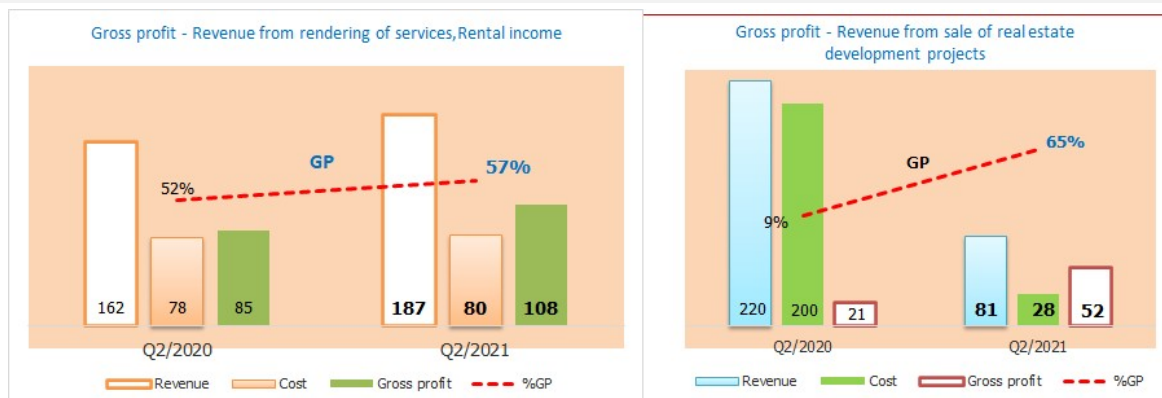
And Income from right of ways and infrastructure utilization of Baht 2.1 million – Nava Nakorn Electricity Generating Co.,Ltd., (income per contract was of Baht 0.7 million per month since November 1, 2020).

The company had other income of Baht 9.9 million in Q2/2021 ,increased from the same period of the previous year due to decreasing on interest receipt , gain from disposal of assets and mark down to market of mutual fund.



◀◀ Recurring income comprised of Revenue from rendering of services, Rental income which represented 63% , sale of land proportion 27% of total revenue for the three-month ended June 30, 2021.

2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit: Q2/2021 , Q2/2020



◀◀ for the three-month ended June 30, 2021, the Company had cost of rendering of services of Baht 79.7 million together with gross profit of Baht 107.7 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 77.9 million together with gross profit of Baht 84.6 million. Gross profits margin increased of Baht 23.1 million.

Gross profit margin - rendering of services and rental income represented 57% ,increased from 52% compared to the same period of previous year.

◀◀ The Company had cost of sale of real estate development projects of Baht 28.4 million with profit margin of Baht 52.4 million or 65%, increased from the same period of previous year, it shown cost of sale of real estate development projects of Baht 199.8 million with profit margin of Baht 20.6 million or 9%, along with relative revenues as mentioned above.

3. Selling expenses and administrative

◀◀ Selling expenses and administrative expenses for the three-month ended June 30, 2021, was Baht 57.9 million compared with the same period of previous year which was Baht 60.1 Million, decreased by Baht 2.2 million or 4%. However, the overall managing expenses were continuously proceeded to decrease by management team since year 2015.

4. Depreciation expenses

◀◀ For the three-month ended June 30, 2021, the Company had depreciation expenses of plant & equipment and Investment Properties of Baht 40.3 million, increased while compared with the same period of previous year which was Baht 38.5 million due to there was more operational assets.

5. Finance Costs

◀◀ For the three-month ended June 30, 2021, the Company had finance costs of Baht 0.3 million, increased by Baht 0.02 million or 7%, while compared with the same period of previous year which was Baht 0.28 million, however, the Company had continuously made its financial restructuring since November 2014 to present by reforming loan from financial institution with high interest rate to issuing Bill of Exchange that had lower interest rate, negotiation to meet lower interest rate and fee and repayment for interest bearing debts.

6. Share of profit (loss) of investment in a joint venture

◀◀ For the three-month ended June 30, 2021, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 37.1 million (calculated by core profit-NNEG– COD phase 1 and 2 of Baht 123.6 million X 29.99%, according to IFRS 11 : Joint Arrangements). NNEG (Expansion phase) had commenced commercial operation since 31 October 2020.

While the same period of previous year, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 8.0 million (calculated by core profit (loss) -NNEG– COD phase of Baht 26.6 million X 29.99%, according to IFRS 11 : Joint Arrangements)

7. Income tax expenses

◀◀ For the three-month ended June 30, 2021, the Company had recorded income tax expenses of Baht 14.6 million, compared with the same period of previous year which was income tax expenses of Baht 6.0 million, increased of Baht 8.6 million or 143% along with more taxable income in this period.



Net profit(loss)

Compared 6M/2021 and 6M/2020

For 6M/2021, net profit attributable to owners of the parent of the consolidated financial statements of Baht 264.7 million which increased by Baht 96.6 million or by 58% compared with the same period of previous year

⊕ The Company reported the operating results for the six-month ended June 30, 2021 with the net profit attributable to owners of the parent of the consolidated financial statements of Baht 264.7 million which operating profit results increased by Baht 96.6 million or operating profit results increased by 58% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 168.0 million, effect from sale of real estate development projects, increasing of share of profit of investment in a joint venture and also increasing of Profit from recurring income in this period.

⊕ In addition, managing expenses were continuously proceeded to decrease by management team.

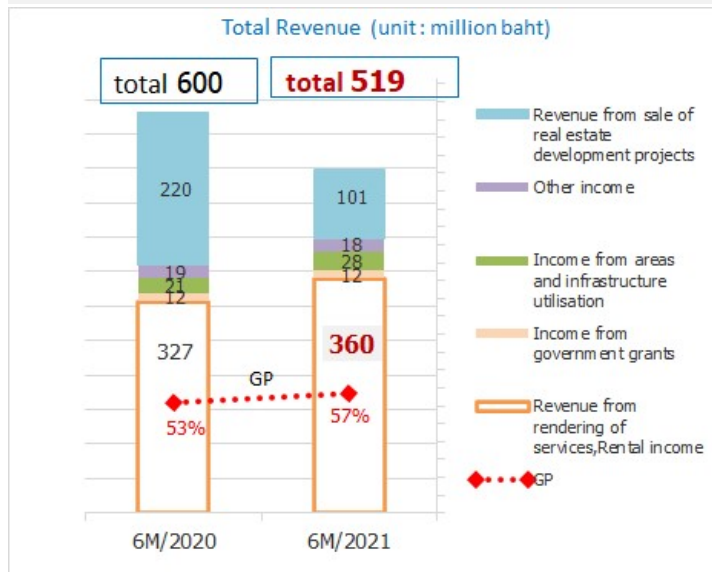
Table of key financial results

(Unit: Million Baht)

			%
(Unit: Million Baht)	6M	6M	Inc. (Dec.)
	2021	2020	YoY
Total Revenue	519	600	(14%)
Revenue from rendering of services ,Rental income	360	327	10%
EBITDA	263	189	39%
Profit (loss) for the year	265	168	58%
<input checked="" type="checkbox"/> Profit (loss) from recurring income	116	96	20%
<input checked="" type="checkbox"/> Profit (loss) from share of net profit - joint venture	79	43	84%
<input checked="" type="checkbox"/> Income from areas and infrastructure utilization- joint venture	28	21	30%
<input checked="" type="checkbox"/> Profit (loss) from sale of real estate development projects	42	8	393%

; with the highlight financial information details as follows:

1. Revenue from sale of real estate development projects, Revenue from rendering of services ,Rental income and other income : 6M/2021 , 6M/2020



◀◀ the Company had revenue from rendering of services and rental income (recurring income) for the six-month ended June 30, 2021 of Baht 360.0 million ,compared with the same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 326.9 million

which increased by 10% or Baht 33.0 million which mainly resulted from more usage utilities of customer in overall.

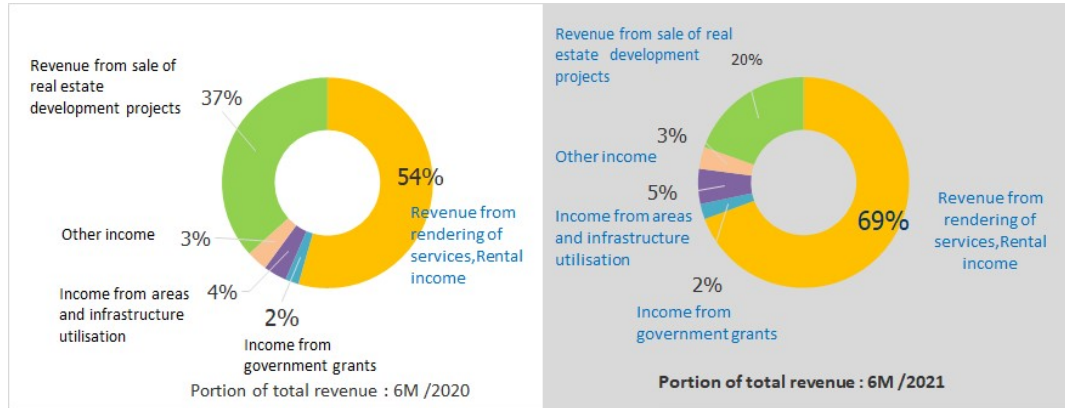
◀◀ There was sale of real estate development projects of Baht 101.3 million which decreased from the same period of previous year with sale of real estate development projects of Baht 220.4 million.

◀◀ Part of other income, the Company had other income for the six-month ended June 30, 2021, comprised of Income from government grants of Baht 12.2 million ,decreased from the same period of the previous year due to Income from government grants were recognized by amortization along with the estimated useful lives of flood protection system. This period, some parts of such flood protection system were end of depreciated period such as aqueduct system, dredging canal system, along with decreasing of government grants recognition.

Income from areas and infrastructure utilization of Baht 27.9 million, increasing by Income from right of ways and infrastructure utilization of Baht 1.5 million – Ratch Cogeneration Co.,Ltd., (income per contract was of Baht 0.25 million per month since July 2020).

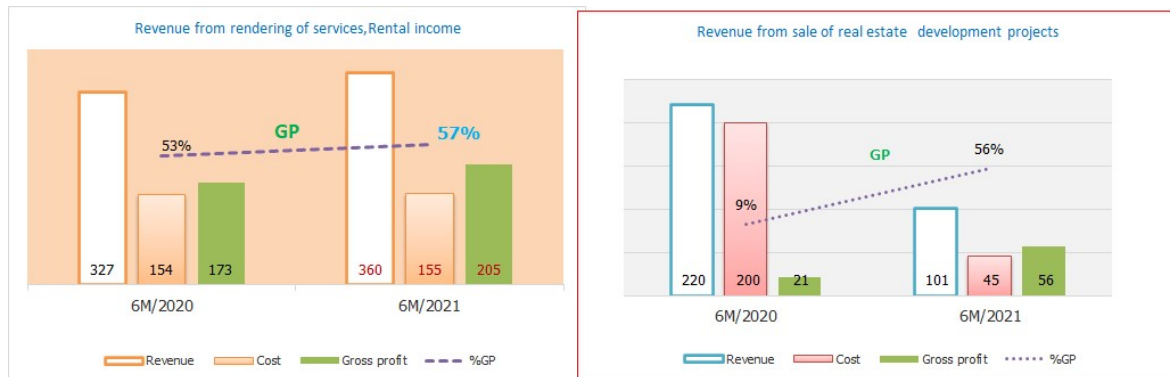
And Income from right of ways and infrastructure utilization of Baht 4.2 million – Nava Nakorn Electricity Generating Co.,Ltd., (income per contract was of Baht 0.7 million per month since November 1, 2020).

The company had other income of Baht 16.8 million in 6M/2021 ,decreased from the same period of the previous year due to decreasing on interest receipt , gain from disposal of assets and mark down to market of mutual fund.



Recurring income comprised of Revenue from rendering of services, Rental income which represented 69% , sale of land proportion 20% of total revenue for the six-month ended June 30, 2021.

2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit : 6M/2021 , 6M/2020



for the six-month ended June 30, 2021, the Company had cost of rendering of services of Baht 154.7 million together with gross profit of Baht 205.3 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 153.8 million together with gross profit of Baht 173.1 million. Gross profits margin increased of Baht 32.2 million.

Gross profit margin - rendering of services and rental income represented 57% ,increased from 53% compared to the same period of previous year.

◀◀ The Company had cost of sale of real estate development projects of Baht 45.1 million with profit margin of Baht 56.3 million or 56%, increased from the same period of previous year, it shown cost of sale of real estate development projects of Baht 199.8 million with profit margin of Baht 20.6 million or 9%, along with relative revenues as mentioned above.

3. Selling expenses and administrative

◀◀ Selling expenses and administrative expenses for the six-month ended June 30, 2021, was Baht 113.8 million compared with the same period of previous year which was Baht 112.5 Million, increased by Baht 1.4 million or 1%, effect from relevant expense of sale of real estate development projects in this period.

However, the overall managing expenses were continuously proceeded to decrease by management team since year 2015.

4. Depreciation expenses

◀◀ For the six-month ended June 30, 2021, the Company had depreciation expenses of plant & equipment and Investment Properties of Baht 79.5 million, increased while compared with the same period of previous year which was Baht 76.4 million due to there was more operational assets.

5. Finance Costs

◀◀ For the six-month ended June 30, 2021, the Company had finance costs of Baht 0.5 million, decreased by Baht 0.2 million or 26%, while compared with the same period of previous year which was Baht 0.7 million, however, the Company had continuously made its financial restructuring since November 2014 to present by reforming loan from financial institution with high interest rate to issuing Bill of Exchange that had lower interest rate, negotiation to meet lower interest rate and fee and repayment for interest bearing debts.

6. Share of profit (loss) of investment in a joint venture

◀◀ For the six-month ended June 30, 2021, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 76.9 million (calculated by core profit-NNEG– COD phase 1 and 2 of Baht 256.4 million X 29.99%, according to IFRS 11 : Joint Arrangements). NNEG (Expansion phase) had commenced commercial operation since 31 October 2020.

While the same period of previous year, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 42.8 million (calculated by core profit (loss) -NNEG– COD phase 1 of Baht 131.6 million X 29.99%, according to IFRS 11 : Joint Arrangements)

7. Income tax expenses

◀◀ For the six-month ended June 30, 2021, the Company had recorded income tax expenses of Baht 18.7 million, compared with the same period of previous year which was income tax expenses of Baht 8.2 million, increased of Baht 10.5 million or 129% along with less taxable income in this period.

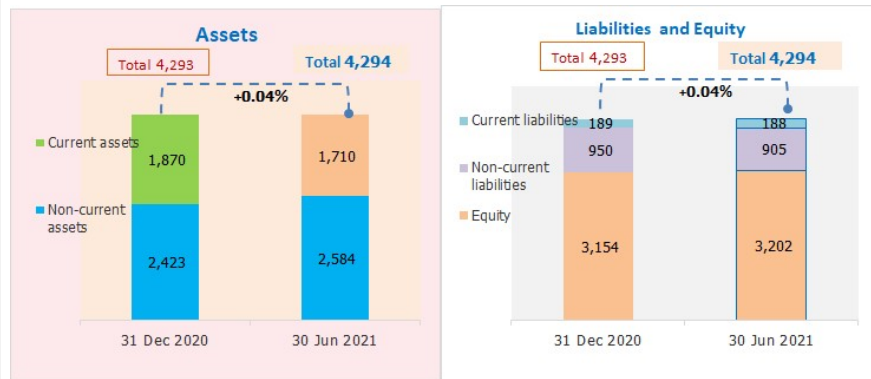


Financial Position



Total assets

As at June 30, 2021, the Company had **total consolidated assets** of Baht 4,294.4 million, increase by Baht 1.6 million, compared with the December 31, 2020 of Baht 4,292.8 million, mainly caused by



◀◀ Current assets comprised of (1) cash and cash equivalents, short term investment of Baht 804.8 million, decreased of Baht 132.0 million as a result of from excess of working capital after repayment operating liabilities and dividend payment

and (2) Account Receivables of Baht 66.9 million, increase of Baht 9.9 million.

◀◀ Non-current assets comprised of

(1) investment in a jointly –controlled entity of Baht 785.0 million, increased of Baht 65.5 million as a result of recording Share of profit of investment in a joint venture-NNEG, according to IFRS 11 : Joint Arrangements, for the six-month ended June 30, 2021 and also dividend receipt of Baht 39 million in March 2021.

And also, the company had more invested in other joint venture of Baht 26 million in March 2021.

(2) property, plant and equipment and investment properties of Baht 1,650.4 million increased of Baht 18.5 million as a main result of more capital expenditure during this period.



Total liabilities

As at June 30, 2021, the Company had **total consolidated liabilities** of Baht 1,092.8 million, decrease by Baht 45.5 million, compared with the December 31, 2020 of Baht 1,138.4 million, mainly caused by

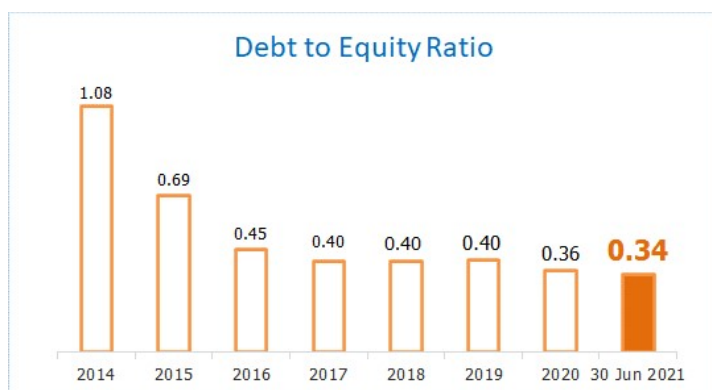
◀◀ Current liabilities comprised of Trade accounts payable, accrued expenses, group of Current portion of deferred income, Current portion of long-term loan from financial institution, totally decrease by Baht 20.2 million.

◀◀ Non-current liabilities comprised of group of deferred income of Baht 607.1 million, decrease by Baht 22.2 million due to amortization of deferred income mentioned above and long-term loan from financial institution.



Capital Structure

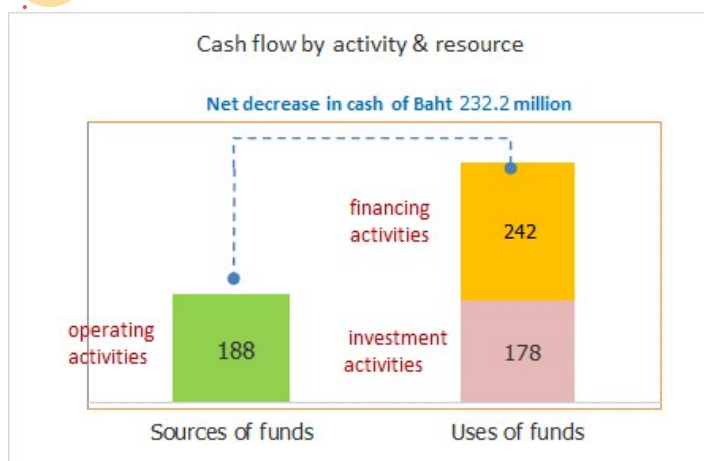
As at June 30, 2021, the capital structure comprised of consolidated equity in the amount of Baht 3,201.6 million and total consolidated liabilities of Baht 1,092.8 million, including the interest-bearing debts of Baht 261.1 million.



◀◀ debt to equity ratio as at June 30, 2021 shown continuously downtrend as 0.34 times decreased from December 31, 2014 at 1.08 time, it implied that the company's capital structure was at low risk due to borrowing portion less than equity portion.



Cash flow



Unit: Million Baht

◀◀ As at June 30, 2021, the Group had cash and cash equivalents of Baht 237.7 million, decrease of Baht 232.2 million from December 31, 2020 due to

◀◀ **Sources of funds** in the amount of Baht 188.0 million, primarily came from Net cash received from operating activities offset with cash payments for operating liabilities and reserve for payment along with debt maturity.

◀◀ **Uses of funds** in the amount of Baht 242.3 million, primarily came from Net cash used in financing activities in the amount of Baht 21.0 million, for loan repayment and also dividend payment of Baht 217.5 million.

and cash used in investing activities in the amount of Baht 177.9 million, the main reason of investing activities were for short term investment of Baht 100.0 million, more investments in a joint venture of Baht 26.0 million, purchase of fixed assets of Baht 91.0 million and dividend receipt of Baht 39.8 million.

In overall, net cash was generated from operating, recurring income in this period as mentioned above to settle interest bearing debts, operating liabilities. The excess cash was sufficient for NNCL's new investments that generate recurring income and also dividend payment.

Please be informed accordingly,

Sincerely yours,

(Mrs.Monluedee Sookpantararat)

CFO

Nava Nakorn Public Company Limited