

Ref. CS/001/11/2021

5 November 2021

Subject: Management Discussion and Analysis for the three-month period and the nine-month period ended 30 September 2021

To: President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors' Meeting No.14/2021 of Nirvana Daii Public Company Limited ("Company" or "NVD") held on 5th November 2021 to approve the financial statements for the three-month period and the nine-month period ended 30 September 2021, the Company would like to report the financial performance for the three-month period and nine-month period ended 30 September 2021 as follows.

Comparative Operating Performance	Quarterly: yoy & qoq								9M : yoy				
	3Q20		2Q21		3Q21		%Change		9M20		9M21		%Change
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq	Bt.m	%	Bt.m	%	yoy
Revenues:													
Revenue from sales of real estate	1,099	95%	731	92%	595	91%	-46%	-19%	1,698	93%	2,020	92%	19%
Revenue from construction contracts	62	5%	64	8%	59	9%	-4%	-7%	137	7%	169	8%	24%
Total revenues	1,161	100%	795	100%	654	100%	-44%	-18%	1,835	100%	2,189	100%	19%
Costs:													0%
Costs of real estate sold	714	65%	459	63%	585	98%	-18%	27%	1,121	61%	1,516	69%	35%
Costs of construction	54	88%	57	90%	53	89%	-3%	-8%	116	6%	138	6%	19%
Total costs	768	66%	517	65%	637	97%	-17%	23%	1,237	67%	1,655	76%	34%
Gross profits	392	34%	278	35%	17	3%	-96%	-94%	598	33%	534	24%	-11%
Other incomes (Reclassified in 1Q21)	13	1%	14	2%	15	2%	22%	10%	47	3%	48	2%	2%
Selling expenses	(145)	-12%	(85)	-11%	(94)	-14%	-35%	11%	(276)	-15%	(249)	-11%	10%
Administrative expenses	(65)	-6%	(136)	-17%	(24)	-4%	-63%	-82%	(166)	-9%	(234)	-11%	-41%
Gain (loss) from exchange rate, net	(0)	0%	0	0%	0	0%	179%	4%	(1)	0%	1	0%	198%
Financial costs (interest expenses)	(29)	-2%	(33)	-4%	(53)	-8%	-86%	-59%	(87)	-5%	(118)	-5%	-35%
Profits before share of profits from JV	166	14%	38	5%	(139)	-21%	-184%	-467%	115	6%	(17)	-1%	-115%
Share of profits/(losses) from JV	(9)	-1%	(3)	0%	(1)	0%	89%	73%	(9)	0%	(4)	0%	50%
Income taxes	(34)	-3%	(25)	-3%	17	3%	149%	166%	(26)	-1%	(32)	-1%	-24%
Net profits / (loss)	123	11%	9	1%	(123)	-19%	-201%	-1466%	80	4%	(53)	-2%	-166%
Other comprehensive income	0	0%	0	0%	0	0%	0%	0%	(6)	0%	0	0%	100%
Total comprehensive income /(loss)	123	11%	9	1%	(123)	-19%	-201%	-1466%	75	4%	(53)	-2%	-171%
Profit (loss) attributable to													
the owners of the parent	66	6%	(4)	0%	(125)	-19%	-290%	-3333%	25	1%	(88)	-4%	-455%
the non-controlling interests	57	5%	13	2%	2	0%	-97%	-87%	56	3%	35	2%	-37%

In 3Q21, NVD recorded a total revenue of Bt.654m downing 44% yoy and 18% qoq. The 3Q21 net profit attributable to the owners of the parent company was (Bt.125m) compared to Bt.66m and (Bt.4m) in 3Q20 and 2Q21 respectively. On the nine-month basis, 9M21 total revenue was Bt.2,189m, compared to Bt.1,835m, growing 19% yoy. The net profit attributable to the owner of the parent company reduced from Bt.25m in 9M20 to Bt.88m during the first nine months of 2021. Under the epidemic situation of COVID-19 affect to temporarily suspend construction in 3Q21. However, Backlog performance combined with a few land transactions in 3Q21 in bit to restructure the balance sheet were the main catalysts for this set of earnings results in 3Q21 more 2Q21

Balance-sheet Reformation Commenced

Having tolerated the disastrous impacts of COVID-19 throughout 2020 continue to 2021 the most critical strategic drive for 2021 was to achieve higher **Efficiency**. On top of that, the change of shareholding structure in early 2021 had also pushed the average cost of debts up a few basis points. As such, the assets and the liabilities would need to be rebalanced.

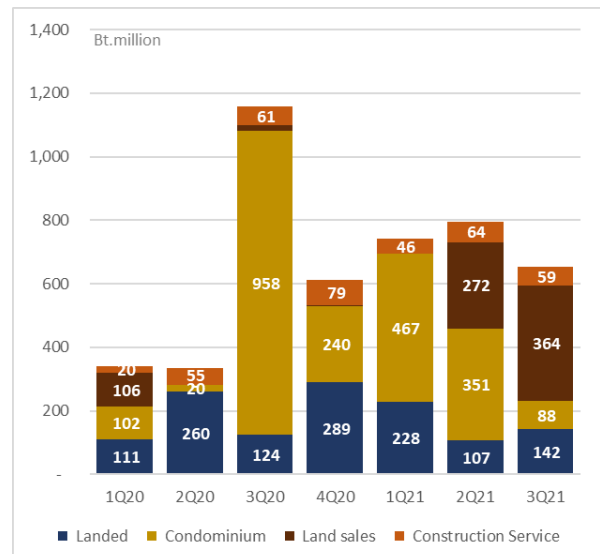
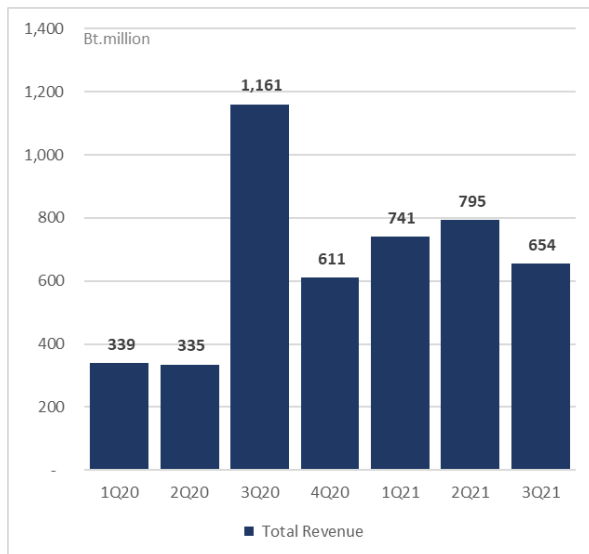
On the asset side, NVD sold the 4.5-rai land plot along the purple-line skytrain next to Bangrak Yai Station as the SPA was signed in 2Q21. As the sales price was slightly under the book value, TFRS-9 dictated that the inventory must be adjusted in 2Q21. As such, Bt.56.7m loss from allowance for decrease of cost to net realizable value of land was to adjust to its fair value, and it was recognized as administrative expenses in the statement of comprehensive income. This was the main cause for the abnormally low administrative expenses in 3Q21.

In 3Q21, NVD purchased the 15-rai new land plot on Romkiao Road for developing the commercial area due to it is on the potential location, the frontage on Romkiao road and Romkiao soi 6/1, where the main entrance of the landed residence more 1,500 units and undeveloped land more 77-rai. The community area nearby the Minburi station on the pink-line skytrain, the Suvinthawong station on the orange-line skytrain and the main road to the Suvarnabhumi International Airport.

Resumed Pressures on Condominium Revenues

In 3Q21, the new COVID-19 outbreak from the worker camp be the cause of closing the overall worker camp for reducing the outbreak. The construction was interrupted. Real Estate Business was inevitably affected. The construction delay and lockdown lead to 3Q21 NVD revenue was decreased.

While the total revenues demonstrated encouraging growth curve but be stumbled in 3Q21 due to the new COVID-19 outbreak. Landed residential transfers were Bt.142m, and the condominium transfers were Bt.88m. Landed residential were stronger compared to the prior quarter while the condominium was weaker especially the Banyan Tree Residences Riverside Bangkok (“BTRRB”) due to the lockdown. The foreigner was limit traveling in and out of the country cause to the revenue form the condominium significantly decreased.



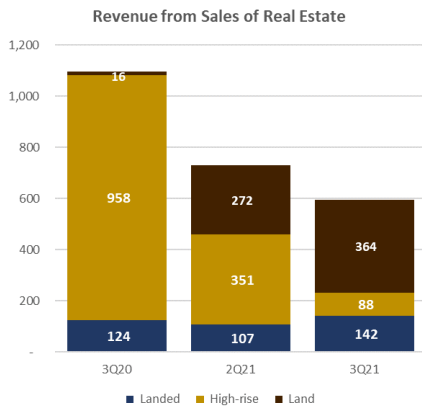
However, the landed residential transfers improved significantly qoq and yoy due partly to a more diversified landed residential portfolio with the single detach home of Nirvana BEYOND Rama 2 and Nirvana ELEMENT Bangna, the townhome of Nirvana DEFINE Srinakarin-Rama9 and the home office of Nirvana @WORK Ramintra continuously recognized revenue. Potential location, project development and designed unique house of Nirvana as main revenue contributors during the current rough market condition.

Revenues

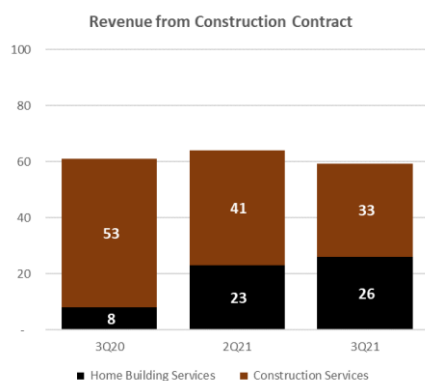
NVD reported total consolidated revenues of Bt.654m for 3Q21, decreased 44% yoy and 18% qoq. Compared to the same period last year, segmented revenues decreased in both segments.

- **Revenues from Sales of Real Estate** down 46% yoy,
- **Revenues from Construction Contracts** down 4% yoy,

Starting in 1Q21, **Revenues from Sales of Goods** had been reclassified as **Other Incomes**. In the recent days, NVD Group’s construction material products (i.e. precast-concrete fencing products, precast-concrete panels, etc.) have mostly been sold in contracts which include installations. This type of sales would be recorded as the second segmented revenue line, Revenues from Construction Contracts. Pure sales of products (without installations) had become insignificant in aggregate amount when compared to the total revenues. As such, the revenues from sales of goods of Bt. 0.76m during 3Q21 had been combined with the Other Incomes, as detailed in Note 17 to the financial statements.



Revenues from Sales of Real Estate. Landed residential were improved, up 33% qoq and 15% yoy mainly from the transfers of the single house 5 units of Nirvana BEYOND Rama 2 and Nirvana ELEMENT Bangna, the townhome 5 units of Nirvana DEFINE Srinakarin-Rama9 and the home office 1 unit of Nirvana @WORK Ramintra continuously recognized revenue. In addition, Revenues from Sales of Real Estate from condominium was hit the hardest falling 91% yoy and 75% qoq. especially the Banyan Tree Residences Riverside Bangkok (“BTRRB”) due to the lockdown. The foreigner was limit traveling in and out of the country while the MOST Issaraphap, the low-rise condominium, which the target customer is those medical personnel working round-the-clock during this difficult time cause to the revenue form the condominium significantly postponed.



Revenues from Construction Service Contracts were down 3% yoy and 7% qoq. This segmented revenue line could be broadly categorized into two groups:

- 1) Constructions of Built-to-Order (BTO) houses in NVD own projects and Turnkey Solution projects (“Home Building Services”) and
- 2) External construction services projects provided to corporate clients (“Construction Services”).

The BTO Home Building Services revenues were up 225% yoy and 13% qoq. This was a result of BTO house constructions from sold units primarily, at the two turnkey-solution projects at Nirvana BEYOND Att-U Park and Nirvana ICON Pinklao. The backlogs of BTO house construction for all projects remain about Bt.82m at end-3Q21. These should be realized over the next few quarters upon construction progress of the houses.

Revenues from Construction Services to other external corporate clients decreased slightly 38% yoy, and 20% qoq. The new COVID-19 outbreak from the worker camp be the cause of closing the overall worker camp for reducing the outbreak. The construction was interrupted. Construction Services was inevitably affected. These revenue group consists of construction services for other developers on an OEM basis and construction services for non-residential developers. Utilizing our precast products and our factory capacity, we have been providing OEM construction services to a few residential developers as well as non-residential developers, i.e., recreational park/resort developers, telecom infrastructure developer and, most recently, gas station operators. Some of these contracts had been completed during FY20 with majority of revenues recognized during the past year. Having participated in bidding for more construction contracts, we expect this revenue stream to continue its contribution and help absorb the cyclical nature of revenues from sales of real estate.

Cost of Sales and Gross Margins

Total consolidated costs for 3Q21 were Bt.638m, decreased 17% yoy, but increased 23% qoq in line with revenue increase. The total costs consist of:

- **Costs of Sales of Real Estate** of Bt.585m
- **Costs of Construction Contracts** of Bt.53m

Gross Margins by Segment	Quarterly: yoy & qoq												
	3Q20		2Q21		3Q21		%Change		9M20		9M21		%Change
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq	Bt.m	%	Bt.m	%	yoy
Revenue from sales of real estate	1,099	100%	731	100%	595	100%	-46%	-19%	1,698	100%	2,020	100%	19%
Costs of real estate sold	(714)	-65%	(459)	-63%	(585)	-98%	18%	-27%	(1,121)	-66%	(1,516)	-75%	-35%
Gross margins: Sales of real estate	385	35%	271	37%	10	2%	-97%	-96%	577	34%	503	25%	-13%
Revenue from construction contracts	62	100%	64	100%	59	100%	-4%	-7%	137	100%	169	100%	24%
Costs of construction	(54)	-88%	(57)	-90%	(53)	-89%	3%	8%	(116)	-85%	(138)	-82%	-19%
Gross margins: Construction contracts	8	12%	6	10%	7	11%	-9%	6%	21	15%	31	18%	48%
Blended gross margins	392	34%	278	35%	17	3%	-96%	-94%	598	33%	534	24%	-11%

Blended gross margins of 3% in 3Q21 decreased from 34% in 3Q20, and 35% in 2Q21. The 3Q21 gross margin of **Revenues from Sales of Real Estate** segment were down qoq mainly from the sales and transfers of the 4.5-rai land plot along the purple-line skytrain next to Bangrak Yai Station to restructure the balance sheet. This was the main cause for the blended gross margins decreased.

Meanwhile, the margins of **Construction Contracts** segment were lower during the quarter mainly from increasing raw material costs combined with higher proportion of OEM construction services provided to external developers. The lower-margin construction services are devised to create production volume in bid to increase utilization rate of the precast factory in Nakornprathom.

Selling and General Administrative Expenses

Selling expenses during 3Q21 of Bt.94m decreased 35% yoy and increased 11% qoq in line with the revenues. Apart from Special Business Taxes (“SBT”) and transfer fees incurred in relation to the revenues from sales of real estate, i.e. 3.3% of selling price, 1% of appraised value respectively, commissions for land sales along the Bangrakyai Station were also the main cause of the relatively higher selling expenses. We have put more efforts on online marketing activities since the COVID outbreak, so marketing spending is higher.

General administrative expenses in 3Q21 of Bt.24m decreased 63% yoy and 82% qoq mainly from the accounting adjustment of the inventory following an upcoming transaction of land sales at slightly under the book value in 2Q21. According to TFRS 9, this loss from allowance must be booked in this quarter ahead of the actual transfer in 3Q21. This was the main cause for the abnormally low administrative expenses in 3Q21 as discussed above. Other than that, there were the allowance for decrease of cost to net realizable value of raw materials and finished goods related to the Mobile Plant in Maldives. These were conservative measures as the assets continue to be pending utilization due to the COVID-19 impacts to Tourism businesses around the world, i.e. new resort constructions have been stalled.

Financial Costs

3Q21 financial costs of Bt.53m increased 86% yoy and 59% qoq due the change in shareholding structure had impacted the average costs of debts as discussed above.

Corporate Income Tax

Corporate income decreases from 3Q20 in line with the operating performances.

Net Profit

The company incurred net profit of (Bt.123m) in 3Q21, compared to Bt.123m in 3Q20 and Bt.9m in 2Q21 mainly due to the land sold for rebalancing the assets and the liabilities as NVD strategics.

Assets

Total assets at end-3Q21 were Bt.11,868m, decreased by Bt.773m from YE20 (-6% yoy). Significant changes in line items are summarized as follow.

Consolidated Statements of Financial Position	YE2020		Sep-21		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Assets:						
Cash and cash equivalents	137	1%	97	1%	(40)	-29%
Trade and other receivables, net & related parties	271	2%	197	2%	(75)	-28%
Inventories	2,929	23%	3,043	26%	114	4%
Costs of property development	6,686	53%	5,839	49%	(847)	-13%
Unbilled receivables	30	0%	20	0%	(10)	-34%
Land deposits	8	0%	37	0%	29	355%
Other current assets	38	0%	18	0%	(20)	-53%
Total current assets	10,100	80%	9,251	78%	(849)	-8%
Restricted bank deposits	29	0%	39	0%	10	36%
Investment in joint venture, net	-	0%	4	0%	4	100%
Long-term loans to others	242	2%	242	2%	-	0%
Land held for development	885	7%	885	7%	0	0%
Property, plant and equipment, net	458	4%	490	4%	32	7%
Right-of-use assets, net	311	2%	300	3%	(11)	-3%
Intangible assets, net	28	0%	24	0%	(4)	-15%
Goodwill	332	3%	332	3%	(0)	0%
Deferred tax assets	152	1%	168	1%	16	11%
Other non-current assets	105	1%	133	1%	27	26%
Total non-current assets	2,541	20%	2,616	22%	76	3%
Total assets	12,641	100%	11,868	100%	(773)	-6%

- Costs of Property Development changed mainly from:
 - Sales and transfer of 10-rai Krungthep-Kreetha land along the south side of the Srinakarin-Romklao Road and
 - Acquisition new land, 15-rai romklao area.
 - Construction progress of project; Nirvana ELEMENT, Nirvana DEFINE Ekkamai-Ramintra, Nirvana COLLECTION and Nirvana Att-U Park Bangna.
- Inventories increased from the construction completion.

Liabilities

Total liabilities of Bt.7,186m at end-3Q21 decreased 9% by Bt.720m from Bt.7,906m at YE20. Significant changes are summarized as follow:

Consolidated Statements of Financial Position	YE2020		Sep-21		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Liabilities & Shareholders' Equity:						
PN and ST borrowings from financial institutions, net	2,202	17%	1,782	15%	(420)	-19%
Trade, other payables & related parties	415	3%	222	2%	(192)	-46%
Interest bearing debts due within one year, net	668	5%	1,351	11%	683	102%
Retention payables	115	1%	94	1%	(21)	-18%
Deposits and advance received from customers	204	2%	124	1%	(80)	-39%
Advance from customers for construction contracts	63	0%	53	0%	(10)	-17%
Other current liabilities	49	0%	36	0%	(13)	-27%
Total current liabilities	3,716	29%	3,661	31%	(54)	-1%
Interest bearing debts due over one year, net	4,143	33%	3,477	29%	(666)	-16%
Other non-current liabilities	47	0%	48	0%	1	2%
Total non-current liabilities	4,190	33%	3,524	30%	(666)	-16%
Total liabilities	7,906	62.5%	7,186	61%	(720)	-9%
Total equity	4,735	37.5%	4,682	39%	(53)	-1%
Total liabilities and equity	12,641	100.0%	11,868	100%	(773)	-6%

- Bt. 86m bridging loan of a land plot in Bangna-Trad landbank was reclassified from current liabilities to non-current liabilities,
- Bt. 255m project loan of a land plot in Roamklao area,
- Bt.528m interest-bearing debts decreased from the loan repayment of some landbank on the north side of the Srinakarin-Romklao Road and the Bangrak Yai station, early partial redemption of the prior debenture, and transfers of the real estate sold during the quarter.

Key Financial Ratios

Liquidity ratio

Liquidity ratio as of 30 Sep 2021 was 2.5x, slightly lower than 2.7x on 31 December 2020 due to decreasing in costs of property development as discussed above.

Profitability ratios

Gross margins increased from 31% in FY20 to 24% in 3Q21. The gross profit margin of revenue from sales of real estate increased from the land sold as discussed above.

Financial policy ratios

As of 30 Sep 2021, total liabilities-to-equity ratios decreased slightly to 1.5x (from 1.7x YE20) as well as net interest-bearing debts to equity decreasing from 1.5x to 1.4x. This was a net result of the balance sheet reformation and debt repayments upon transfers of the real estate transferred during the quarter.

Please be informed accordingly.

Yours faithfully,

(Wutthichai Tankuranand)

Chief Financial Officer