



Ref. CS/009/02/2022

23 February 2022

Subject: Management Discussion and Analysis for the year ended 31 December 2021

To: President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors' Meeting No.1/2022 of Nirvana Daii Public Company Limited ("Company" or "NVD") held on 23rd February 2022 to approve the financial statements for the year ended 31 December 2021, the Company would like to report the financial performance for the year ended 31 December 2021 as follows.

Comparative Operating Performance	Quarterly: yoy & qoq								Yearly: yoy					
	4Q20		3Q21		4Q21		%Change		FY20		FY21		%Change	
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq	Bt.m	%	Bt.m	%	yoy	
Revenues:														
Revenue from sales of real estate	532	87%	595	91%	738	89%	39%	24%	2,230	91%	2,757	91%	24%	
Revenue from construction contracts	79	13%	59	9%	95	11%	20%	60%	216	9%	264	9%	22%	
Total revenues	611	100%	654	100%	833	100%	36%	27%	2,446	100%	3,022	100%	24%	
Costs:														
Costs of real estate sold	375	71%	585	98%	661	90%	76%	13%	1,497	67%	2,178	79%	45%	
Costs of construction	71	89%	53	89%	92	97%	31%	75%	187	86%	231	8%	24%	
Total costs	446	73%	637	97%	754	91%	69%	18%	1,684	69%	2,408	80%	43%	
Gross profits	165	27%	17	3%	79	12%	-52%	372%	763	31%	613	20%	-20%	
Other incomes	10	2%	15	2%	15	2%	43%	-3%	58	2%	65	2%	12%	
Gain from fair value adjustment of investment prop	0	0%	0	0%	799	122%	na	na	0	0%	799	26%	na	
Selling expenses	(81)	-13%	(94)	-14%	(87)	-13%	7%	-7%	(358)	-15%	(336)	-11%	-6%	
Administrative expenses	(112)	-18%	(24)	-4%	(119)	-18%	6%	394%	(290)	-12%	(352)	-12%	22%	
Gain (loss) from exchange rate, net	1	0%	0	0%	(0)	0%	-112%	-138%	(0)	0%	1	0%	-537%	
Financial costs (interest expenses)	(34)	-5%	(53)	-8%	(48)	-7%	42%	-10%	(119)	-5%	(165)	-5%	39%	
Profits before share of profits from JV	(50)	-8%	(139)	-21%	641	98%	-1372%	-561%	54	2%	625	21%	1065%	
Share of profits/(losses) from JV	(2)	0%	(1)	0%	(1)	0%	-62%	-25%	(11)	0%	(5)	0%	-52%	
Income taxes	3	1%	17	3%	(147)	-23%	-4661%	-972%	(21)	-1%	(179)	-6%	735%	
Net profits / (loss)	(49)	-8%	(123)	-19%	493	75%	-1105%	-500%	22	1%	440	15%	1945%	
Other comprehensive income	5	1%	0	0%	7	1%	46%	na	(1)	0%	7	0%	-910%	
Total comprehensive income /(loss)	(44)	-7%	(123)	-19%	500	77%	-1230%	-506%	21	1%	447	15%	2064%	
Profit (loss) attributable to														
the owners of the parent	(66)	-11%	(125)	-19%	496	76%	-851%	-497%	(51)	-2%	408	14%	-900%	
the non-controlling interests	17	3%	2	0%	(3)	0%	-116%	-267%	73	3%	32	1%	-56%	

Rough Ride Indeed

NVD recorded total revenues of Bt.3,022m in FY21 growing 24% yoy. The FY21 net profit attributable to the owners of the parent company was Bt.408m compared to (Bt.51m) in FY20. Under the epidemic situation of COVID-19 since the end of FY19 throughout 2020 continue to 2021, Delta variant especially, affect to temporarily suspend construction in 3Q21. However, Backlog performance combined with a few land transactions in FY21 and the reclassification of some asset from holding for sale to hold for earning rentals or for capital appreciation in the future (Investment property).

Investment Property

In 4Q21, NVD reconsidered the purpose of utilising of landbank along the new Krungthep-Kreetha (Srinakarin-Romklao) Road which was previously recognised in costs of property development to **investment property**. The new Krungthep-Kreetha (Srinakarin-Romklao) Road is the new main road of the east of Bangkok which connect from CBD to the Suvarnabhumi International Airport. There are the variety of facilities such as the shopping mall, community mall, academy, university, international school, and hospital. NVD foresees the high potential of this area for develop to recurring income or commercial area. NVD recognised this land as investment property at the fair value which recognised gains from difference amount between historical book value and the fair value as gain from fair value adjustment, by the independent appraiser, of investment property to Bt. 799.4m in the consolidated statement of comprehensive income for the year.

Balance-sheet Reformation Commenced

The core strategic drive for 2021 was to achieve higher **Efficiency**. We have guided all along that the inventory and landbank needed to be managed. As such, the assets and the liabilities would need to be rebalanced.

On the asset side, NVD sold the 3-land plot as the SPA in FY21. The first plot was the 4.5-rai land plot along the purple-line skytrain next to Bangrak Yai Station and the second plot was the 3.2-rai land plot in Prachachuan area due to this 2-land plot given its size would be suitable only for high-rise residential development. Amid the currently intensifying COVID-19 massacre, we decided to sell the land and acquire the new potential land for develop the landed residence projects.

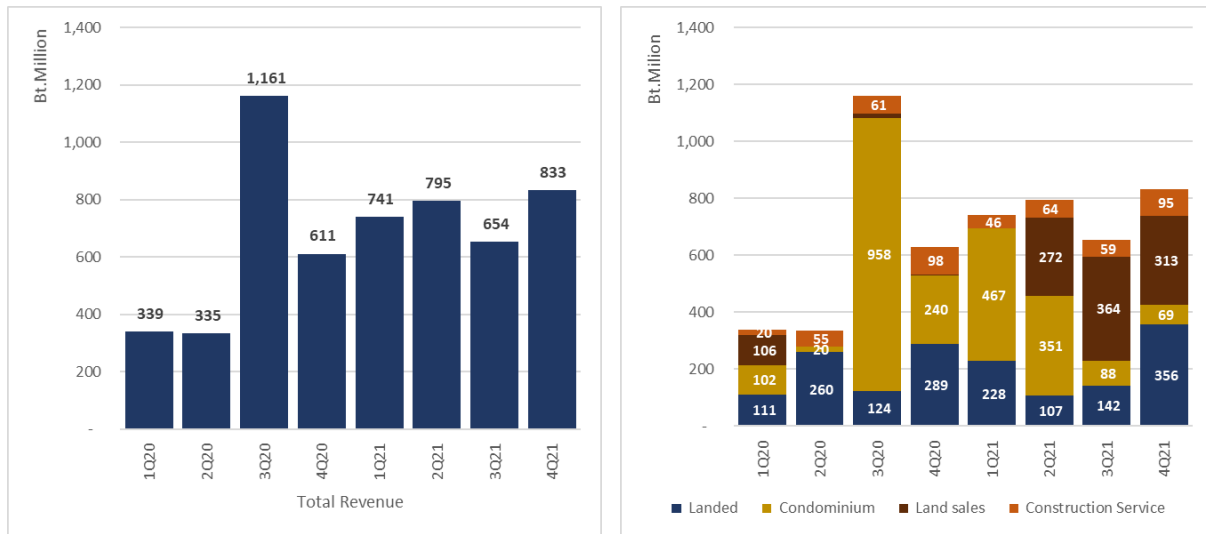
The third plot was for 10-rai along the south side of the new Krungthep-Kreetha (Srinakarin-Romklao) Road. NVD's net landbank along the new Krungthep-Kreetha Road totaled almost 210 rai. The rationale to sell this plot was to lessen landbank concentration in the Krungthep-Kreetha area and diversify NVD's portfolio into other area for increase competitive advantage and more location in the future.

Earning from the 3-land plot sales were purchased the new land plot in other high-potential area in the Greater Bangkok would be sought for an alternative landed residential project with product uniqueness and affordable price in the current situation. In FY21, NVD purchased the new 2-land plot. The first plot was the 15-rai new land plot on Romklao Road for developing the commercial area due to it is on the potential location, the frontage on Romklao road and Romklao 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.

The second plot was the 24.9-Rais along the north side of the new Krungthep-Kreetha (Srinakarin-Romklao) Road due to the Srinakarin-Romklao area is the high-potential for development. This area nearby the academy, international school, hospital, and community mall. Conveniently accessible by the Airport Rail Link (ARL) railway line and the orange-line skytrain (Cultural Center – Minburi) plan to launch in 2023 and the yellow-line plan to launch in 2022 and the main road to the Suvarnabhumi International Airport. So, this area is the high potential for the premium landed residential projects where the main target customer of NVD.

Resumed Pressures on Condominium Revenues

While the total revenues demonstrated encouraging growth curve but be stumbled in 3Q21 due to 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. In 4Q21, the revenues from sales of real estate were stronger from the landed residential transfers were Bt.356m, and the condominium transfers were Bt.69m. 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 house of Nirvana BEYOND Rama 2 and Nirvana ELEMENT Bangna, the townhome of Nirvana DEFINE Srinakarin-Rama9 and the home office of Nirvana @WORK Ladprao-Kasetnawamin, from demands for home offices seemed to pick up from COVID-19 outbreak (less risk of contagion compared to CBD office buildings), continuously recognized revenue. Potential location, project development and designed unique house of Nirvana as main revenue contributors during the current rough market condition.

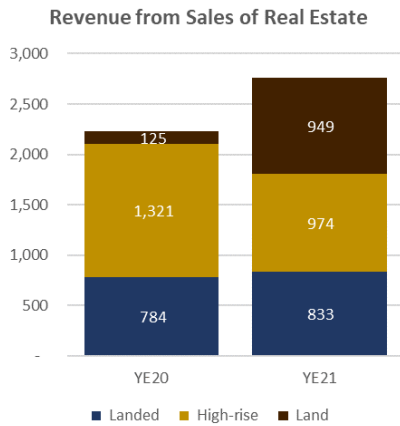
Revenues

NVD reported total consolidated revenues of Bt.3,022m for FY21, increased 24% yoy. Compared to the same period last year, segmented revenues increased in both segments.

- **Revenues from Sales of Real Estate** up 24% yoy,
- **Revenues from Construction Contracts** up 22% yoy,

FY21, **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

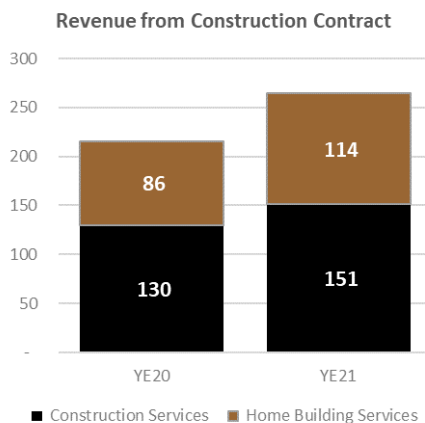
revenues. As such, the revenues from sales of goods of Bt. 7.6m in FY21 had been combined with the Other Incomes, as detailed in Note 35 to the financial statements.



Revenues from Sales of Real Estate were up 24% yoy mainly from the transfers of land sales as in accordance with the company's strategic plan is higher efficiency by manage the inventories and landbank as we communicate since the begin of the year.

In FY21, landed residential were improved up 6% yoy mainly from the transfers of the single detached house, 19% of Nirvana BEYOND Rama 2 and 17% of Nirvana ELEMENT Bangna, the townhome, 33% of Nirvana DEFINE Srinakarin-Rama9 and the home office, 12% of Nirvana @WORK Ramintra and 14% of Nirvana @WORK Ladprao-Kasetnawamin continuously recognized revenue.

In addition, Revenues from Sales of Real Estate from condominium was hit the hardest falling 26% yoy 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 up 22% yoy. 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 33% yoy. 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.

Revenues from Construction Services to other external corporate clients increased slightly 16% yoy. The new COVID-19 outbreak from the worker camp be the cause of closing the overall worker camp for reducing the outbreak in 3Q21. 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 FY21 were Bt.2,408m, increased 43% yoy in line with revenue increase. The total costs consist of:

- **Costs of Sales of Real Estate** of Bt.2,178m
- **Costs of Construction Contracts** of Bt.231m

Gross Margins by Segment	Quarterly: yoy & qoq												
	4Q20		3Q21		4Q21		%Change		FY20		FY21		%Change
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq	Bt.m	%	Bt.m	%	yoy
Revenue from sales of real estate	532	100%	595	100%	738	100%	39%	24%	2,230	100%	2,757	100%	24%
Costs of real estate sold	(375)	-71%	(585)	-98%	(661)	-90%	76%	13%	(1,497)	-67%	(2,178)	-79%	45%
Gross margins: Sales of real estate	156	29%	10	2%	76	10%	-51%	670%	733	33%	580	21%	-21%
Revenue from construction contracts	79	100%	59	100%	95	100%	20%	60%	216	100%	264	100%	22%
Costs of construction	(71)	-89%	(53)	-89%	(92)	-97%	31%	75%	(187)	-86%	(231)	-87%	24%
Gross margins: Construction contracts	9	11%	7	11%	3	3%	-70%	-62%	30	14%	34	13%	13%
Blended gross margins	165	27%	17	3%	79	9%	-52%	372%	763	31%	613	20%	-20%

Blended gross margins of 20% in FY21 decreased from 33% in FY20. The FY21 gross margin of **Revenues from Sales of Real Estate** segment were down yoy 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 and it is undeniable that COVID-19 had taken toll on the margins. In bid to make sales, more promotional campaigns and special deals for some special units had to be offered.

Meanwhile, the margins of **Construction Contracts** segment also improved. Four new external construction services contracts starting in 3Q20 and three more in 4Q20 carries higher margins than the telecom infrastructure project which had been completed. There were some cost adjustments which also contributed to one-off margin improvement during the year as well.

Other incomes usually comprise of interest income and management fees and other miscellaneous incomes. The main items in FY21 were (1) Bt. 19.1m interest income from loan to others, (2) Bt. 16.5m management fees (including revenues from the park-and-ride structures), and (3) Bt. 5.5m rental income from rentals of previously G406 show-unit SDH in Rama 9 and home office units at Nirvana @WORK Ladprao-Kaset Navamin. Revenues from sales of goods, reclassified as other income since 1Q21, were very minimal, only Bt. 7.6m in this year.

Selling and General Administrative Expenses

Selling expenses during FY21 of Bt.336m decreased 6% yoy 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. Commission down yoy due to commissions for BTRRB in FY20. We have put more efforts on online marketing activities since the COVID outbreak which, in return, lower some marketing spending.

General administrative expenses in FY21 of Bt.352m increased 22% yoy mainly from 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

FY21 financial costs of Bt.165m increased 39% yoy due to the interest on the construction completion of the landed residential projects and condominium and the partially of Krungthep-Kreetha land plot were unable to be capitalised, causing a rise in financial expenses.

Corporate Income Tax

Corporate income tax increases from FY20 in line with the operating performances.

Net Profit

The company incurred net profit of Bt.447m in FY21, compared to Bt.21m in FY20 mainly due to the land sold and the reclassification of lands from holding for sale to hold for earning rentals or for capital appreciation for rebalancing the assets and the liabilities as NVD strategies.

Assets

Total assets as of 31 December 2021 were Bt.12,587m decreased by Bt.54m from YE20 (-0.4% yoy). Significant changes in line items are summarized as follows.

Consolidated Statements of Financial Position	YE2020		YE2021		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Assets:						
Cash and cash equivalents	137	1%	105	1%	(32)	-23%
Trade and other receivables, net & related parties	271	2%	204	2%	(68)	-25%
Inventories	2,929	23%	2,756	22%	(173)	-6%
Costs of property development	6,686	53%	6,379	51%	(307)	-5%
Unbilled receivables	30	0%	49	0%	19	61%
Land deposits	8	0%	48	0%	40	501%
Other current assets	38	0%	21	0%	(17)	-44%
Total current assets	10,100	80%	9,562	76%	(537)	-5%
Restricted bank deposits	29	0%	39	0%	10	36%
Investment in joint venture, net	-	0%	5	0%	5	100%
Long-term loans to others	242	2%	242	2%	-	0%
Land held for development	885	7%	31	0%	(855)	-97%
Property, plant and equipment, net	458	4%	442	4%	(16)	-3%
Investment Property	-	0%	1,315	10%	1,315	100%
Right-of-use assets, net	311	2%	297	2%	(14)	-5%
Intangible assets, net	28	0%	22	0%	(6)	-21%
Goodwill	332	3%	332	3%	(0)	0%
Deferred tax assets	152	1%	170	1%	19	12%
Other non-current assets	105	1%	130	1%	25	24%
Total non-current assets	2,541	20%	3,025	24%	484	19%
Total assets	12,641	100%	12,587	100%	(54)	-0.4%

- 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 3.2-rai land plot at Prachachuan area and 4.5-rai land plot next to Bangrak Yai Station and
 - Acquisition new land plot, 15-rai land plot at Romklao area and 24.9-rai Krungthep-Kreetha land along the north side of the Srinakarin-Romklao Road and
 - Reclassification of Rattanathibet land plot was Bt. 854.6m from land held for development to costs of property development in 4Q21

- Construction progress of project; Nirvana ELEMENT, Nirvana DEFINE Ekkamai-Ramintra, Nirvana COLLECTION and Nirvana Att-U Park Bangna.
- Inventories increased from the construction completion:
 - the MOST Issaraphap being reclassified from costs of property development to inventories due to the building construction completed on March-2021.

Liabilities

Total liabilities of Bt.7,404m as of 31 December 2021 decreased 6% by Bt.501m from Bt.7,906m at YE20. Significant changes are summarized as follow:

Consolidated Statements of Financial Position	YE2020		YE2021		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Liabilities & Shareholders' Equity:			-			
PN and ST borrowings from financial institutions, net	2,202	17%	1,813	14%	(389)	-18%
Trade, other payables & related parties	415	3%	316	3%	(98)	-24%
Interest bearing debts due within one year, net	668	5%	2,223	18%	1,555	233%
Retention payables	115	1%	88	1%	(28)	-24%
Deposits and advance received from customers	204	2%	158	1%	(46)	-22%
Advance from customers for construction contracts	63	0%	44	0%	(19)	-30%
Other current liabilities	49	0%	131	1%	82	167%
Total current liabilities	3,716	29%	4,773	38%	1,058	28%
Interest bearing debts due over one year, net	4,143	33%	2,434	19%	(1,709)	-41%
Other non-current liabilities	47	0%	197	2%	150	322%
Total non-current liabilities	4,190	33%	2,631	21%	(1,559)	-37%
Total liabilities	7,906	63%	7,404	59%	(501)	-6%
Total equity	4,735	37%	5,183	41%	447	9%
Total liabilities and equity	12,641	100%	12,587	100%	(54)	-0.4%
<i>Remarks:</i>						
<i>Total interest-bearing debts</i>	<i>7,013</i>	<i>55%</i>	<i>6,470</i>	<i>51%</i>	<i>(543)</i>	<i>-8%</i>

- Bt. 86m bridging loan of a land plot in Bangna-Trad landbank was reclassified from current liabilities to non-current liabilities,
- Bt. 349.7m bridging loan of 24.9-rai Krungthep-Kreetha land along the north side of the Srinakarin-Romklao Road,
- Bt. 454.9m long term loan of a land plot in Krungthep-Kreetha landbank was reclassified from non-current liabilities to current liabilities. We are in a process of optimizing our entire debt portfolio, especially those debts against our landbanks along the new Krungthep Kreetha road where acquisition costs were at deep discounts to their current market values,
- Bt. 178m project loan of the project at Romklao road,
- Bt. 922.1m project loan of the project at Charoen Nakhon Road was reclassified from non-current liabilities to current liabilities,
- Bt.1,000m Callable and Secured Debentures No.1/2021 due 2023, bearing a fixed interest rate at 6.70% per annum, issued in June 2021 for loan repayment, early partial redemption of the prior debenture, and working capital,
- Bt.543m interest-bearing debts decreased from the loan repayment of some landbank on the north side of the Srinakarin-Romklao Road, the Bangrak Yai station, and Prachachuan area, 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 31 December 2021 was 2.0x, lower than 2.7x on 31 December 2020 due to decreasing in costs of property development as discussed above.

Profitability ratios

Gross margins decreased from 31% in FY20 to 20% in FY21. The gross profit margin of revenue from sales of real estate decreased from the land sold as discussed above.

Financial policy ratios

As of 31 December 2021, total liabilities-to-equity ratios decreased slightly to 1.4x (from 1.7x YE20) as well as net interest-bearing debts to equity decreasing from 1.5x to 1.2x. This was a net result of the balance sheet reformation and debt repayments upon transfers of the real estate transferred during the year.

Please be informed accordingly.

Yours faithfully,

(Wutthichai Tankuranand)

Chief Financial Officer