



NNCL AC 003/2022

Date 10 August 2022

Subject Explanation of the change in operating results for the three-month and six-month ended June 30, 2022 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, 2022 compared with the same period of previous year as follows:-



Financial Results

Compared Q2/2022 and Q2/2021

⊕ The Company reported the operating results for the three-month ended June 30, 2022 with the net profit attributable to owners of the parent of the consolidated financial statements of Baht 100.3 million which operating profit results decreased by Baht 55.5 million or operating profit results decreased by 36% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 155.8 million, effect from decreasing of real estate development projects and share of profit of investment in a joint venture. However, increasing of profit from recurring income in this period.



Financial Position

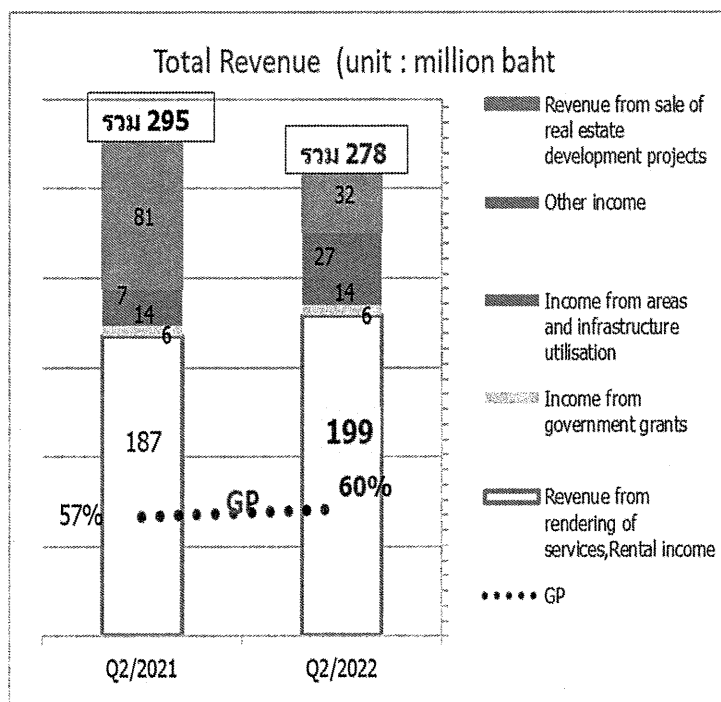
⊕ As at June 30, 2022, the Company maintained its healthy financial position, with total consolidated assets amounting to Baht 4,374.3 million, of which Baht 672.0 million was cash and cash equivalents, short term investment and fixed deposit at financial institution; while total consolidated liabilities were reported at Bath 1,042.6 million in which interest-bearing debt accounted for Baht 222.5 million and total consolidated shareholders' equity attributable to owners of the parent at Baht 3,331.6 million.

Table of key financial results

Consolidate			
	2022	2021	YoY
Total Revenue	280	299	(6.3%)
Revenue from rendering of services ,Rental income	198	187	5.9%
Profit (loss) for the year	100	155	(35.5%)
* Profit (loss) from recurring income	53	51	3.9%
* Profit (loss) from share of net profit - joint venture	(5)	37	(113.5%)
* Income from areas and infrastructure utilization- joint venture	14	14	0.0%
* Profit (loss) from sale of real estate development projects	12	52	(76.9%)

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 : Comparing Q3/2022 and Q3/2021



◀ The Company had revenue from rendering of services and rental income (recurring income) for the three-month ended June 30, 2021 of Baht 185.8 million ,compared with the same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 167.2 million which increased by 11% or Baht 18.7 million which mainly resulted from more usage utilities of customer in overall.

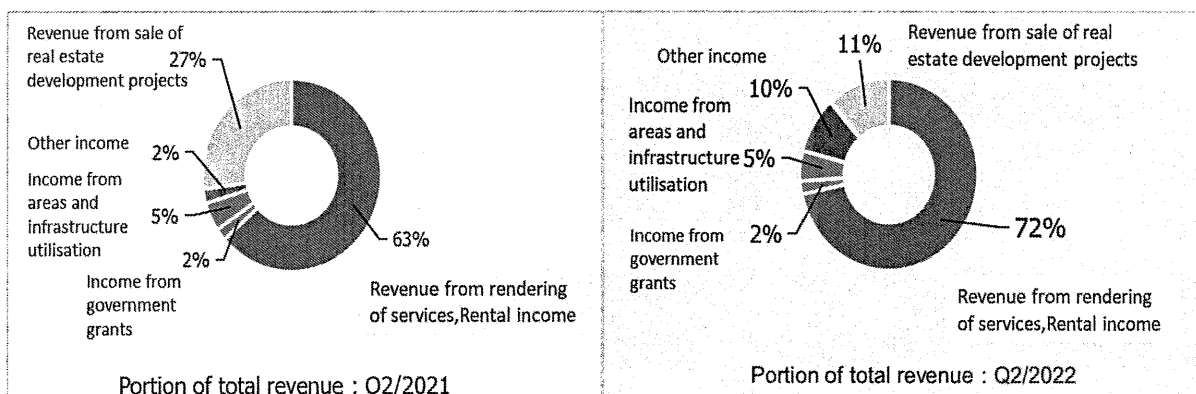
◀◀ There was sale of real estate development projects of Baht 31.7 million which decrease from the same period of previous year with sale of real estate development projects of Baht 80.8 million.

◀◀ The Company had other income for the three-month ended June 30, 2022, 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. Some parts of such flood protection system were end of depreciated period such as aqueduct system and dredging canal system.

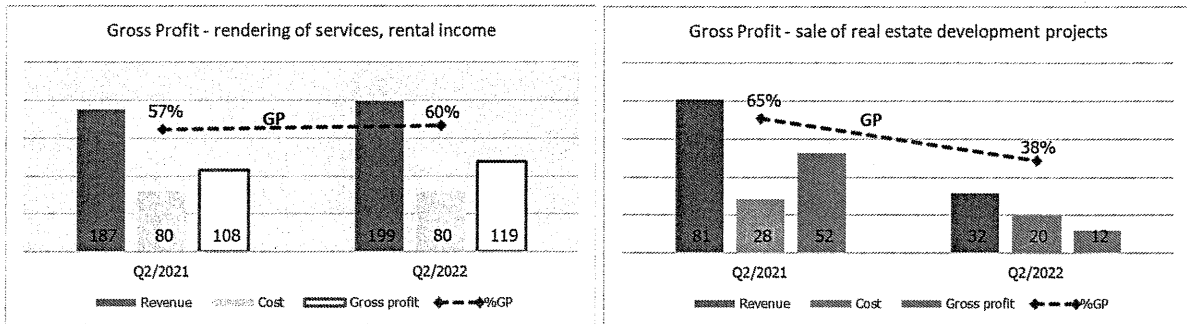
Income from areas and infrastructure utilization of Baht 14.2 million, the same amount from the same period of the previous year

The company had other income, for the three-month ended June 30, 2022, of Baht 26.7 million, increased from the same period of the previous year due to increasing on interest receipt, gain from disposal of assets and mark down to market of mutual fund.

◀◀ Revenue from sale of real estate development projects represented 11% of total revenue. Recurring income comprised of Revenue from rendering of services, Rental income which represented 72% of total revenue for the three-month ended June 30, 2022.



2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit: Comparing Q3/2022 and Q3/2021



◀◀ The Company had cost of rendering of services, for the three-month ended June 30, 2022, of Baht 80.1 million together with gross profit of Baht 118.8 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 79.7 million together with gross profit of Baht 107.6 million. Gross profits margin increased of Baht 11.2 million. Gross profit margin for rendering of services and rental income increased to 60%, comparing of 57% at the same period of previous year.

◀◀ The cost of sale of real estate development projects, for the three-month ended June 30, 2022, of Baht 19.6 million together with gross profit of Baht 12.1 million or 38% whereas the same period of previous year, the Company had cost of rendering of services of Baht 28.4 million together with gross profit of Baht 52.4 million or 65%.

3. Selling and administrative expenses

◀◀ Selling expenses and administrative expenses for the three-month ended June 30, 2022, was Baht 51.2 million compared with the same period of previous year which was Baht 57.9 Million, decreased by Baht 6.7 million or 12%.

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

4. Depreciation expenses

◀◀ The Company had depreciation expenses of plant & equipment and Investment Properties of Baht 41.9 million, increased while compared with the same period of previous year which was Baht 40.9 million due to there was more operational assets.

5. Financial Costs

◀◀ For the three-month ended June 30, 2022, the Company had finance costs of Baht 0.3 million, the same amount from the same period of the previous year.

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, 2022, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht (5.5) million (calculated by core profit-NNEG– COD phase 1 and 2 of Baht 67.8 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 37.7 million (calculated by core profit (loss) -NNEG– COD phase of Baht 132.8 million X 29.99%, according to IFRS 11 : Joint Arrangements)

7. Income tax expenses

◀◀ For the three-month ended June 30, 2022, the Company had recorded income tax expenses of Baht 23.5 million compared with the same period of previous year which was income tax expenses of Baht 14.6 million, increased of Baht 8.8 million or 60%.

Compared 6M/2022 and 6M/2021

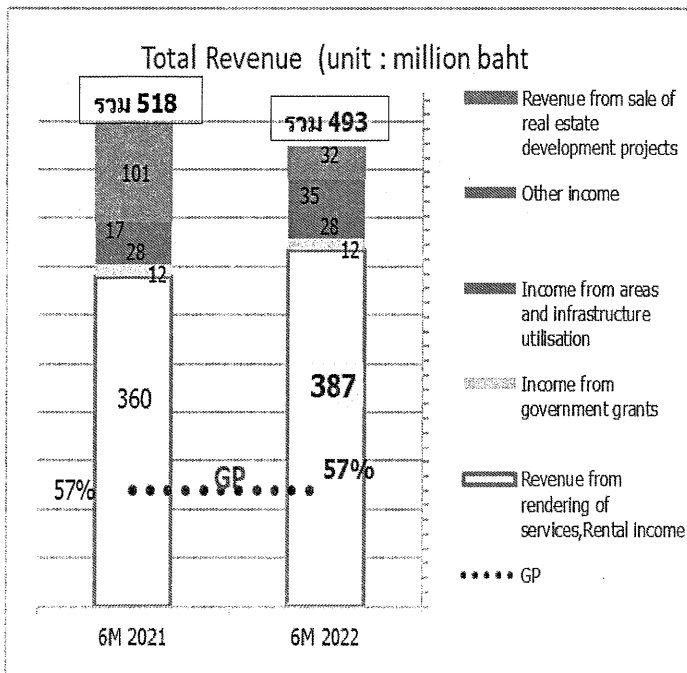
⊕ The Company reported the operating results for the six-month ended June 30, 2022 with the net profit attributable to owners of the parent of the consolidated financial statements of Baht 147.6 million which operating profit results decreased by Baht 117.0 million or operating profit results decreased by 44% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 264.7 million, effect from decreasing of real estate development projects and share of profit of investment in a joint venture. However, increasing of profit from recurring income in this period.

Table of key financial results

(Unit: Million Baht)	Consolidate		
	Q2	Q2	Increase (Decrease)
	2022	2021	YoY
Total Revenue	496	519	(4.4%)
Revenue from rendering of services ,Rental income	387	360	7.5%
Profit (loss) for the year	148	265	(44.1%)
* Profit (loss) from recurring income	187	205	(8.8%)
* Profit (loss) from share of net profit - joint venture	(25)	78	(132.0%)
* Income from areas and infrastructure utilization- joint venture	28	28	0.0%
* Profit (loss) from sale of real estate development projects	12	52	(76.9%)

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 : Comparing 6M/2022 and 6M/2021



◀◀ The Company had revenue from rendering of services and rental income (recurring income) for the six-month ended June 30, 2022 of Baht 386.9 million, compared with the same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 360 million which increased by 7% or Baht 26.9 million which mainly resulted from more usage utilities of customer in overall.

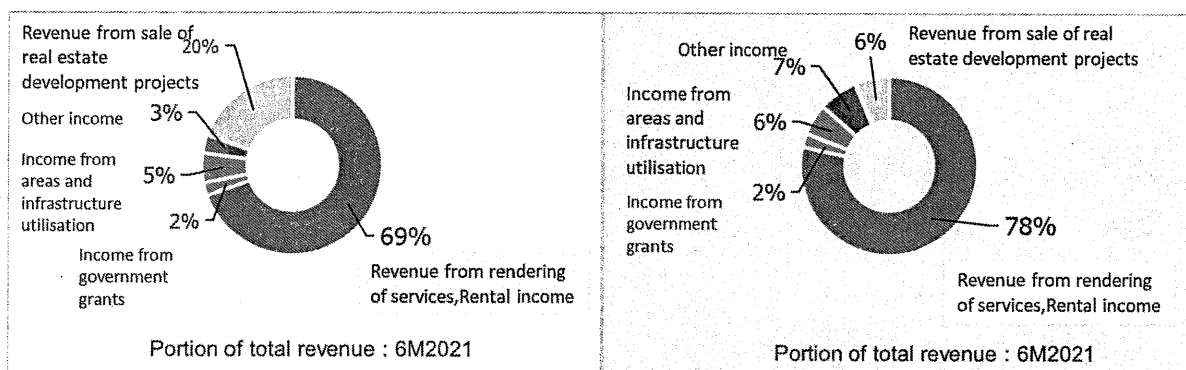
◀◀ There was sale of real estate development projects of Baht 31.7 million which decrease from the same period of previous year with sale of real estate development projects of Baht 101.3 million.

◀◀ The Company had other income for the six-month ended June 30, 2022, comprised of Income from government grants of Baht 12.2 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. Some parts of such flood protection system were end of depreciated period such as aqueduct system and dredging canal system.

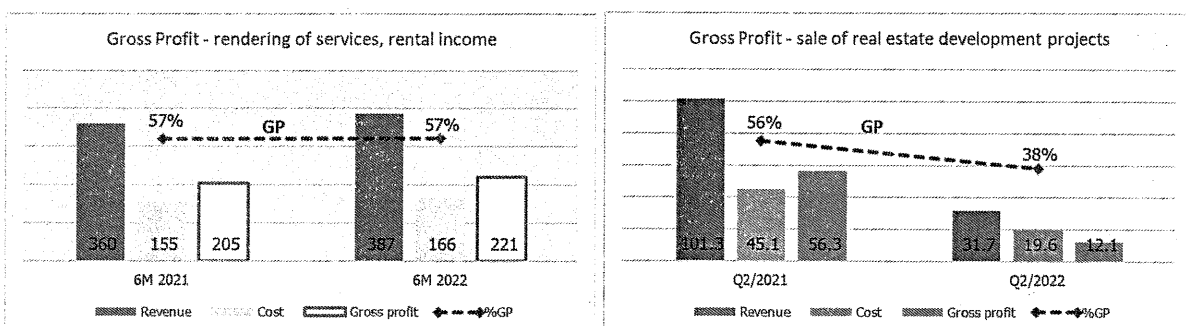
Income from areas and infrastructure utilization of Baht 28 million, the same amount from the same period of the previous year

The company had other income, for the six-month ended June 30, 2022, of Baht 34.5 million, increased from the same period of the previous year due to increasing on interest receipt, gain from disposal of assets and mark down to market of mutual fund.

Revenue from sale of real estate development projects represented 6% of total revenue. Recurring income comprised of Revenue from rendering of services, Rental income which represented 78% of total revenue for the six-month ended June 30, 2022.



2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit: Comparing 6M/2022 and 6M/2021



The Company had cost of rendering of services, for the six-month ended June 30, 2022, of Baht 165.7 million together with gross profit of Baht 221.1 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 154.7 million together with gross profit of Baht 105.3 million. Gross profits margin increased of Baht 115.8 million. Gross profit margin for rendering of services and rental income equal 57%, same as the same period of previous year.

The cost of sale of real estate development projects, for the six-month ended June 30, 2022, of Baht 19.6 million together with gross profit of Baht 12.1 million or 38% whereas the same period of previous year, the Company had cost of rendering of services of Baht 45.1 million together with gross profit of Baht 56.3 million or 56%.

3. Selling and administrative expenses

◀◀ Selling expenses and administrative expenses for the six-month ended June 30, 2022, was Baht 99 million compared with the same period of previous year which was Baht 113.8 million, decreased by Baht 14.9 million or 13%.

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

4. Depreciation expenses

◀◀ The Company had depreciation expenses of plant & equipment and Investment Properties of Baht 82.9 million, increased while compared with the same period of previous year which was Baht 79.5 million due to there was more operational assets.

5. Financial Costs

◀◀ For the six-month ended June 30, 2022, the Company had finance costs of Baht 0.5 million, the same amount from the same period of the previous year.

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, 2022, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht (24.6) million (calculated by core profit-NNEG– COD phase 1 and 2 of Baht 67.8 million X 29.99%, according to IFRS 11 : Joint Arrangements).

NNEG (Expansion phase) had commenced commercial operation since 31 October 2020.

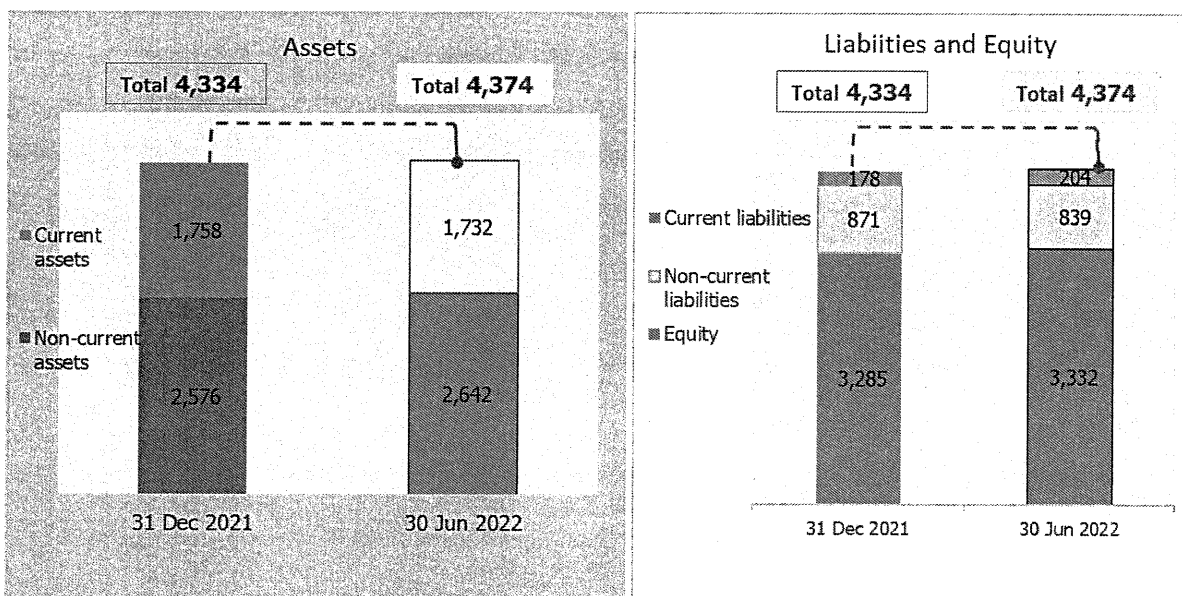
While the same period of previous year, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 78.5 million (calculated by core profit (loss) -NNEG– COD phase of Baht 132.8 million X 29.99%, according to IFRS 11 : Joint Arrangements)

7. Income tax expenses

◀◀ For the six-month ended June 30, 2022, the Company had recorded income tax expenses of Baht 39.1 million compared with the same period of previous year which was income tax expenses of Baht 18.7 million, increased of Baht 20.4 million or 109%.



Financial Position



Total assets


As at June 30, 2022, the Company had total consolidated assets of Baht 4,374.3 million, increase by Baht 39.8 million, compared with the December 31, 2021 of Baht 4,334.5 million.

- **Current assets** comprised of

- (1) Cash and cash equivalents, short term investment of Baht 897.9 million, decreased of Baht 38.9 million as a result of from repayment operating liabilities, purchase assets and dividend payment
- (2) Account Receivables of Baht 68.1 million, increase of Baht 5.8 million.

- **Non - current assets** comprised of

- (1) investment in a jointly – controlled entity of Baht 846.1 million, decreased of Baht 44.6 million as a result of recording Share of profit of investment in a joint venture-NNEG, according to IFRS 11 : Joint Arrangements, and also dividend receipt of Baht 90 million
- (2) Property, plant and equipment and investment properties of Baht 1,717.4 million increased of Baht 110.1 million as a main result of more capital expenditure during this period.




Total Liabilities

As at June 30, 2022, the Company had total consolidated liabilities of Baht 1,042.6 million, decrease by Baht 6.7 million, compared with the December 31, 2021 of Baht 1,049.4 million, mainly caused by

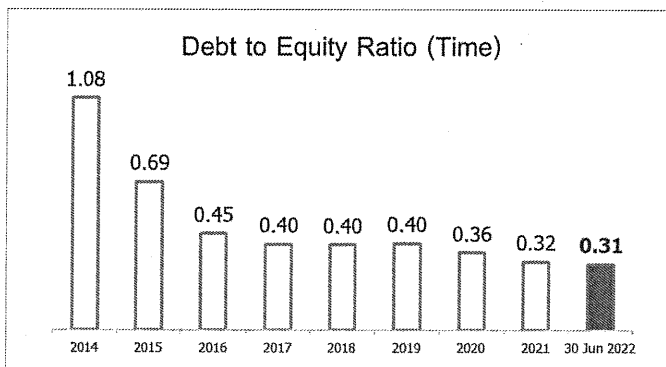
◀◀ Current liabilities comprised of Trade accounts payable, accrued expenses, group of Current portion of deferred income, Current portion of long-term loan from financial institution, totally increase by Baht 25.8 million.

◀◀ Non-current liabilities comprised of group of deferred income of Baht 577.3 million, decrease by Baht 7.3 million due to amortization of deferred income mentioned above and long-term loan from financial institution.




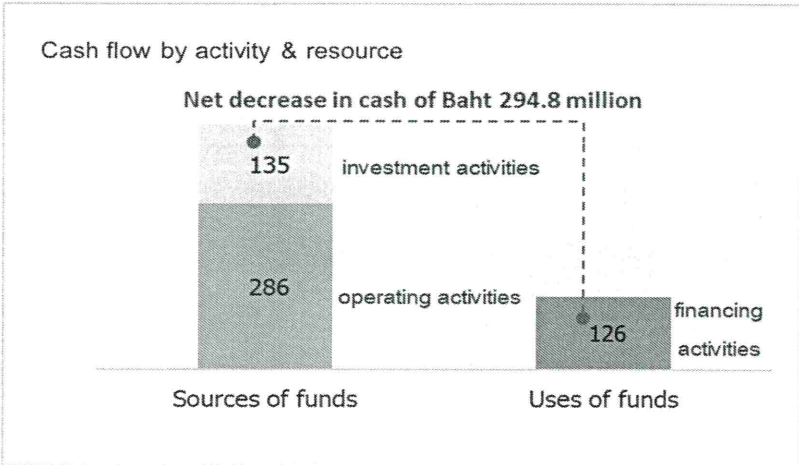
Capital Structure

As at June 30, 2022, the capital structure comprised of consolidated equity in the amount of Baht 3,331.6 million and total consolidated liabilities of Baht 1,042.6 million, including the interest-bearing debts of Baht 222.5 million.



Debt to equity ratio shown continuously downtrend as 1.08 times in 2014 decreased to 0.33 time at June 30, 2022. It implied that the company's capital structure was at low risk due to borrowing portion less than equity portion.

 Cash flow



As at June 30, 2022, the Company had cash and cash equivalents of Baht 504.5 million, decrease of Baht 294.8 million from December 31, 2021 due to

Sources of funds

(1) The amount of Baht 286 million is cash received from operating activities offset with cash payments for operating liabilities and reserve for payment along with debt maturity.

(2) The amount of Baht 134.9 million is cash received from investment activities due to the sale of current financial assets of Baht 400 million, dividend income of Baht 92.9 million, and purchase of land, building and equipment in the amount of Baht 190 million.

Uses of funds

The amount of Baht 126.1 million is cash used in financing activities due to dividends paid to shareholders in the amount of Baht 119.7 million and paid to repay long-term loans from financial institutions of Baht 30 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,



(Mr.Pojana Saithong)

Acting Chief Financial Officer

Nava Nakorn Public Company Limited