



NNCL AC 004/2022

Date 9 November 2022

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



Financial Results

Compared Q3/2022 and Q3/2021

⊕ The Company reported the operating results for the three-month ended September 30, 2022 with the net profit attributable to owners of the parent of the consolidated financial statements of Baht 24.2 million which operating profit results decreased by Baht 80.2 million or operating profit results decreased by 77% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 104.4 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

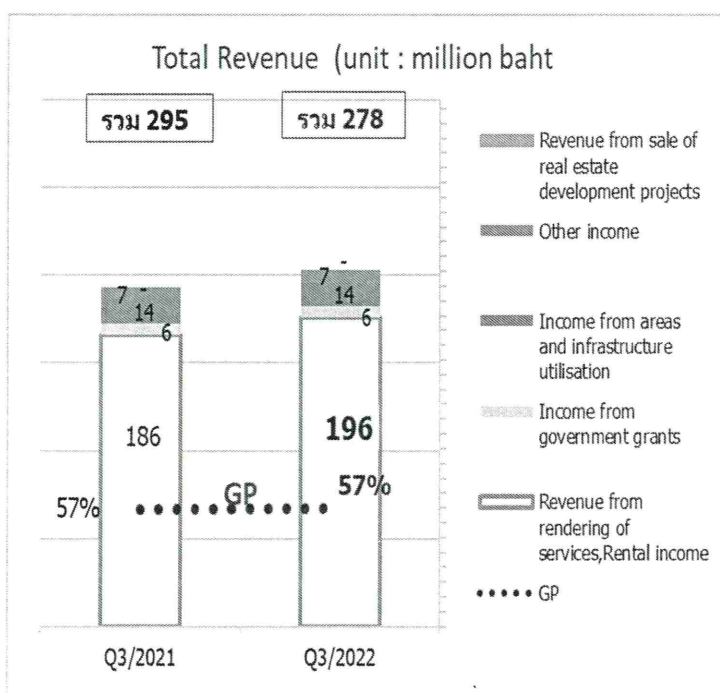
⊕ As at September 30, 2022, the Company maintained its healthy financial position, with total consolidated assets amounting to Baht 4,356.3 million, of which Baht 733.07 million was cash and cash equivalents, short term investment and fixed deposit at financial institution; while total consolidated liabilities were reported at Bath 1,000.4 million in which interest-bearing debt accounted for Baht 212.2 million and total consolidated shareholders' equity attributable to owners of the parent at Baht 3.355.8 million.

Table of key financial results

(Unit : Million Baht)	Consolidate		
	Q3	Q3	% Increase (Decrease)
	2022	2021	YoY
Total Revenue	224	213	5%
Revenue from rendering of services ,Rental income	196	186	5%
EBITDA	114	111	3%
Profit (loss) for the year	16	104	(85%)
* Profit (loss) from recurring income	80	61	31%
* Profit (loss) from share of net profit - joint venture	(50)	29	(272%)
* Income from areas and infrastructure utilization- joint venture	14	14	0%
* Profit (loss) from sale of real estate development projects	-	-	0%

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

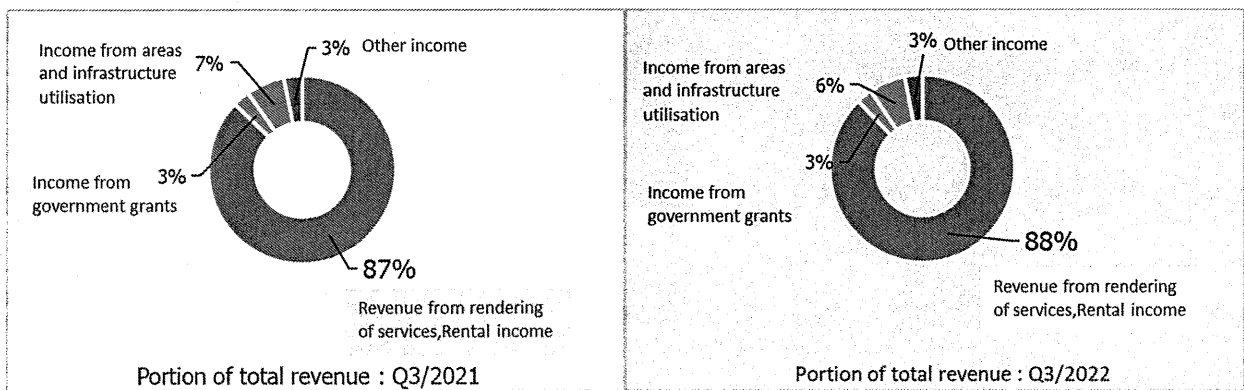


◀ The Company had revenue from rendering of services and rental income (recurring income) for the three-month ended September 30, 2022 of 196.2 million ,compared with the same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 185.8 million which increased by 5.6% or Baht 10.4 million which mainly resulted from more usage utilities of customer in overall.

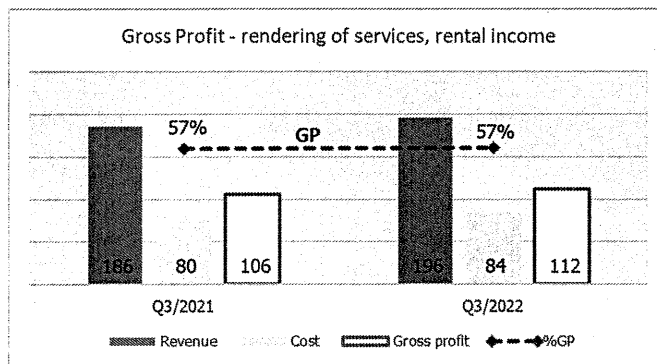
◀◀ The Company had other income for the three-month ended September 30, 2022, comprised of Income from government grants of Baht 6.1 million, the same amount from from the same period of the previous year due to Income from government grants were recognized by amortization along with the estimated useful 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 13.8 million and other income of Baht 7.3 million, no significant change from the same period of the previous year

◀◀ Recurring income comprised of Revenue from rendering of services, Rental income which represented 88% of total revenue for the three-month ended September 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 September 30, 2022, of Baht 83.7 million together with gross profit of Baht 112.5 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 80.0 million together with gross profit of Baht 105.9 million. Gross profits margin increased of Baht 6.6 million. Gross profit margin for rendering of services and rental income equal to 57% at the same period of previous year.

3. Selling and administrative expenses

◀◀ Selling expenses and administrative expenses for the three-month ended September 30, 2022, was Baht 56.0 million compared with the same period of previous year which was Baht 52.1 Million, decreased by Baht 3.9 million or 7.5%. However, the overall managing expenses were continuously proceeded to decrease by management team.

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 41.0 million due to there was more operational assets.

5. Financial Costs

◀◀ For the three-month ended September 30, 2022, the Company had finance costs of Baht 0.4 million, the same amount from the same period of the previous year.

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

◀◀ For the three-month ended September 30, 2022, the Company had recorded Share of profit (loss) of investment in a joint venture of Baht (50.3) million

7. Income tax expenses

◀◀ For the three-month ended September 30, 2022, the Company had recorded income tax expenses of Baht 16.7 million compared with the same period of previous year which was income tax expenses of Baht 5.5 million, increased of Baht 11.2 million or 204%.

Compared 9M/2022 and 9M/2021

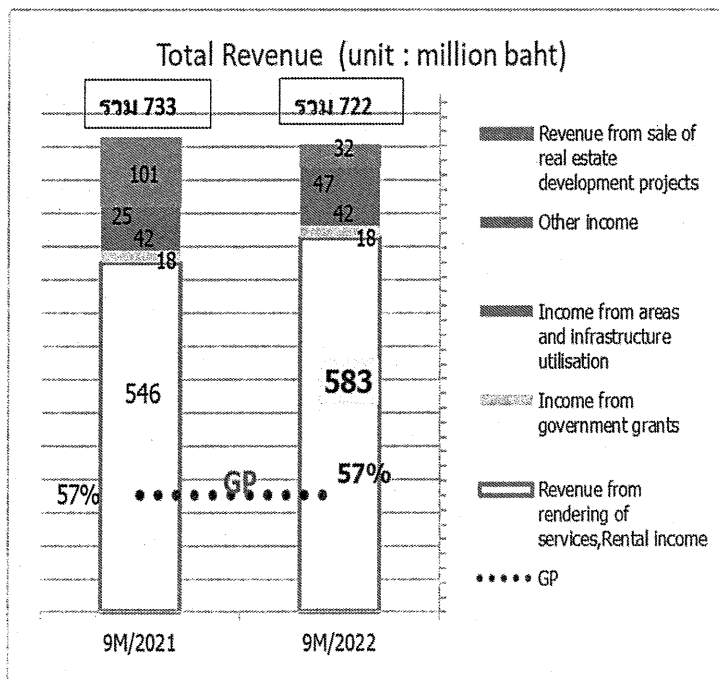
⊕ The Company reported the operating results for the nine-month ended September 30, 2022 with the net profit attributable to owners of the parent of the consolidated financial statements of Baht 171.9 million which operating profit results decreased by Baht 197.2 million or operating profit results decreased by 53% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 369.1 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		
	9M 2022	9M 2021	YoY
Total Revenue	719	732	(2%)
Revenue from rendering of services ,Rental income	583	546	7%
EBITDA	387	375	3%
Profit (loss) for the year	164	369	(56%)
* Profit (loss) from recurring income	187	179	4%
* Profit (loss) from share of net profit - joint venture	(75)	108	(169%)
* Income from areas and infrastructure utilization- joint venture	42	42	0%
* Profit (loss) from sale of real estate development projects	10	41	(76%)

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 9M/2022 and 9M/2021



◀◀ The Company had revenue from rendering of services and rental income (recurring income) for the nine-month ended September 30, 2022 of Baht 583.1 million, compared with the same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 545.8 million which increased by 7% or Baht 37.3 million which mainly resulted from more usage utilities of customer in overall.

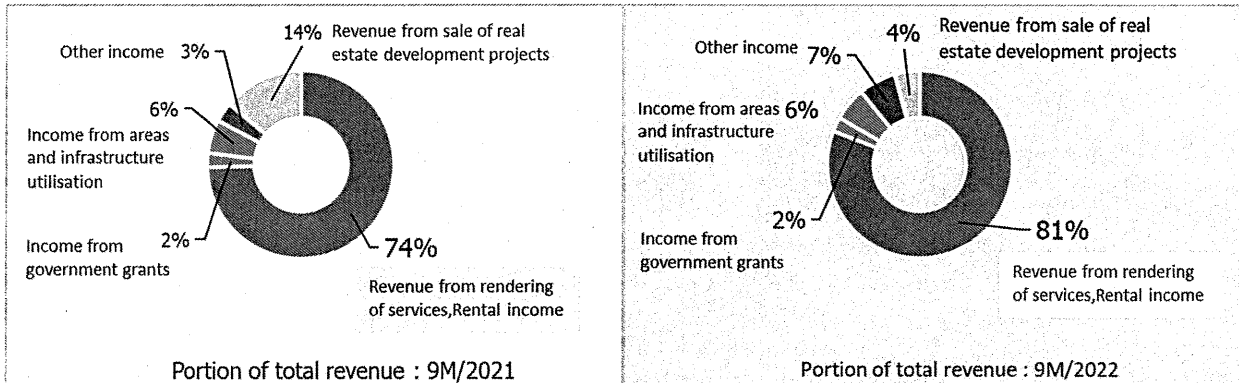
◀◀ There was sale of real estate development projects of Baht 31.7 million which decrease from the same period of previous year with sale of real estate development projects of Baht 101.3 million.

◀◀ The Company had other income for the nine-month ended September 30, 2022, comprised of Income from government grants of Baht 18.4 million, the same amount 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.

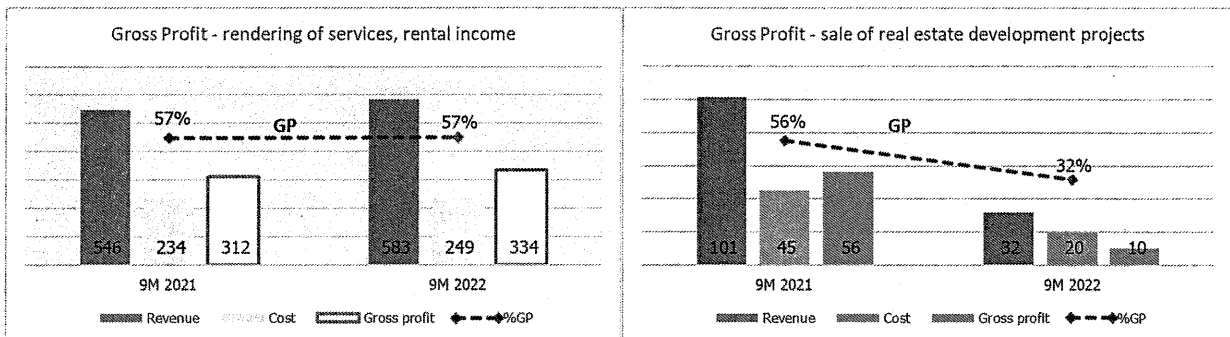
Income from areas and infrastructure utilization of Baht 41.8 million, the same amount from the same period of the previous year

The company had other income, for the nine-month ended September 30, 2022, of Baht 41.8million, increased Baht 17.7 million or 73% from the same period of the previous year.

Revenue from sale of real estate development projects represented 4% of total revenue. Recurring income comprised of Revenue from rendering of services, Rental income which represented 81% of total revenue for the nine-month ended September 30, 2022.



2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit: Comparing 9M/2022 and 9M/2021



The Company had cost of rendering of services, for the nine-month ended September 30, 2022, of Baht 249.4 million together with gross profit of Baht 333.7 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 234.7 million together with gross profit of Baht 311.1 million. Gross profits margin increased of Baht 22.6 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 nine-month ended September 30, 2022, of Baht 19.6 million together with gross profit of Baht 10.3 million or 38%

3. Selling and administrative expenses

◀◀ Selling expenses and administrative expenses for the nine-month ended September 30, 2022, was Baht 155 million compared with the same period of previous year which was Baht 166 million, decreased by Baht 11 million or 7%. However, the overall managing expenses were continuously proceeded to decrease by management team.

4. Depreciation expenses

◀◀ The Company had depreciation expenses of plant & equipment and Investment Properties of Baht 124.9 million, increased while compared with the same period of previous year which was Baht 120.6 million due to there was more operational assets.

5. Financial Costs

◀◀ For the nine-month ended September 30, 2022, the Company had finance costs of Baht 0.9 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.

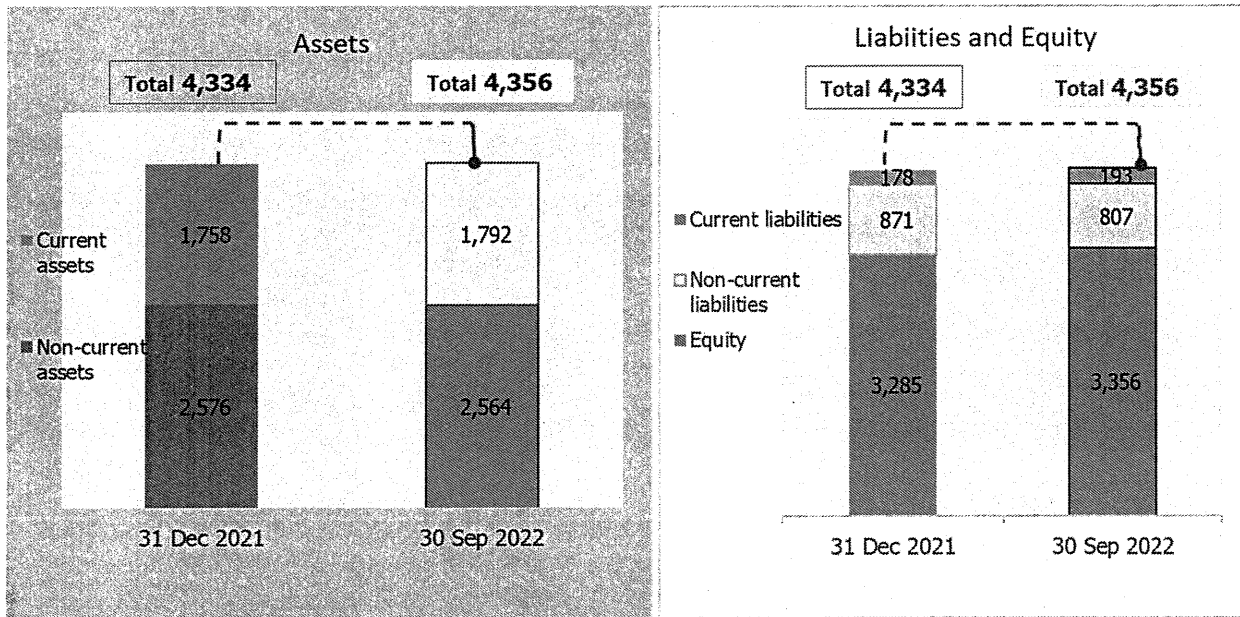
6. Share of profit (loss) of investment in a joint venture

◀◀ For the nine-month ended September 30, 2022, the Company had recorded Share of profit (loss) of investment in a joint venture of Baht (74.9) million

7. Income tax expenses

◀◀ For the nine-month ended September 30, 2022, the Company had recorded income tax expenses of Baht 55.7 million compared with the same period of previous year which was income tax expenses of Baht 24.2 million, increased of Baht 31.6 million or 130%.

Financial Position



Total assets


As at September 30, 2022, the Company had total consolidated assets of Baht 4,356.3 million, increase by Baht 21.8 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 773.1 million, increased of Baht 56.2 million as a result of from repayment operating liabilities, purchase assets and dividend payment
- (2) Account Receivables of Baht 65.3 million, increase of Baht 3.0million.

● **Non - current assets** comprised of

- (1) investment in a jointly – controlled entity of Baht 795.8 million, decreased of Baht 95 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 1,538.1 million increased of Baht 110.1 million as a main result of more capital expenditure during this period.




Total Liabilities

As at September 30, 2022, the Company had total consolidated liabilities of Baht 1,000.4 million, decrease by Baht 49.0 million, compared with the December 31, 2021 of Baht 1,049.4 million, mainly caused by

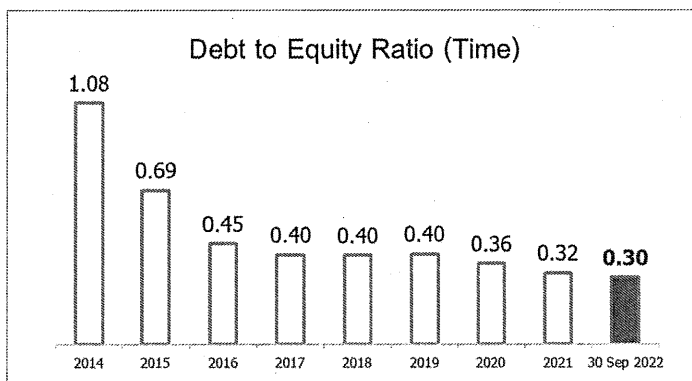
◀◀ Current liabilities comprised of Trade accounts payable, accrued expenses, group of Current portion of deferred income, Current portion of long-term loan from financial institution, totally increase by Baht 14.8 million.

◀◀ Non-current liabilities comprised of group of deferred income of Baht 566.0 million, decrease by Baht 18.7 million due to amortization of deferred income mentioned above and long-term loan from financial institution.




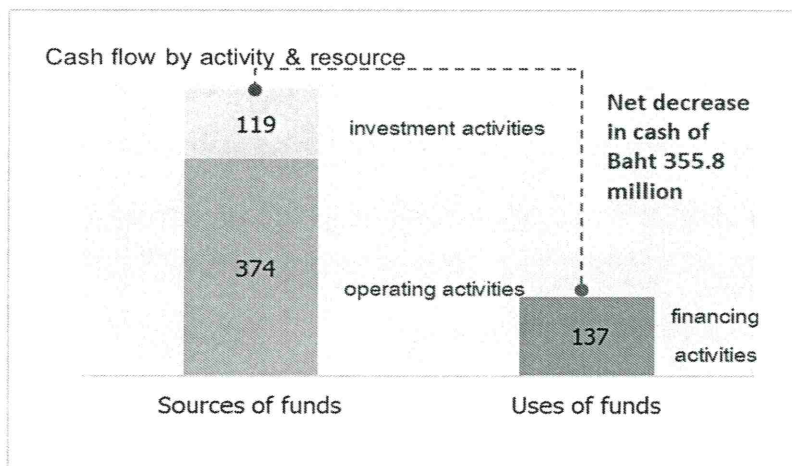
Capital Structure

As at September 30, 2022, the capital structure comprised of consolidated equity in the amount of Baht 3,355.8 million and total consolidated liabilities of Baht 1,000.4 million, including the interest-bearing debts of Baht 212.2 million.



Debt to equity ratio shown continuously downtrend as 1.08 times in 2014 decreased to 0.30 time at September 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 September 30, 2022, the Company had cash and cash equivalents of Baht 565.5 million, decrease of Baht 355.8 million from December 31, 2021 due to

Sources of funds

- (1) The amount of Baht 373.6 million is cash received from operating activities offset with cash payments for operating liabilities abs reserve for payment along with debt maturity.
- (2) The amount of Baht 119.0 million baht 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, acquisition of other current financial assets of Baht 100.2 million and purchase of land, building and equipment in the amount of Baht 204.8 million.

Uses of funds

The amount of Baht 136.9 million baht 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