

Ref. CS/008/02/2023

21 February 2023

Subject: Management Discussion and Analysis for the year ended 31 December 2022

To: President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors' Meeting No.1/2023 of Nirvana Daii Public Company Limited ("Company" or "NVD") held on 21st February 2023 to approve the financial statements for the year ended 31 December 2022, the Company would like to report the financial performance for the year ended 31 December 2022 as follows.

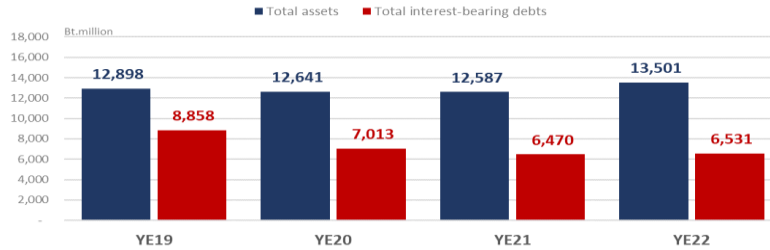
Comparative Operating Performance													
	4Q21		3Q22		4Q22		%Change		YE21		YE22		%Change
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq	Bt.m	%	Bt.m	%	yoy
Revenues:													
Revenue from sales of real estate	738	89%	359	84%	256	87%	-65%	-29%	2,757	91%	2,302	90%	-17%
Revenue from construction contracts	95	11%	68	16%	40	13%	-58%	-41%	264	9%	268	10%	1%
Total revenues	833	100%	427	100%	295	100%	-65%	-31%	3,022	100%	2,569	100%	-15%
Costs:													
Costs of real estate sold	661	90%	283	79%	188	73%	-72%	-34%	2,178	79%	1,491	65%	-32%
Costs of construction	92	97%	48	71%	31	78%	-66%	-35%	231	87%	224	84%	-3%
Total costs	754	91%	331	78%	219	74%	-71%	-34%	2,408	80%	1,715	67%	-29%
Gross profits	79	9%	96	22%	77	26%	-3%	-20%	613	20%	854	33%	39%
Other incomes	15	2%	45	11%	65	22%	337%	43%	65	2%	152	6%	136%
Gain from fair value adjustment of investment property	799	96%	0	0%	6	2%	-99%	100%	799	26%	6	0%	-99%
Selling expenses	(87)	-10%	(62)	-15%	(81)	-28%	-7%	31%	(336)	-11%	(338)	-13%	1%
Administrative expenses	(119)	-14%	(50)	-12%	(54)	-18%	-55%	7%	(352)	-12%	(256)	-10%	-27%
Gain (loss) from exchange rate, net	(0)	0%	0	0%	0	0%	-131%	-94%	1	0%	1	0%	7%
Financial costs (interest expenses)	(48)	-6%	(16)	-4%	(15)	-5%	-69%	-8%	(165)	-5%	(132)	-5%	-20%
Profits before share of profits from JV	641	77%	14	3%	(1)	0%	-100%	-110%	625	21%	287	11%	-54%
Share of profits/(losses) from JV	(1)	0%	(3)	-1%	1	0%	-282%	138%	(5)	0%	(3)	0%	-41%
Income taxes	(147)	-18%	1	0%	4	2%	103%	696%	(179)	-6%	(57)	-2%	-68%
Net profits / (loss)	493	59%	11	3%	4	1%	-99%	-66%	440	15%	227	9%	-48%
Other comprehensive income	7	1%	0	0%	5	2%	-29%	na	7	0%	5	0%	-29%
Total comprehensive income /(loss)	500	60%	11	3%	9	3%	-98%	-22%	447	15%	232	9%	-48%
Profit (loss) attributable to													
the owners of the parent	496	60%	21	5%	11	4%	-98%	-48%	408	14%	201	8%	-51%
the non-controlling interests	(3)	0%	(9)	-2%	(7)	-2%	-160%	26%	32	1%	26	1%	-19%

NVD recorded total revenues of Bt.2,569m in FY22 decrease 15% yoy. The FY22 net profit attributable to the owners of the parent company was Bt.201m compared to Bt.408m in FY21. The yoy contraction was a combination of various strategic reform activities done throughout the difficult pandemic period in 2021 and the repercussions of global economic and geopolitical challenges in 2022.

Different Series of Challenges in 2022

The strategic reform activities, deployed heavily during the suffocating pandemic period, had driven NVD's both top-line revenue and net profit to an unprecedented level in FY21. Rebalancing assets and liabilities were survival tactics during such a difficult time. Some assets not suitable for near-term development were sold, some were reclassified as investment property for higher future value creation, and some low-LTV debts were refinanced. These activities had

helped NVD emerge from the rough rides relatively well. At YE22, NVD's total assets were Bt.13,501m, while the interest-bearing debts were Bt.6,531m, +5% and -26% respectively from the pre-COVID effect at YE19. NVD is now in even stronger financial position.



However, 2022 was unfolded with a different series of challenges. The global economic environment, the war in Eastern Europe, and the Omicron variants brought more complex impediments. The sharp-rising inflation around the world was exacerbated by the unusual spikes in energy prices. While the Omicron variants were causing scarcity of construction labor, the inflation induced rising costs of construction materials. Both of which impacted directly on the new project launch schedule. The delayed launch of new projects affected presales, weighing down on 2H22 revenues.

Reaping Benefits from Asset Base

With easing COVID measures, countries around the world reopened. Global inflation appeared to come under control. Thai economy showed some signs of picking up driven by the tourism industry. With its strong financial position, NVD would move ahead in reaping benefits from its high-potential asset base.

In 4Q22, four projects were pre-opened in three prime locations of Bangkok: three single-detached-house (SDH) projects under a new brand of "Nirvana ABSOLUTE" and one "Nirvana DEFINE" townhouse project. With higher affordability, Nirvana ABSOLUTE & Nirvana DEFINE brand were chosen to spearhead growth in the near term. With a presales value of Bt720m during the two pre-opening weekends, the market responses were quite encouraging. After more than a year of COVID-imposed hibernation, demand for Nirvana products seems to be well and healthy. Some of these projects would be officially launched in Grand Opening events in 2023.

Active development activities of Krungthep Kreetha landbank would also be seen in 2023. The launch of a brand-new ultra-luxury-segment, Nirvana COLLECTION, 3-story SDH series priced Bt80-150m, had been scheduled for 2Q23. Adjacent to it, there would be a lifestyle community mall as the center of Nirvana Township in Krungthep Kreetha. Nirvana @WORK home offices, another Nirvana DEFINE, and Nirvana ABSOLUTE had also been lining up as part of NVD's Krungthep Kreetha ecosystem. Moreover, two high-rise condominiums in Rattathibeth and Sukhumvit were also scheduled for launches in late 2023. With a total of 9 new projects and a combined project value of Bt21,100m, 2023 should mark as NVD's reemergence in reaping benefits from its asset base.

Revenues

NVD reported total consolidated revenues of Bt. 2,569m for FY22, decreased 15% yoy. Compared to the same period last year, segmented revenues consist of:

- **Revenues from Sales of Real Estate** down 17% yoy,
- **Revenues from Construction Contracts** up 1% yoy,

Revenues from Sales of Real Estate were Bt. 2,302m, down 17% yoy. FY21 was a year of reform where the asset base was adjusted to cope with the challenging situation. Some assets not suitable for near-term development were sold, some new assets were acquired for product segments that fit the situation. Thus, FY21 revenue was unprecedentedly high, whereas FY22 revenue was more normalized. FY22 revenue contribution was mainly from the 23-rai land sales along the new Krungthep-Kreetha (Srinakarin-Romklao) Road and the transfers of landed residences sold at BEYOND Rama2, DEFINE Srinakarin-Rama9, @WORK Ladpro-Kasetnawamin, and ELEMENT Bangna and the transfers of condominium project from Banyan Tree Residences Riverside Bangkok and The Most Issaraphap.

Revenues from Construction Service Contracts were Bt. 268m, up 1% yoy. The performance in this revenue line was mainly driven by the construction services revenues to external corporate clients, the BTO (Build-to-Order) home-building services revenues from Turnkey Projects, namely BEYOND Att-U Park Bangna and ICON Pinklao.

Cost of Sales and Gross Margins

Total consolidated costs for FY22 were Bt. 1,715m, decreased 29% yoy, in line with revenue decrease. The total costs consist of:

- **Costs Real Estate Sold** of Bt. 1,491m
- **Costs of Construction** of Bt. 224m

Blended gross margins of 33% in FY22 increased from 20% in FY21. The FY22 gross margin of **Revenues from Sales of Real Estate** segment were up yoy mainly from sales and transfer of the 23-rai land plot, landed residences, and condominiums, while FY21 gross margin reflected the net result of the strategic reform activities.

Other incomes were Bt. 152m, usually comprised of management fees, services incomes, interest incomes and other miscellaneous incomes. The extra items incurred in FY22 were one-off mainly related to construction compensation and cancellation contracts.

Gain from fair value adjustment of investment property were Bt. 6m from the gain from fair value adjustment, by the independent appraiser, of investment property.

Selling and General Administrative Expenses

Selling expenses during FY22 of Bt. 338m increased 1% yoy mainly from the marketing activities of the four projects were pre-opened in three prime locations of Bangkok: three single-detached-house (SDH) projects under a new brand of "Nirvana ABSOLUTE" and one "Nirvana DEFINE" townhouse project.

General administrative expenses in FY22 of Bt. 256m decreased 27% 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 incurred in FY21, whereas FY22 expenses were more of normalized nature.

Financial Costs

FY22 financial costs of Bt. 132m decreased 20% yoy as a result of interest capitalization of projects under development.

Net Profit

The company incurred net profit of Bt. 232 m in FY22, compared to Bt. 447 in FY21. The high FY21 net profit was mainly from 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. 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 last year.

Assets

Total assets End-FY22 were Bt.13,501 m, slightly increased 7% yoy. Major changes in the asset line items were the decreases in the Inventories (Bt. 620m) from transfers of sold units, Cost of property development increased Bt. 1,358m mainly from the acquisition of 3 new land plots for project development. Significant changes in line items are summarized as follow:

Consolidated Statements of Financial Position	YE2021		YE2022		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Assets:						
Cash and cash equivalents	105	1%	295	2%	191	182%
Trade and other receivables, net & related parties	204	2%	304	2%	100	49%
Short-term loans to others	-	0%	242	2%	242	100%
Inventories	2,788	22%	2,168	16%	(620)	-22%
Costs of property development	6,347	50%	7,705	57%	1,358	21%
Unbilled receivables	49	0%	42	0%	(7)	-15%
Land deposits	48	0%	2	0%	(46)	-95%
Other current assets	21	0%	110	1%	88	413%
Total current assets	9,562	76%	10,867	80%	1,305	14%
Restricted bank deposits	39	0%	44	0%	5	12%
Investment in joint venture, net	5	0%	18	0%	13	243%
Long-term loans to others	242	2%	-	0%	(242)	-100%
Land held for development	31	0%	31	0%	-	0%
Property, plant and equipment, net	442	4%	348	3%	(93)	-21%
Investment Property	1,315	10%	1,322	10%	6	0%
Right-of-use assets, net	297	2%	284	2%	(13)	-4%
Intangible assets, net	22	0%	16	0%	(6)	-26%
Goodwill	332	3%	332	2%	-	0%
Deferred tax assets	170	1%	170	1%	(1)	0%
Other non-current assets	130	1%	70	1%	(60)	-46%
Total non-current assets	3,025	24%	2,634	20%	(391)	-13%
Total assets	12,587	100%	13,501	100%	914	7%

Liabilities

Total liabilities of Bt. 8,106m at End-FY22 increased 9% by Bt. 701m from Bt. 7,404m at End-YE21. Significant changes are summarized as follow:

- Bt. 400m Callable and Secured Debentures No.1/2022 due 2023, bearing a fixed interest rate at 6.50% per annum,
- Bt. 650m Callable and Secured Debentures No.2/2022 due 2024, bearing a fixed interest rate at 6.80% per annum,
- Bt. 632m of Aval for the acquisition of Sukhumvit 23 land plot for project development.

Consolidated Statements of Financial Position	YE2021		YE2022		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Liabilities & Shareholders'Equity:						
PN and ST borrowings from financial institutions, net	1,813	14%	1,844	14%	31	2%
Trade, other payables & related parties	316	3%	360	3%	44	14%
Land payable	100	1%	116	1%	16	16%
Interest bearing debts due within one year, net	2,223	18%	1,689	13%	(534)	-24%
Retention payables	88	1%	88	1%	1	1%
Deposits and advance received from customers	158	1%	84	1%	(74)	-47%
Advance from customers for construction contracts	44	0%	38	0%	(6)	-14%
Other current liabilities	31	0%	60	0%	29	93%
Total current liabilities	4,773	38%	4,280	32%	(493)	-10%
Land payable	-	0%	632	5%	632	100%
Interest bearing debts due over one year, net	2,434	19%	2,998	22%	564	23%
Other non-current liabilities	197	2%	196	1%	(1)	0%
Total non-current liabilities	2,631	21%	3,826	28%	1,195	45%
Total liabilities	7,404	59%	8,106	60%	701	9%
Total equity	5,183	41%	5,396	40%	213	4%
Total liabilities and equity	12,587	100%	13,501	100%	914	7%
<i>Remarks:</i>						
<i>Total interest-bearing debts</i>	<i>6,470</i>	<i>51%</i>	<i>6,531</i>	<i>48%</i>	<i>61</i>	<i>1%</i>

Key Financial Ratios

Liquidity ratio at End-FY22 was 2.54x, higher than 2.0x at End-FY21 due to the increase in costs of property development as discussed above.

Gross margins increased from 20% in FY21 to 33% in FY22, a more normalized margin, as opposed to effects of reform activities in FY21.

Total liabilities-to-equity ratio at End-FY22 was 1.50x, increased from 1.43x at End-FY21, and the net interest-bearing debts to equity ratio decreased from 1.23x to 1.16x. This was a net result of the reform activities in bid to achieve a higher efficiency and a better balance of assets and liabilities, a strategic move to keep NVD's balance sheet and financial health strong and well positioned to move forward.

Yours faithfully,

(Dr. Anothai Xanthavanij)

Chief Financial Officer