



NNCLAC 006/2566

11 August 2023

Subject Explanation of the change in operating results for the three-month ended June 30, 2023 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 ended June 30, 2023 compared with the same period of previous year as follows:-



Overview of the business performance

Compared Q2/2023 and Q2/2022

- ⊕ The company has released its performance results for the Second quarter ending on June 30, 2023, with a net profit attributable to the parent company of 113.5 million baht. This represents an increase from the same period last year in 2022, which had a net profit of 100.4 million baht, an increase of 13.2 million baht or a 13 percent increase.
- ⊕ In this quarter, the company recognized revenue from land sales, profit-sharing from joint ventures, and recurring income, which all increased. Additionally, the company continued to manage and reduce costs and expenses overall.



Financial Position

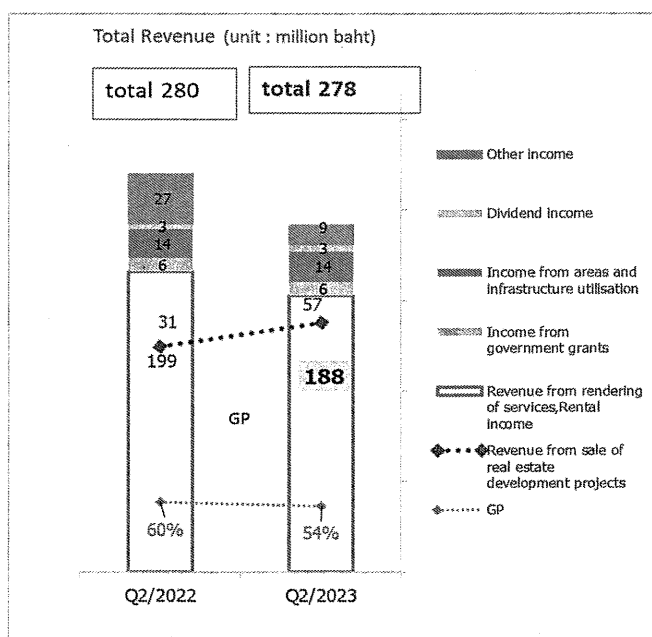
- ⊕ The company continues to maintain a strong financial position, with total assets of 4,495.3 million baht as of June 30, 2023. This includes cash and cash equivalents, short term investment and fixed deposit at financial institution, totaling 927.5 million baht.
- ⊕ The total liabilities amount to 992.6 million baht, which includes interest-bearing debt of 184.8 million baht, and total consolidated shareholders' equity attributable to owners of the 3,502.7 million baht.

Table of key financial results

(Unit: million baht)	Consolidate		
	Q2	Q2	% Increase (Decrease)
	2023	2022	YoY
Total Revenue	278	280	-1%
Revenue from rendering of services ,Rental income	188	199	-6%
EBITDA	124	160	-23%
Profit (loss) for the year	113	100	13%
* Profit (loss) from recurring income	102	119	-14%
* Profit (loss) from share of net profit - joint venture	31	(5)	720%
* Income from areas and infrastructure utilization- joint ventu	14	14	0%
* Profit (loss) from sale of real estate development projects	26	12	117%

Summarize the important financial information:

1. Revenue from sale of real estate development projects, Revenue from rendering of services ,Rental income and other income compared between Q2 of 2023 and Q2 of 2022



◀ The company had revenue from rendering of services and rental income (recurring income) for the second quarter ended June 30, 2023, the amount was Baht 199 million. Compared to the same period in 2022, there were revenue from rendering of services and rental income amounting to Baht 188 million , there was a decrease of THB 11 million.

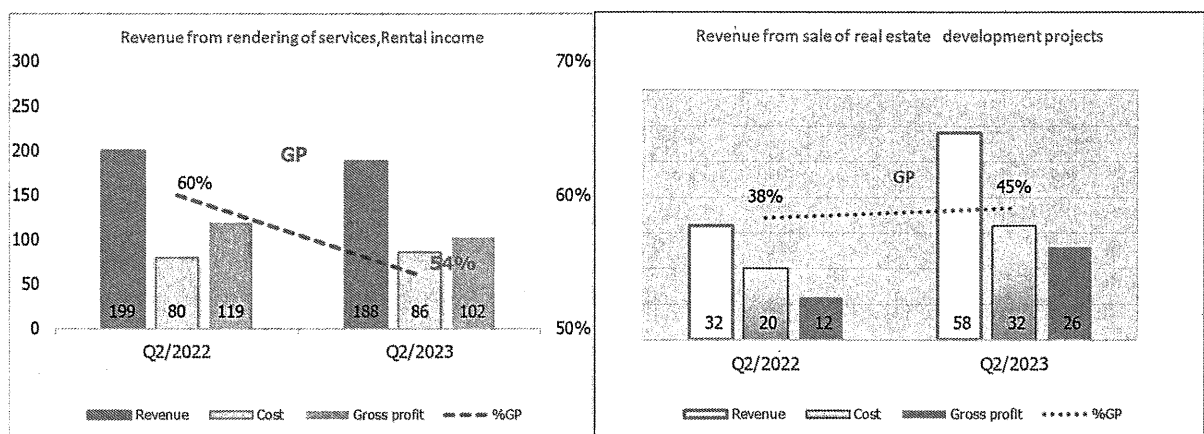
◀◀ In the Second quarter ending on June 30, 2023, the revenue from the sale of real estate development projects included the recognition of revenue from land transfer of 57.6 million baht. This represents an increase compared to the same period in 2022, where income recognized from land sales was 31.6 million baht.

◀◀ Part of other income, the Company had other income for the Second quarter ended June 30, 2023, comprised of Income from government grants of Baht 6.1 million ,equal to 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. This period, some parts of such flood protection system were end of depreciated period such as aqueduct system, dredging canal system, along with decreasing of government grants recognition.

The revenue from providing space and infrastructure amounted to 14.0 million baht, which is a similar to the same period in 2023.

As for other income sources, for the second quarter ending on June 30, 2023, it total 9.3 million baht, decreasing from the same period in 2022 which was 17.4 million baht.

2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit



◀◀ for the Second quarter ended June 30, 2023, the Company had cost of rendering of services of Baht 86 million together with gross profit of Baht 102 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 119 million. Gross profits margin decreased of Baht 17 million.

◀◀ The Company had cost of sale of real estate development projects of Baht 31.7 million with profit margin of Baht 26 million, This represents an increase in initial profit of 14 million baht, or a percentage increase of 53%. In the same period in 2022, the company had a cost of sales of 19.6 million baht and an initial profit of 12.0 million baht, with an initial profit margin at 38%.

3. Selling expenses and administrative

◀◀ Selling expenses and administrative expenses for the Second quarter ended June 30, 2023, was Baht 58.3 million compared with the same period of previous year which was Baht 51.2 Million, increased by Baht 7.1 million or 13.8%.

4. Depreciation expenses

◀◀ For the Second Quarter ended June 30, 2023, the Company had depreciation expenses of plant & equipment and Investment Properties of Baht 32.8 million, due to there was less operational assets.

5. Finance Costs

◀◀ The company had financial costs of 0.2 million baht in the second quarter ended on June 30, 2023, which slightly decreased compared to the same period in 2022 with 0.3 million baht.

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

◀◀ In the second quarter ended on June 30, 2023, the company recognized a share of loss from its investment in a joint venture - NNEG, following the Financial Reporting Standard No. 11 on Joint Arrangements, using the equity method. This amounted to 31.9 million baht. In comparison, for the same period in 2022, the company recognized an amount of (5.5) million baht, resulting in an increase of 37.4 million baht. (Calculated from the net profit (loss) of NNEG).

7. Income tax expenses

◀◀ ◀◀ In the second quarter ended on June 30, 2023, the Company had recorded income tax expenses of Baht 20.5 million, decreased of Baht 3.0 million, compared with the same period of previous year.



Financial Performance



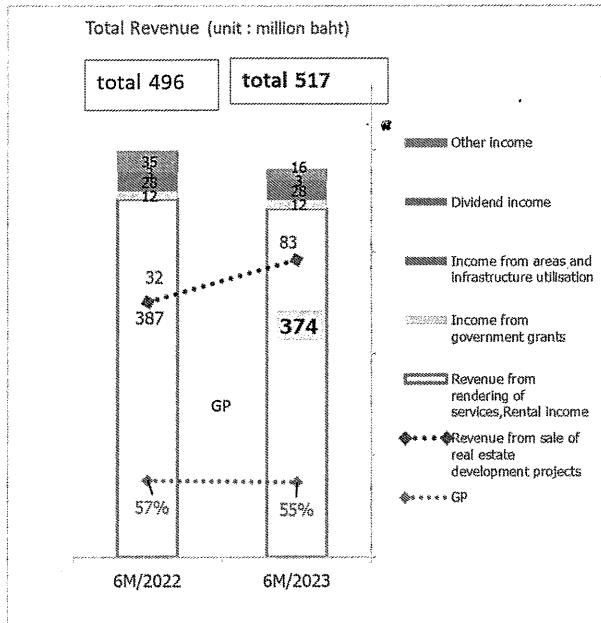
Compared 6M/2023 and 6M/2022

For the six-month period ended on June 30, 2023, the company achieved a net profit attributable to the parent company of 189.4 million baht, as reflected in the consolidated financial statements. This is in comparison to the same period in 2022, which had a net profit of 147.6 million baht. The operating results yielded an increased profit of 41.8 million baht, signifying increase of 28%

Table of key financial results

Unit: Million Baht	Consolidate		
	6m	6m	% Increase (Decrease)
	2023	2022	YoY
Total Revenue	516	496	4%
Revenue from rendering of services ,Rental income	374	387	-3%
Profit (loss) for the year	189	148	28%
* Profit (loss) from recurring income	204	221	-8%
* Profit (loss) from share of net profit - joint venture	35	(25)	240%
* Income from areas and infrastructure utilization- joint ventu	28	28	0%
* Profit (loss) from sale of real estate development projects	44	12	267%

1. Revenue from sale of real estate development projects, Revenue from rendering of services,



◀◀ The Company had revenue from rendering of services and rental income (recurring income) for the six-month ended June 30, 2023 of Baht 374 million, compared with same period of previous year, there were revenue from rendering of services and rental income amounting to Baht 387 million which decreased by 3% or Baht 13 million which mainly resulted from more usage utilities of customer in overall.

◀◀ There was sale of real estate development projects of Baht 83 million which increase from the same period of previous year with sale of real estate development projects of Baht 32 million.

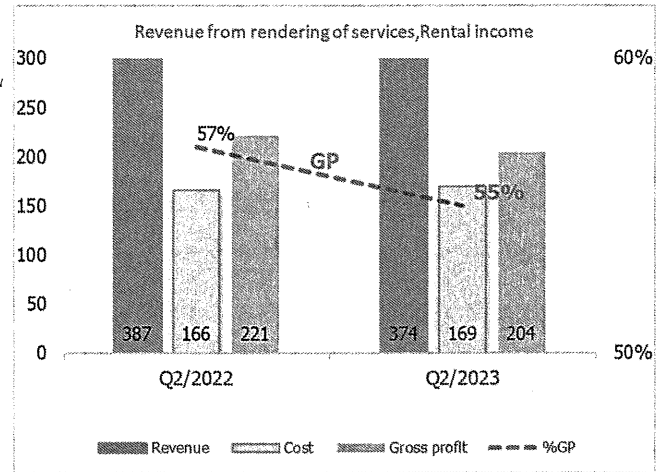
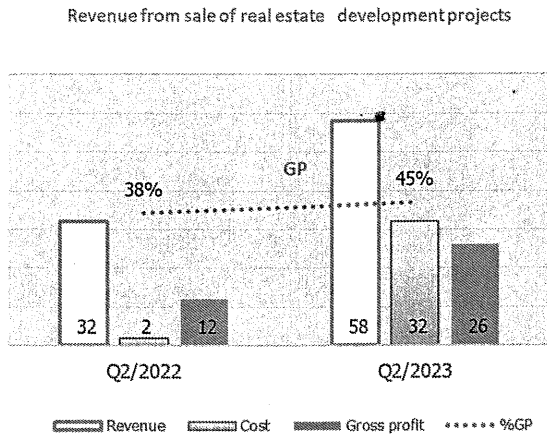
◀◀ The Company had other income for the six-month ended June 30, 2023, comprised of Income from government grants of Baht 12 million, no significant change from the same period of the previous year due to Income from government grants were recognized by amortization along with the estimated useful lives 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.

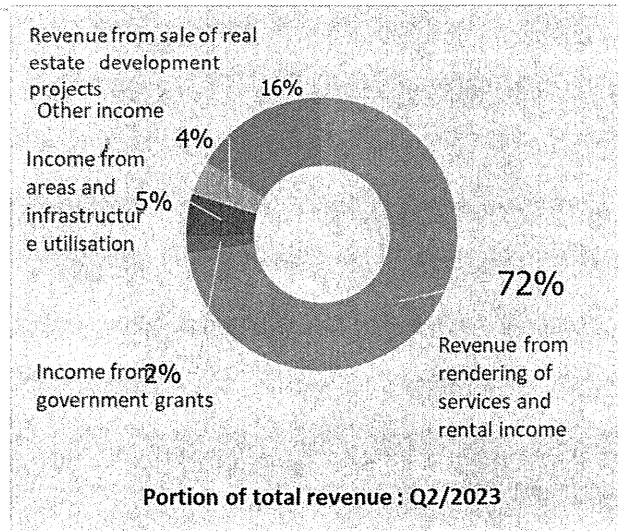
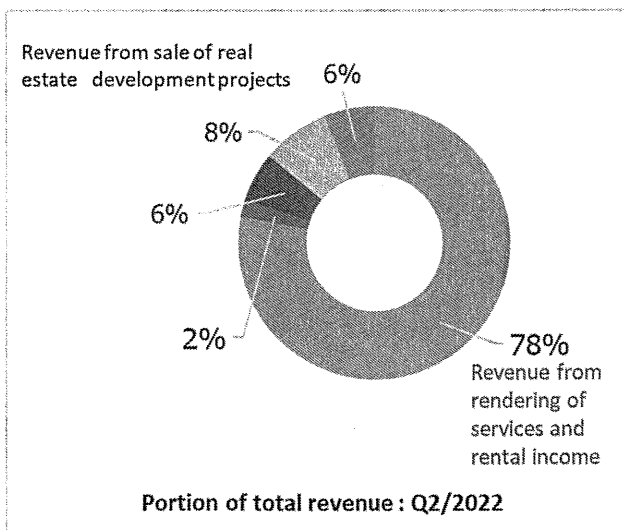
The company had other income, for the six-month ended June 30, 2023, of Baht 16 million, increased from the same period of the previous year due to increasing on interest receipt, gain from disposal of assets and mark down to market of mutual fund.



2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross



◀◀ The Company had cost of rendering of services, for the three-month ended June 30, 2023, of Baht 169.2 million together with gross profit of Baht 204.4 million whereas the same period of previous year, the Company had cost of rendering of services of Baht 165.7 million together with gross profit of Baht 221.2 million. Gross profits margin decreased of Baht 16.8 million. Gross profit margin for rendering of services and rental income equal to 17% at the same period of previous year.



◀◀ In terms of the cost of sales for the real estate development project for the six-month period ending on June 30, 2023, the company had a cost of sales of 39.6 million baht and an initial profit of 43.8 million baht. This represents a decrease in the initial profit margin of 53%. In comparison, for the same period in 2022, the company had a cost of sales of 19.6 million baht and an initial profit of 12.1 million baht, with an initial profit margin of 38%.

3. Selling and administrative expenses

◀◀ The company had selling and administrative expenses for the six-month period ending on June 30, 2023, totaling 113.9 million baht. This is in comparison to the same period in 2022, where the company had such expenses amounting to 98.9 million baht. This decrease amounted to 14.9 million baht or a reduction of 13%.

4. Depreciation expenses

◀◀ The company had depreciation expenses for the group of buildings and equipment, including real estate for investment, totaling 65.0 million baht for the six-month period ending on June 30, 2023. This is in comparison to the same period in 2022, where the company had depreciation expenses amounting to 82.9 million baht. This decrease reflects the reduction in the value of assets used for operations.

5. Financial Costs

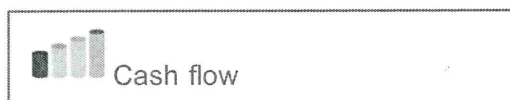
◀◀ The company had financial costs for the six-month period ending on June 30, 2023, amounting to 0.5 million baht. This is similar to the same period in 2022.

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

◀◀ In the six-month period ending on June 30, 2023, the company recognized a share of loss from its investment in a joint venture - NNEG, following the Financial Reporting Standard No. 11 on Joint Arrangements, using the equity method. This amounted to 35.3 million baht. In the same period in 2022, the company recognized an amount of (24.6) million baht.

7. Income tax expenses

◀◀ In the six-month period ending on June 30, 2023, the company incurred an income tax expense of 39.1 million baht. This is similar when compared to the same period in 2022.



◀◀ As at June 30, 2023, the company had cash and cash equivalents amounting to 459 million baht, which decreased by 44.8 million baht compared to June 30, 2022. This reduction was due to the following factors:

- Net cash flow from operating activities for the six-month period was 241.9 million baht, decreasing by 44.12 million baht compared to the same period in the previous year (2022).
- Net cash flow from (used in) investing activities for the six-month period was (412.2) million baht, contrasting with a positive figure of 134.9 million baht for the same period in the previous year.
- Net cash flow used in financing activities for the six-month period was (18.2) million baht, compared to (126.1) million baht for the same period in the previous year.

In summary, it can be observed that the company receives a cash inflow from operating activities, due to income from rendering of service, rental income and revenue from land sales. This was discussed in the operational performance section. This cash inflow is then used to meet interest-bearing debts, operating liabilities, and also to maintain a sufficient cash balance for investment in generating additional recurring income. The company retains the capability to distribute dividends.

Please be informed accordingly,

Sincerely yours,

A handwritten signature in blue ink, appearing to be "Pojana Saithong".

(Mr.Pojana Saithong)

Chief Financial Officer

Nava Nakorn Public Company Limited