

Ref. CS 008/02/2567

27 February 2024

Subject: Management Discussion and Analysis for the year ended 31 December 2023

To: President

The Stock Exchange of Thailand

According to the resolution of the Board of Directors' Meeting No.1/2024 of Nirvana Development Public Company Limited ("Company" or "NVD") held on 27<sup>th</sup> February 2024 to approve the financial statements for the year ended 31 December 2023, the Company would like to report the financial performance for the year ended 31 December 2023 as follows.

Comparative Operating Performance													
	4Q22		3Q23		4Q23		%Change		YE22		YE23		%Change
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq	Bt.m	%	Bt.m	%	yoy
<b>Revenues:</b>													
Revenue from sales of real estate	256	87%	502	90%	480	96%	88%	-4%	2,302	90%	1,788	89%	-22%
Revenue from construction contracts	40	13%	53	10%	22	4%	-44%	-58%	268	10%	216	11%	-19%
<b>Total revenues</b>	<b>295</b>	<b>100%</b>	<b>555</b>	<b>100%</b>	<b>503</b>	<b>100%</b>	<b>70%</b>	<b>-9%</b>	<b>2,569</b>	<b>100%</b>	<b>2,004</b>	<b>100%</b>	<b>-22%</b>
<b>Costs:</b>													
Costs of real estate sold	188	73%	322	64%	352	73%	88%	9%	1,491	65%	1,209	68%	-19%
Costs of construction	31	78%	46	86%	21	96%	-31%	-53%	224	84%	172	10%	-23%
<b>Total costs</b>	<b>219</b>	<b>74%</b>	<b>368</b>	<b>66%</b>	<b>374</b>	<b>74%</b>	<b>71%</b>	<b>2%</b>	<b>1,715</b>	<b>67%</b>	<b>1,380</b>	<b>69%</b>	<b>-20%</b>
<b>Gross profits</b>	<b>77</b>	<b>26%</b>	<b>187</b>	<b>34%</b>	<b>129</b>	<b>26%</b>	<b>68%</b>	<b>-31%</b>	<b>854</b>	<b>33%</b>	<b>624</b>	<b>31%</b>	<b>-27%</b>
Other incomes	65	22%	6	1%	14	3%	-79%	113%	152	6%	78	4%	-49%
Gain from fair value adjustment of investment property	6	2%	0	0%	228	45%	3415%	100%	6	0%	228	11%	3415%
Selling expenses	(81)	-28%	(85)	-15%	(57)	-11%	-30%	-33%	(338)	-13%	(315)	-16%	-7%
Administrative expenses	(54)	-18%	(42)	-7%	(99)	-20%	85%	138%	(256)	-10%	(247)	-12%	-3%
Financial costs (interest expenses)	(15)	-5%	(16)	-3%	(22)	-4%	46%	35%	(132)	-5%	(64)	-3%	-51%
<b>Profits before share of profits from JV</b>	<b>(2)</b>	<b>-1%</b>	<b>51</b>	<b>9%</b>	<b>193</b>	<b>38%</b>	<b>10488%</b>	<b>279%</b>	<b>287</b>	<b>11%</b>	<b>303</b>	<b>15%</b>	<b>5%</b>
Share of profits/(losses) from JV	1	0%	(3)	0%	(2)	0%	-232%	37%	(3)	0%	(8)	0%	172%
Income taxes	4	2%	(18)	-3%	(73)	-14%	-1736%	-312%	(57)	-2%	(82)	-4%	44%
<b>Net profits / (loss)</b>	<b>4</b>	<b>1%</b>	<b>31</b>	<b>6%</b>	<b>118</b>	<b>24%</b>	<b>2956%</b>	<b>288%</b>	<b>227</b>	<b>9%</b>	<b>212</b>	<b>11%</b>	<b>-7%</b>
Other comprehensive income	5	2%	0	0%	0	0%	-100%	na	0	0%	0	0%	na
<b>Total comprehensive income /(loss)</b>	<b>9</b>	<b>3%</b>	<b>31</b>	<b>6%</b>	<b>118</b>	<b>24%</b>	<b>1235%</b>	<b>288%</b>	<b>227</b>	<b>9%</b>	<b>212</b>	<b>11%</b>	<b>-7%</b>
<b>Profit (loss) attributable to</b>													
the owners of the parent	11	4%	31	6%	118	24%	990%	288%	201	8%	201	10%	0%
the non-controlling interests	(7)	-2%	0	0%	0	0%	100%	460%	26	1%	11	1%	-58%

NVD recorded total revenues of Bt.2,004m in FY23 decrease 22% yoy. The FY23 net profit attributable to the owners of the parent company was Bt.201m equivalent to FY22.

In 2023, amidst economic challenges compounded by ongoing conflict, adaptability became imperative for business survival. Despite a 22% year-on-year decline in total revenues to Bt.2,004 m, NVD effectively managed assets and financial costs, achieving a notable 51% reduction in financial costs to Bt.64m from Bt.132m in FY22. Notably, the parent company-maintained profitability at Bt.201m, consistent with FY22 figures.

In 2024, NVD is dedicated to enhancing efficiency in managing assets, liabilities, and expenses to align with project development, market dynamics, and customer demands. NVD prioritizes this strategy over hastily introducing new products in the current economic climate. In 2024, NVD plans to launch the home office project and develop a new residential concept in Krungthepkreetha, aiming to provide customers with an innovative living experience. In addition, NVD plans to develop and launch a high-rise condominium project at mid Sukhumvit. The total projects value for these three initiatives is approximately Bt. 6,700m.

## Revenues

NVD reported total consolidated revenues of Bt. 2,004m for FY23, decreased 22% yoy. Compared to the same period last year, segmented revenues consist of:

- **Revenues from Sales of Real Estate** down 22% yoy,
- **Revenues from Construction Contracts** down 19% yoy,

**Revenues from Sales of Real Estate** were Bt. 1,788m, down 22% yoy. The FY23 contribution was mainly from the 2.5-rai land sales along the Bangna Road and the transfer of landed residences sold from Nirvana DEFINE Srinakarin-Rama9, Nirvana DEFINE Ekkamai-ramintra, Nirvana DEFINE Kruthepkreetha, Nirvana ABSOLUTE Ekkamai-Ramintra, Nirvana ABSOLUTE Bangna, Nirvana ABSOLUTE Kruthepkreetha, Nirvana BEYOND Rama2, Nirvana ELEMENT Bangna and the transfer of condominium project from Banyan Tree Residences Riverside Bangkok and The Most Issaraphap.

**Revenues from Construction Service Contracts** were Bt. 216m, down 19% 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 FY23 were Bt. 1,380m, decreased 20% yoy. The total costs consist of:

- **Costs Real Estate Sold of** Bt. 1,209m
- **Costs of Construction of** Bt. 172m

Blended gross margins of 31% in FY23 decreased from 33% in FY22 in line with revenue decrease.

**Other incomes** were Bt. 78m, decreased 49% compared to FY22. Other incomes 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. 227.62m from the gain from fair value adjustment, by the independent appraiser, of investment property.

#### **Selling and General Administrative Expenses**

Selling expenses during FY23 of Bt. 315m decreased 7% yoy mainly from the marketing activities were co-manage with partners.

General administrative expenses in FY23 of Bt. 247m decreased 3% yoy mainly from the allowance for decrease of account receivable and deferred taxes adjustment.

#### **Financial Costs**

FY23 financial costs of Bt. 64m decreased 51% yoy as a result of interest capitalization of projects under development.

#### **Net Profit**

The company incurred net profit of Bt. 212 m in FY23, compared to Bt. 227 in FY22, down 7%.

#### **Assets**

Total assets End-FY23 were Bt.14,703m, slightly increased 9% yoy, increased Bt.1,202m. Major changes in the asset line items were the increases in the cost of property development Bt. 1,311m mainly from construction of Nirvana COLLECTION Kruthepkreetha, Nirvana ELEMENT Bangna, Nirvana DEFINE Krungthepkreetha, Nirvana ABSOLUTE Ekkamai-ramintra, Nirvana ABSOLUTE Bangna and Nirvana ABSOLUTE Krungthepkreetha and decreased of Short-term loans to others Bt.242m.

Consolidated Statements of Financial Position	YE2022		YE2023		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
<b>Assets:</b>						
Cash and cash equivalents	295	2%	255	2%	(41)	-14%
Trade and other receivables, net & related parties	304	2%	411	3%	107	35%
Inventories	2,168	16%	2,489	17%	320	15%
Costs of property development	7,705	57%	9,015	61%	1,311	17%
Unbilled receivables	42	0%	14	0%	(28)	-67%
Land deposits	2	0%	-	0%	(2)	-100%
Other current assets	110	1%	15	0%	(94)	-86%
Short-term loans to others	242	2%	-	0%	(242)	-100%
<b>Total current assets</b>	<b>10,867</b>	<b>80%</b>	<b>12,214</b>	<b>83%</b>	<b>1,346</b>	<b>12%</b>
Restricted bank deposits	44	0%	15	0%	(29)	-66%
Investment in joint venture, net	18	0%	16	0%	(2)	-9%
Land held for development	31	0%	30	0%	(0)	-1%
Property, plant and equipment, net	348	3%	267	2%	(81)	-23%
Investment Property	1,322	10%	1,310	9%	(11)	-1%
Right-of-use assets, net	284	2%	270	2%	(13)	-5%
Intangible assets, net	16	0%	11	0%	(5)	-33%
Goodwill	332	2%	332	2%	-	0%
Deferred tax assets	170	1%	153	1%	(17)	-10%
Other non-current assets	70	1%	85	1%	14	20%
<b>Total non-current assets</b>	<b>2,634</b>	<b>20%</b>	<b>2,489</b>	<b>17%</b>	<b>(145)</b>	<b>-5%</b>
<b>Total assets</b>	<b>13,501</b>	<b>100%</b>	<b>14,703</b>	<b>100%</b>	<b>1,202</b>	<b>9%</b>

## Liabilities

Total liabilities of Bt. 9,661m at End-FY23 increased 19% by Bt. 1,555m from Bt. 8,106m at End-YE22. Significant changes are summarized as follow:

- Bt.950m Callable and Secured Debentures No.1/2023, in two tranches; (1) callable and secured debentures, with a total value of Bt.465m, bearing a fixed interest rate of 6.40% per annum and will be due for repayment in 2024. And (2) callable and secured debentures, with a total value of Bt.485m, bearing a fixed interest rate of 6.70% per annum and will be due for repayment in 2025.
- Payment of Principal and Interests of Callable and Secured Debentures No.1/2021 (NVD233A), valued Bt.1,000m.
- Bt.1,369m interest-bearing debt increased from the borrowings from financial institutions for the development of projects on the northern side of the new Krungthepkreetha road, as well as long-term debentures.

## Equity

Total equity of Bt.5,042m at End-FY23 decreased 7% by Bt.354m from Bt.5,396m at End-FY22.

Significant changes are summarized as follows:

- The company's board approved the purchase of shares in its subsidiary, Nirvana River Company Limited. Following the transaction, on March 13, 2023, the company's ownership proportion increased from 69.99% to 99.99% based on the net asset value of the subsidiary's financial statements, which amounted to Bt. 795.44m. The NVD group recognized a non-controlling interest reduction of Bt. 340.90m and an increase in investment proportion of Bt. 135.65m, resulting in a total shareholder's equity of the group of 476.55 million baht in the subsidiary.

Consolidated Statements of Financial Position	YE2022		YE2023		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
<b>Liabilities &amp; Shareholders' Equity:</b>						
PN and ST borrowings from financial institutions, net	1,844	14%	1,029	7%	(815)	-44%
Trade, other payables & related parties	360	3%	642	4%	282	78%
Land payable	116	1%	632	4%	516	446%
Interest bearing debts due within one year, net	1,689	13%	1,531	10%	(158)	-9%
Retention payables	88	1%	92	1%	4	4%
Deposits and advance received from customers	84	1%	67	0%	(17)	-20%
Advance from customers for construction contracts	38	0%	18	0%	(20)	-54%
Other current liabilities	60	0%	62	0%	2	3%
<b>Total current liabilities</b>	<b>4,280</b>	<b>32%</b>	<b>4,073</b>	<b>28%</b>	<b>(207)</b>	<b>-5%</b>
Land payable	632	5%	-	0%	(632)	-100%
Interest bearing debts due over one year, net	2,998	22%	5,341	36%	2,343	78%
Other non-current liabilities	196	1%	248	2%	52	26%
<b>Total non-current liabilities</b>	<b>3,826</b>	<b>28%</b>	<b>5,588</b>	<b>38%</b>	<b>1,762</b>	<b>46%</b>
<b>Total liabilities</b>	<b>8,106</b>	<b>60%</b>	<b>9,661</b>	<b>66%</b>	<b>1,555</b>	<b>19%</b>
<b>Total equity</b>	<b>5,396</b>	<b>40%</b>	<b>5,042</b>	<b>34%</b>	<b>(354)</b>	<b>-7%</b>
<b>Total liabilities and equity</b>	<b>13,501</b>	<b>100%</b>	<b>14,703</b>	<b>100%</b>	<b>1,202</b>	<b>9%</b>
<i>Remarks:</i>						
<i>Total interest-bearing debts</i>	<i>6,531</i>	<i>48%</i>	<i>7,900</i>	<i>54%</i>	<i>1,369</i>	<i>21%</i>

## Key Financial Ratios

Liquidity ratio at End-FY23 was 3.00x, higher than 2.54x at End-FY22 due to the increase in costs of property development as discussed above.

Gross margins decreased from 33% in FY22 to 31% in FY23 as a norm rate of NVD Gross Margins.



Total liabilities-to-equity ratio at End-FY23 was 1.92x, increased from 1.50x at End-FY22, and the net interest-bearing debts to equity ratio increased from 1.16x to 1.52x. This was a result of the purchase of shares in its subsidiary as mentioned above.

Yours faithfully,

(Dr. Anothai Xanthavanij)  
Chief Financial Officer