

Ref. CS005/05/2024

9 May 2024

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2024

To: President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors' Meeting No.3/2024 of Nirvana Development Public Company Limited ("Company" or "NVD" or "Nirvana") held on 9th May 2024 to approve the financial statements for the quarter ended 31 March 2024, the Company would like to report the financial performance for the three-month period ended 31 March 2024 as follows.

Comparative Operating Performance	Quarterly :yoy & qoq							
	1Q23		4Q23		1Q24		%Change	
	Bt.m	%	Bt.m	%	Bt.m	%	yoy	qoq
Revenues:								
Revenue from sales of real estate	446	92%	480	96%	302	97%	-32%	-37%
Revenue from construction contracts	40	8%	22	4%	9	3%	-78%	-61%
Total revenues	486	100%	503	100%	310	100%	-36%	-38%
Costs:								
Costs of real estate sold	289	65%	352	73%	178	59%	-38%	-49%
Costs of construction	30	75%	21	96%	6	72%	-79%	-70%
Total costs	319	66%	374	74%	185	60%	-42%	-51%
Gross profits	167	34%	129	26%	126	40%	-25%	-3%
Other incomes	27	5%	14	3%	8	3%	-70%	-42%
Gain from fair value adjustment of investment property	0	0%	228	45%	0	0%	0%	-100%
Selling expenses	(89)	-18%	(57)	-11%	(44)	-14%	-50%	-22%
Administrative expenses	(53)	-11%	(99)	-20%	(41)	-13%	-23%	-59%
Financial costs (interest expenses)	(13)	-3%	(22)	-4%	(18)	-6%	41%	-15%
Profits before share of profits from JV	38	8%	193	38%	30	10%	-22%	-84%
Share of profits/(losses) from JV	(1)	0%	(2)	0%	(2)	-1%	217%	-35%
Income taxes	8	2%	(73)	-14%	(6)	-2%	-174%	92%
Net profits / (loss)	46	9%	118	24%	22	7%	-52%	-82%
Other comprehensive income	0	0%	0	0%	0	0%	na	na
Total comprehensive income /(loss)	46	9%	118	24%	22	7%	-52%	-82%
Profit (loss) attributable to								
the owners of the parent	35	7%	118	24%	22	7%	-37%	-82%
the non-controlling interests	11	2%	0	0%	0	0%	-100%	-51%

NVD recorded total revenues of Bt.310m in 1Q24, down 36% yoy and down 38% qoq. The 1Q24 net profit attributable to the owners of the parent company was Bt.22m, compared to Bt.35m in 1Q23 and Bt.118m in 4Q23.

Revenues

NVD reported total consolidated revenues of Bt. 310m for 1Q24, decreased 36% yoy and decreased 38% qoq. Compared to the same period last year, segmented revenues consist of:

- **Revenues from Sales of Real Estate** down 32% yoy,
- **Revenues from Construction Contracts** down 78% yoy,

Revenues from Sales of Real Estate were Bt. 302m, down 32% yoy. The 1Q24 revenue contribution was mainly from the residential projects such as DEFINE Ekkamai-Ramintra, DEFINE Srinakarin- Rama9 ABSOLUTE Ekkamai-Ramintra, ABSOLUTE Krungthep Kreetha including the transfers of condominium projects from Banyan Tree Residences Riverside Bangkok and The Most Issaraphap.

Revenues from Construction Service Contracts were Bt. 9m, down 78% 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 Nirvana BEYOND Att-U Park Bangna and Nirvana ICON Pinklao. Much of the decrease in revenue from construction contracts was due to less emphasis on external corporate contracts as the precast concrete capability would be more for internal use for the time being.

Cost of Sales and Gross Margins

Total consolidated costs for 1Q24 were Bt. 185m, decreased 42% yoy, in line with revenue decrease. The total costs consist of:

- **Costs Real Estate Sold of** Bt. 178m
- **Costs of Construction of** Bt. 6m

The blended gross margins for 1Q24 increased to 40% from 34% in 1Q23. This improvement was primarily driven by the transfer of condominium projects from Banyan Tree Residences Riverside Bangkok, which maintained a slightly higher margin.

Other incomes were Bt. 8m, usually comprised of management fees, services incomes, interest incomes and other miscellaneous incomes. The extra items incurred in 1Q23 were one-off mainly related to construction compensation and cancellation contracts.

Selling and General Administrative Expenses

Selling Expenses during 1Q24 of Bt. 44m decreased 50% yoy in line with the revenues. Administrative expenses in 1Q24 of Bt. 41m decreased 23% yoy. The reduction in selling and administrative expenses is part of the company's strategic initiative for 2024. The company aims to streamline all expenses to enhance margins, prioritizing profitability over revenue growth.

Financial Costs

1Q24 financial costs of Bt. 18m increased 41% yoy and but decreased 15% qoq as a result of the resumed interest capitalization for projects under development.

Net Profit

The company incurred a net profit of Bt. 22m in 1Q24, compared to Bt. 46m in 1Q23 and Bt. 118m in 4Q23. In line with the decrease of the revenue.

Assets

Total assets End-1Q24 were Bt.14,919m, slightly increased 1% yoy. The major changes in assets were the increases in the cost of property development by Bt. 228m and Investment property by Bt.86m. Major details of property development are from projects under construction namely Nirvana Collection, Nirvana ELEMENT Bangna, Nirvana ABSOLUTE and Nirvana DEFINE in both Krungthep Kreetha and Ekamai Ramintra area and increase of investment property is the on-going construction project, Nirvana Porch Community Mall.

Significant changes in line items are summarized as follows:

Consolidated Statements of Financial Position	YE2023		1Q2024		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Assets:						
Cash and cash equivalents	255	2%	168	1%	(87)	-34%
Trade and other receivables,net & related parties	411	3%	398	3%	(13)	-3%
Inventories	2,489	17%	2,531	17%	43	2%
Costs of property development	9,015	61%	9,207	62%	192	2%
Unbilled receivables	14	0%	11	0%	(3)	-20%
Short-term loans to related parties	15	0%	21	0%	6	41%
Other current assets	15	0%	15	0%	(0)	-2%
Total current assets	12,214	83%	12,351	83%	137	1%
Restricted bank deposits	15	0%	15	0%	-	0%
Investment in joint venture, net	16	0%	14	0%	(2)	-14%
Land held for development	30	0%	30	0%	-	0%
Property, plant and equipment, net	267	2%	259	2%	(8)	-3%
Investment Property	1,310	9%	1,396	9%	86	7%
Right-of-use assets, net	270	2%	267	2%	(3)	-1%
Intangible assets, net	11	0%	11	0%	(0)	-3%
Goodwill	332	2%	332	2%	-	0%
Deferred tax assets	153	1%	160	1%	7	4%
Other non-current assets	85	1%	86	1%	1	2%
Total non-current assets	2,489	17%	2,569	17%	80	3%
Total assets	14,703	100%	14,920	100%	217	1%

Liabilities

Total liabilities of Bt. 9,856m at End-1Q24 increased 2% by Bt. 194m from Bt. 9,661m at End-YE23. Besides the change related to drawdown from project financial loan, the significant changes are summarized as follows:

- Payment of capital and interest of unsubordinated debenture due in February 2024 amount of Bt.200m

Consolidated Statements of Financial Position	YE2023		1Q2024		Change from YE	
	Bt.m	%	Bt.m	%	Bt.m	%
Liabilities & Shareholders'Equity:						
PN and ST borrowings from financial institutions, net	1,029	7%	1,171	8%	142	14%
Trade, other payables & related parties	642	4%	556	4%	(86)	-13%
Land payable	632	4%	632	4%	-	0%
Interest bearing debts due within one year, net	1,531	10%	1,435	10%	(95)	-6%
Retention payables	92	1%	99	1%	7	7%
Deposits and advance received from customers	67	0%	124	1%	57	84%
Advance from customers for construction contracts	18	0%	26	0%	8	44%
Other current liabilities	62	0%	64	0%	2	3%
Total current liabilities	4,073	28%	4,107	28%	34	1%
Long-term borrowings from financial institutions, net	4,720	32%	4,879	33%	159	3%
Debenture, net	481	3%	481	3%	1	0%
Finance lease liabilities, net	140	1%	139	1%	(1)	-1%
Other non-current liabilities	248	2%	250	2%	2	1%
Total non-current liabilities	5,588	38%	5,749	39%	161	3%
Total liabilities	9,661	66%	9,856	66%	195	2%
Total equity	5,042	34%	5,064	34%	22	0%
Total liabilities and equity	14,703	100%	14,920	100%	217	1%
<i>Remarks:</i>						
<i>Total interest-bearing debts</i>	<i>7,900</i>	<i>54%</i>	<i>8,106</i>	<i>54%</i>	<i>206</i>	<i>3%</i>

Equity

Total equity of Bt. 5,064m at End-1Q24 slightly increased from Bt. 5,042m at End-YE23, resulting from the retain earnings.

Key Financial Ratios

Liquidity ratio at End-1Q24 was 3.01x, slightly higher than 3.00x at End-FY23

Gross margins increased significantly from 31% at End-FY23 to 40% in 1Q24 resulting major from the transferred of Banyan Tree Residences Riverside Bangkok, which maintained a slightly higher margin.

Total liabilities-to-equity ratio at End-1Q24 was 1.95x, increased from 1.92x at End-FY23, and the net interest-bearing debts to equity ratio increased from 1.49x to 1.55x. The Company strictly maintains financial discipline to comply with bond and loan covenants with net gearing ratio (Net Interest- Bearing Debt to Equity) less than 2.0 times.

Yours faithfully,

(Dr. Anothai Xanthavanij)
Chief Financial Officer