

9 August 2024

Subject : Management Discussion and Analysis for Q2/2024
 To : Director and Manager
 the Stock Exchange of Thailand

Ornsirin Holding Public Company Limited and its Subsidiaries (the "Company") would like to clarify the operational results for Q2/2024, ending on June 30, 2024. The details are as follows:

The operating result of the company and its subsidiaries for Q2/2024

List	Q2'67	Q1'67	Q2'66	%QoQ	%YoY
Unit: Million Baht					
1.Total Revenue*	182.99	196.66	211.45	-6.95%	-13.46%
2.Total Revenue from sales	182.47	196.22	206.08	-7.01%	-11.46%
1) Revenue from sales - Housing projects	108.53	109.04	95.31	-0.47%	13.88%
2) Revenue from sales - Condo projects	72.87	77.31	109.93	-5.74%	-33.71%
3) Revenue from land sales	-	8.75	-	-100.00%	
4) Revenue from rental and services	1.06	1.12	0.84	-4.69%	26.54%
3.Other income	0.51	0.44	5.37	16.69%	-90.42%
4.COGS	110.70	122.95	116.02	-9.96%	-4.58%
5.Gross Profit	71.77	73.27	90.06	-2.04%	-20.31%
6.Sales and Administrative expense	73.04	63.79	65.61	14.51%	11.33%
1) Distribution cost	24.77	22.02	23.04	12.48%	7.51%
2) Administrative expense	48.27	41.76	42.56	15.58%	13.41%
7.EBIT	(1.20)	9.67	29.38	-112.38%	-104.08%
8.EBITDA	2.06	12.86	32.05	-84.01%	-93.59%
9.Net Profit	(2.32)	10.42	22.05	-122.24%	-110.51%
10.Net Profit (attributed to the parent)	(2.34)	10.42	21.97	-122.45%	-110.64%
<u>Financial ratio (%)</u>					
11.Gross Profit margin**	39.33%	37.34%	43.70%	5.34%	-10.00%
1) Gross Profit of housing Project	35.82%	31.17%	39.75%	14.91%	-9.88%
2) Gross Profit of Condominium	43.68%	41.31%	46.70%	5.72%	-6.47%
12.Sales and Administrative expense/Total Revenue	40.03%	32.51%	31.84%	23.14%	25.74%
13.EBIT margin	-0.66%	4.92%	14.26%	-113.34%	-104.60%
14.EBITDA margin	1.13%	6.54%	15.15%	-82.77%	-92.57%
15.Net Profit margin	-1.27%	5.31%	10.70%	-123.92%	-111.87%
16.Net Profit margin (attributed to the parent)	-1.28%	5.31%	10.66%	-124.14%	-112.02%

Note: * Total Revenue calculated by sum of revenue from sales, other income and financial income

**Gross profit margin calculated by gross profit divided by revenue from sales

Revenue

In Q2/2024, ending on June 30, 2024, the company reported total sales revenue of 182.47 million baht. This represents a decrease of 13.75 million baht, or 7.01%, compared to the previous quarter. Which had total sales revenue of 196.22 million baht. Compared to the same period last year, the revenue decreased by 23.61 million baht or 11.46%, which had total sales revenue of 206.08 million baht.

The proportion of revenue from the transfer of ownership of housing project and land amounted to 108.53 million baht, while the transfer of ownership of condominium units in high-rise projects amounted to 72.87 million baht. These revenues represented 59.31% and 39.82% of the total revenue respectively. Additionally, revenue from leasing and services amounted to 1.06 million baht, accounting for less than 1% of the total group revenue.

The significant decrease in revenue from the transfer of ownership of housing project and condominiums in Q2/2024, compared to the same period last year. Due to the ongoing economic pressures in Thailand. These include inflation and high interest rates, which have affected the approval of Post Finance loans by financial institutions. Additionally, the widespread air pollution caused by PM 2.5 dust across Thailand including in several northern provinces such as Chiang Mai—where the company's projects are located—has also contributed to the reduced transfer volumes. However, the company expects to see an increase in revenue from this segment starting in Q3/2024.

Despite the decrease in transfer volumes, sales volumes experienced a significant growth. During this quarter, the company achieved sales of 152 units, valued at 517.80 million baht. This represents an increase of 302.54 million baht, or a 140.54% growth compared to the same period last year.

The sales include 44 units of single-house projects, valued at 168.52 million baht. Notable projects include:

Belive Wongwaen-Sankamphaeng: 18 units, valued at 67.09 million baht

Belive Ruamchok: 4 units, valued at 17.18 million baht

Ornsirin Ville Chotana: 5 units, valued at 16.74 million baht

Ornsirin Ville Tharua: 5 units, valued at 17.17 million baht

Additionally, sales from high-rise projects for the three months of Q2/2024 totaled 108 units, valued at 349.28 million baht. Major contributions came from:

Arise Charoenmuang: 47 units, valued at 142.56 million baht

Astra Sky River: 39 units, valued at 156.16 million baht

Arise Mahidol: 7 units, valued at 17.71 million baht

The Next Ruamchok City Hall 1: 6 units, valued at 12.82 million baht

Particularly for the Arise Charoenmuang project, a flagship high-rise condominium project of the company. The cumulative sales up to Q2/2024 have reached 253 units, which represents 53.94% of the total units available for sale, with a sales value of 794.14 million baht. Of these sales, 200 units (79.05%) were purchased by international clients, totaling 656.12 million baht. While 53 units (20.94%) were purchased by domestic clients, totaling 138.02 million baht. The project is expected to be completed and the ownership transferred to customers within Q2/2025.

As of June 30, 2024, the company has a total backlog of 370 units, with a total sales value of 1.142 billion baht.

Cost of Goods Sold and Gross Profit

In Q2/2024 and Q2/2023, the company group incurred costs of 110.70 million baht and 116.02 million baht respectively. This represents a decrease of 5.32 million baht, or 4.58%, compared to the same period last year. Gross profit was 71.77 million baht and 90.06 million baht, showing a decrease of 18.29 million baht or 20.31% compared to the same period last year. The decrease in cost and gross profit is consistent with the decline in revenue.

In Q2/2024, the group's overall gross profit margin was 39.33% of total revenue. A decrease of 4.37 percentage points. This trend aligns with the decrease in revenue, compared to the same period last year, when the gross profit margin was 43.70%. Because the group significantly transferred ownership of units in the Astra Sky River project last year.

Expenses

Distribution Costs

In Q2/2024, the company group incurred distribution costs of 24.77 million baht which is an increase of 7.51% from 23.04 million baht in the same period last year. The increase is due to higher costs associated with promoting advertising media for new projects.

Administrative Expenses

In Q2/2024, the company group had administrative expenses amounting to 48.27 million baht which is an increase of 5.71 million baht, or 13.41%, compared to the same period last year. The main components of the increase include:

- 2.16 million baht for international school Mill Hill
- 2.84 million baht for employee-related expenses

The increase in expenses is to support business expansion in line with the company's business plan.

Financial Costs

In Q2/2024, the company's financial costs amounted to 0.56 million baht. A decrease of 76.10% from 2.34 million baht in the same period last year. This significant reduction is due to the increased development of existing land for new projects to support business growth. As a result, interest on the land used for development can be recorded as part of the cost of development rather than as a financial expense.

Net Profit (Loss) Attributable to Parent Company

In Q2/2024 and Q2/2023, the company group recorded a net loss attributable to the parent company of (2.34) million baht and a net profit of 21.97 million baht respectively. This represents a net profit (loss) margin of (1.28%) and 10.39% of total revenue respectively. The decrease in net profit is consistent with the decrease in revenue.

Financial Position

Total Assets

As of June 30, 2024, the company group had total assets amounting to 4,409.75 million baht. An increase of 443.54 million baht, or 11.18%, compared to December 31, 2023. The increase is primarily due to a rise in inventory including land and work in progress amounting to 335.32 million baht and advance commissions for the Arise Charoenmuang project totaling 32.29 million baht.

Total Liabilities

As of June 30, 2024, the company group had total liabilities amounting to 2,083.38 million baht, an increase of 510.44 million baht or 32.45% compared to December 31, 2023. The increase primarily stems from:

- Unrecognized revenue from the Arice Charoenmuang project amounting to 103.89 million baht.
- Long-term loans approved by financial institutions for the Arise Vibe Phuket and Ornsirin Ville Tharua projects totaling 180.00 million baht.

On June 20, 2024, the company issued secured, non-subordinated, registered debentures with a representative of the debenture holders. The debentures, totaling 300 million baht (300,000 debentures at 1,000 baht each), are due for redemption on December 20, 2026. The issuer having the right to redeem them early. The debentures carry an annual interest rate of 7.25% and are intended to support the development of the Arise CharoenMuang project and provide working capital.

The company's interest-bearing debt-to-equity ratio increased to 0.66:1 from 0.50:1 compared to the previous year, and the total debt-to-equity ratio increased to 0.90:1 from 0.66:1 compared to the previous year. The company continues to maintain investment balance and financial discipline to keep debt ratios in line with company policy, aiming for sustainable growth and stable returns for investors.

Total Shareholders' Equity

As of June 30, 2024, the company group had total shareholders' equity of 2,326.37 million baht, a decrease of 66.90 million baht, or 2.80%, compared to December 31, 2023. This decrease is primarily due to the payment of dividends for 2023, at a rate of 0.05 baht per share, totaling 75.00 million baht, during Q2/2024.