



NNCL AC 017/2567

13 August 2024

Subject Explanation of the change in operating results for the three-month ended June 30, 2024 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, 2024 compared with the same period of previous year as follows:-

Net profit (loss)

Compared Q2/ 2024 and Q2/2023

The company reported its operating results for the second quarter ended June 30, 2024. The consolidated financial statements showed a net profit attributable to the parent company of 255.98 million baht, compared to the same period in 2023, which had a net profit of 189.47 million baht. The operating results increased by 66.51 million baht, or a 35% increase in profit.

This is due to the company recognizing revenue from land sales, shared profit from joint ventures, and increased recurring income. Additionally, the company has continued to manage and reduce overall costs and expenses consistently.

Financial Position

As at June 30, 2024, the company still maintains a strong financial position, with total assets as of June 30, 2024, amount 4,695.52 million baht. This includes cash and cash equivalents, temporary investments, and fixed deposits with financial institutions totaling 834.7 million baht.

Total liabilities amount 952.49 million baht, consisting of interest-bearing debts 155.72 million baht, and equity 3,743.02 million baht.

Table of key financial results

(Unit: Million Baht)

(Unit : Million Baht)	Consolidate		%
	Q2	Q2	Increase (Decrease)
	2024	2023	QoQ
Total Revenue	538	517	4%
Revenue from rendering of services and rental income	373	374	0%
EBITDA	305	236	29%
Profit for the year	256	189	35%
* Profit from recurring income	205	195	5%
* Profit from share of net profit - joint venture	50	35	40%
* Income from areas and infrastructure utilization- joint venture	29	28	5%
* Profit from sale of real estate development projects	96	44	120%

; with the highlight financial information details as follows:

1. Revenue from sale of real estate development projects, Revenue from rendering of services ,Rental income and other income for the second quarter of 2024 compared to the second quarter of 2023.

◀◀ The company had recurring income from service provision and rental income for the second quarter ending on June 30, 2024, totaling 372.71 million baht. This is compared to the same period in 2023, where the company had total recurring income from service provision and rental income of 373.63 million baht, showing a performance similar to the previous year.

◀◀ Revenue from real estate development projects for the second quarter ending on June 30, 2024, revenue recognized from land transfers totaling 99.0 million baht, compared to the same period in 2023, which recognized revenue of 83.35 million baht, an increase of 15.65 million baht.

◀◀ For other income groups, for the second quarter ended June 30, 2024, this included government grants amounting to 12.39 million baht, which was similar to 2023. This is because government grant revenue is recognized gradually over the useful life of the flood protection system,

as some system components gradually reach the end of their useful life, such as drainage work and canal dredging.

Income from areas and infrastructure utilization amounted of Baht 29.46 million, which is similar to 2023, due to income from contracts for the use of space for transmission lines, pipeline systems, and infrastructure by companies such as Ratch Cogeneration Co.,Ltd ,Nava Nakorn Electricity Generating Co., Ltd and R E N Korat Energy Co.,Ltd.,

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

◀◀ The company had direct service costs for the second quarter ended June 30, 2024, totaling 168.11 million baht, with a gross profit of 204.60 million baht. Compared to the same period in 2023, direct service costs were 178.51 million baht, with a gross profit of 195.13 million baht. The reduction in costs by 10.40 million baht, or 6%, led to an increase in gross profit of 9.48 million baht.

◀◀ For real estate development project sales costs for the second quarter ended June 30, 2024, the company generated revenue from land sales of 99.0 million baht, with real estate development project costs of 2.60 million baht, resulting in a gross profit of 96.40 million baht. In comparison, for the same period in 2023, revenue from land sales was 83.45 million baht, with real estate development project costs of 39.58 million baht, and a gross profit of 43.77 million baht. This resulted in an increase in gross profit of 52.64 million baht, due to higher selling prices and lower sales costs.

3. Selling expenses and administrative

◀◀ The company had administrative expenses for the second quarter ended June 30, 2024, amounting to 107.91 million baht, compared to 104.62 million baht for the same period in 2023, an increase of 3.29 million baht. This increase is a normal adjustment in operations. However, management continues to pursue a policy of overall cost reduction.

4. Depreciation expenses

◀◀ The company incurred depreciation expenses for buildings and equipment, as well as investment properties, totaling 67.99 million baht. This represents an increase of 2.97 million baht compared to 65.02 million baht for the same period in 2023. These assets are used in normal operations.

5. Finance Costs

◀◀ The company had financial costs in the second quarter ended June 30, 2024, amounting to 0.46 million baht, compared to 0.58 million baht for the same period in 2023, representing a slight decrease..

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

◀◀ In the second quarter ended June 30, 2024, the company recognized a share of profit from investments in joint ventures according to IFRS 11, "Joint Arrangements," using the equity method, amounting to 49.53 million baht (calculated from net profit). Compared to 2023, the company recognized a share of profit from investments in joint ventures amounting to 35.33 million baht, an increase of 14.20 million baht.

7. Income tax expenses

◀◀ In the second quarter ended June 30, 2024, the company incurred income tax expenses amounting to 52.79 million baht, an increase of 13.70 million baht compared to the same period in 2023. This increase corresponds with the net profit from operations.



Financial Position



Total assets

As of June 30, 2024, the company had total assets of 4,695.52 million baht, an increase of 178.82 million baht from the total assets of 4,516.70 million baht as of December 31, 2023. This increase resulted from:

◀◀ Current assets comprised of (1) Cash and cash equivalents, and short-term investments totaling 860.70 million baht, an increase of 44.25 million baht, primarily due to cash inflows from

operations after increased payment of operating liabilities. (2) Account Receivables totaling 63.87 million baht, an increase of 1.08 million baht.

◀◀ Non-current assets comprised of

- (1) Investments in joint ventures amounted to 1,043.85 million baht, an increase of 49.53 million baht.
- (2) Investment in a certain debt instrument totaled 48.95 million baht, an increase of 1.0 million baht
- (3) Guarantee funds for credit lines provided to joint ventures with financial institutions amounted to 70.0 million baht.
- (4) Land, buildings, equipment, and investment properties, totaled 1,737.30 million baht, an increase of 68.59 million baht due to additional purchases.



As of June 30, 2024, the company had total liabilities of 952.49 million baht, an increase of 45.73 million baht from total liabilities of 906.76 million baht as of December 31, 2023, due to the following:

◀◀ primarily consisting of major items like unearned revenue totaling 549.59 million baht, an increase of 38.63 million baht due to revenue being recognized gradually on a straight-line basis during the period, and long-term borrowings from financial institutions totaling 115.80 million baht, a decrease of 14.08 million baht.

◀◀ Non-current liabilities, mainly consisting of guarantees and provisions, totaling 66.63 million baht, a decrease of 2.07 million baht.



The capital structure as of June 30, 2024, was 3,743.02 million baht, an increase of 133.09 million baht from the shareholders' equity of 3,609.94 million baht as of December 31, 2023.



◀◀ As of June 30, 2024, the company had cash and cash equivalents totaling 432.84 million baht, a decrease of 26.84 million baht from 2023 due to

◀◀Sources of funds amount of Baht 304.06 million, primarily came from net cash received from operating activities offset with remaining working capital after settling operating liabilities, which is allocated for repayment of maturing liabilities.

◀◀Uses of funds totaled 292.59 million baht, consisting of cash paid for financing activities, which included loan repayments and dividend payments totaling 143.38 million baht, and cash used in investing activities totaling 149.22 million baht, primarily from land, building, and equipment purchases amounting to 114.05 million baht.

Overall, it can be observed that the company has a cash inflow from operational activities due to recurring revenue from service provision, rental income, and land sales, as mentioned in the operating results section. This cash inflow enables the company to meet interest-bearing debts, operational debts, and still have sufficient cash flow for investment to generate additional recurring income. The company also retains the ability to distribute dividends.

Please be informed accordingly,

Sincerely yours,



(Mr.Pojana Saithong)

Chief Financial Officer

Nava Nakorn Public Company Limited