

KUNALAI

KUN 078/2023

10 August 2023

Subject : Management Discussion and Analysis (MD&A) for the Second Quarter of 2023

Attention: Directors and Managers of The Stock Exchange of Thailand

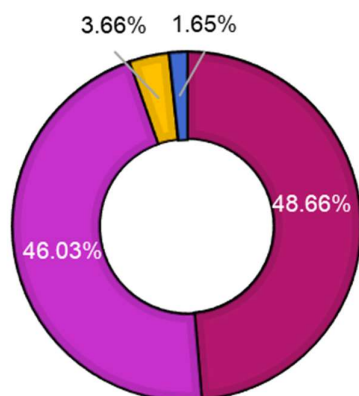
The performance of Villa Kunalai Public Company Limited ("KUN") for the 3 month and 6 month period ended 30 June 2023 compared to the prior period are summarized as follows:

Income Statement (3 month)	Q2'2023		Q2'2022		Movment	
Revenue from sales of real estates	224.41	100.00%	277.11	100.00%	(52.70)	-19.02%
Cost of sales	(164.75)	-73.41%	(197.51)	-71.27%	32.76	-16.59%
Gross profit	59.65	26.58%	79.60	28.73%	(19.95)	-25.06%
Other income	0.86	0.38%	0.86	0.31%	-	0.00%
Selling expenses	(16.86)	-7.51%	(17.87)	-6.45%	1.01	-5.65%
Administrative expenses	(16.34)	-7.28%	(15.58)	-5.62%	(0.76)	4.88%
Finance costs	(0.94)	-0.42%	(0.36)	-0.13%	(0.58)	161.11%
Profit before income tax expense	26.37	11.75%	46.66	16.84%	(20.29)	-43.48%
Income tax expense	(5.32)	-2.37%	(9.43)	-3.40%	4.11	-43.58%
Profit for the period	21.05	9.38%	37.23	13.44%	(16.18)	-43.46%
Profit/(Loss) attributable to:						
Owners of the parent	20.99	9.35%	37.15	13.41%	(16.16)	-43.50%
Non-controlling interests	0.06	0.03%	0.08	0.03%	(0.02)	-25.00%
	21.05	9.38%	37.23	13.44%	(16.18)	-43.46%
Basic earnings per share	0.03		0.05			

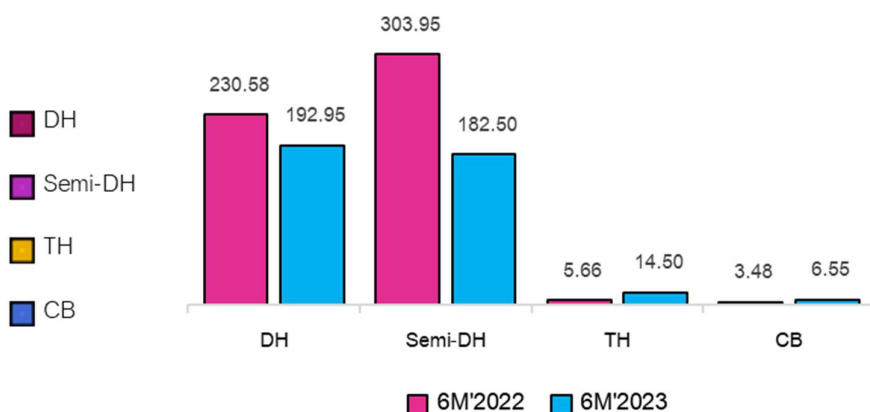
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Income Statement (6 month)	6M'2023		6M'2022		Movment	
Revenue from sales of real estates	396.50	100.00%	543.67	100.00%	(147.17)	-27.07%
Cost of sales	(298.69)	-75.33%	(381.62)	-70.19%	82.93	-21.73%
Gross profit	97.81	24.67%	162.05	29.81%	(64.24)	-39.64%
Other income	1.73	0.44%	1.82	0.33%	(0.09)	-4.95%
Selling expenses	(31.01)	-7.82%	(35.83)	-6.59%	4.82	-13.45%
Administrative expenses	(32.92)	-8.30%	(31.49)	-5.79%	(1.43)	4.54%
Finance costs	(2.54)	-0.64%	(1.44)	-0.26%	(1.10)	76.39%
Profit before income tax expense	33.07	8.34%	95.10	17.49%	(62.03)	-65.23%
Income tax expense	(6.75)	-1.70%	(19.20)	-3.53%	12.45	-64.84%
Profit for the period	26.32	6.64%	75.90	13.96%	(49.58)	-65.32%
Profit/(Loss) attributable to:						
Owners of the parent	26.19	6.61%	75.78	13.94%	(49.59)	-65.44%
Non-controlling interests	0.13	0.03%	0.12	0.02%	0.01	8.33%
	26.32	6.64%	75.90	13.96%	(49.58)	-65.32%
Basic earnings per share	0.04		0.11			

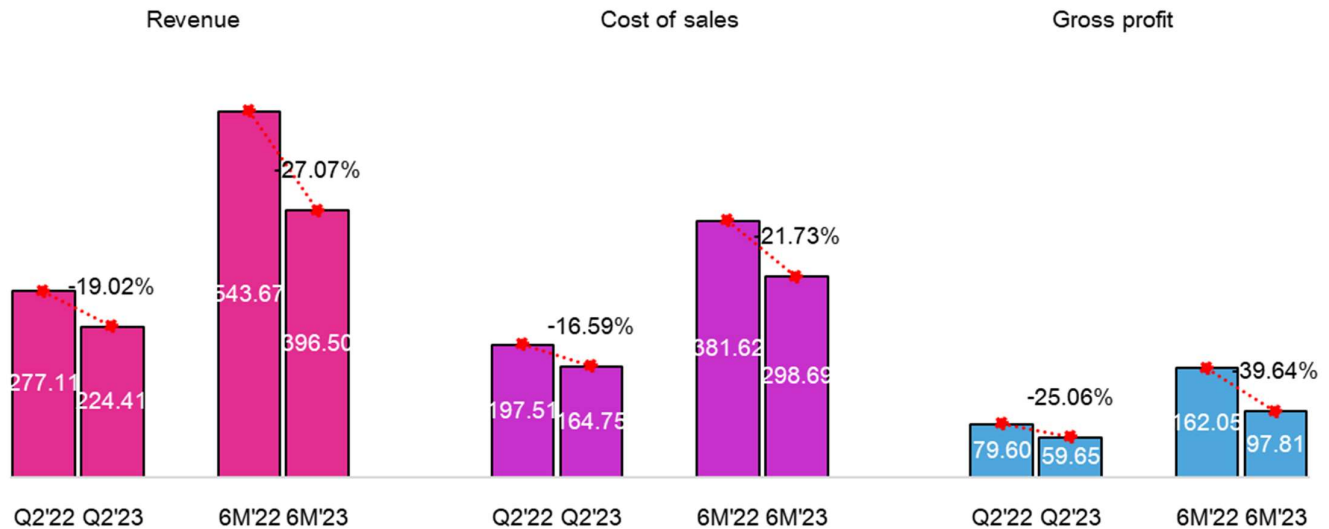
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Revenue from sales of real estates

In Q2'2023, revenue from sales of real estates decreased by THB 52.70 million or 19.02% compared to the same period last year, from THB 277.11 million to THB 224.41 million. Because of the slowdown in sales while the loan reject rate increased compared to the same period last year. The company expects earnings to accelerate in the second half of 2023 because of The Thai economy in second half of 2023 is projected to expand. Key supporting factors include: (1) the recovery of tourism sector , (2) the continual expansion of private consumption and (3) the expansion in both private and public investment.

For the 6 month accumulated revenue from sales of real estates decreased from THB 543.67 million to THB 396.50 million baht, an decreased of THB 147.17 million or 27.07% from the 6 month period of the previous year.

Cost of sales

In Q2' 2023, cost of sales decreased by THB 32.76 million or 16.59% compared to the same period last year from THB 197.51 million to THB 164.75 million. Cost of sales per revenue in the second quarter improved from the first quarter as a result of revenue recognition in the Kunalai Navara Rama 2. This project has a gross profit margin higher than the average of projects in the group.

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For the 6 month accumulated gross profit decreased from THB 381.62 million to THB 298.69 million baht, decreased of THB 82.93 million or 21.73% from the 6 month accumulated period of the previous year.

Gross Profit

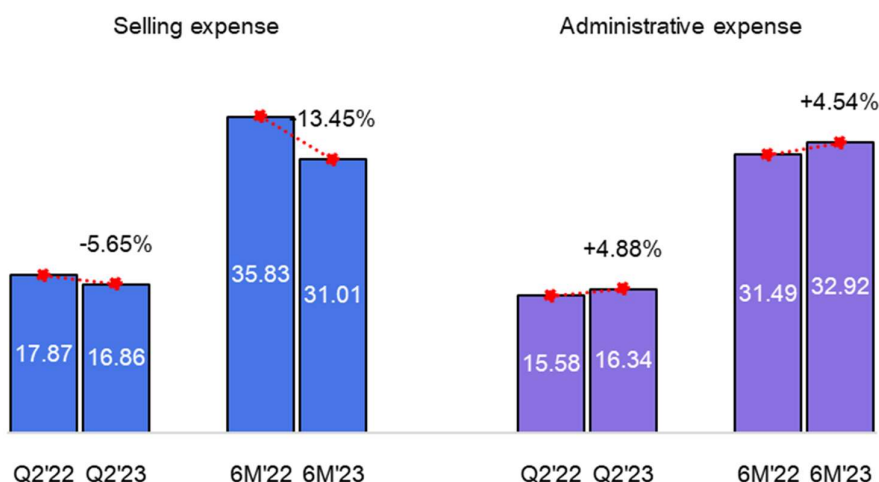
In Q2'2023, gross profit decreased by THB 19.95 million or 25.06% compared to the same period last year from THB 79.60 million to THB 59.65 million.

For the 6 month accumulated gross profit decreased from THB 162.05 million to THB 97.81 million baht, decreased of THB 64.24 million or 39.64% from the 6 month accumulated period of the previous year.

Other income

In Q2'2023, other income THB 0.86 million unchanged compared to the same period last year.

For the 6 month accumulated other income decreased from THB 1.82 million to THB 1.73 million baht, an decreased of THB 0.09 million or 4.95% from the 6 month accumulated period of the previous year.



Selling expenses

In Q2'2023, selling expenses decreased by THB 1.01 million or 5.65% compared to the same period last year from THB 17.87 million to THB 16.86 million. Because lower sales caused proportionate decrease in selling expense.

For the 6 month accumulated selling expenses decreased from THB 35.83 million to THB 31.01 million baht, an decreased of THB 4.82 million or 13.45% from the 6 month accumulated period of the previous year.

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Administrative expenses

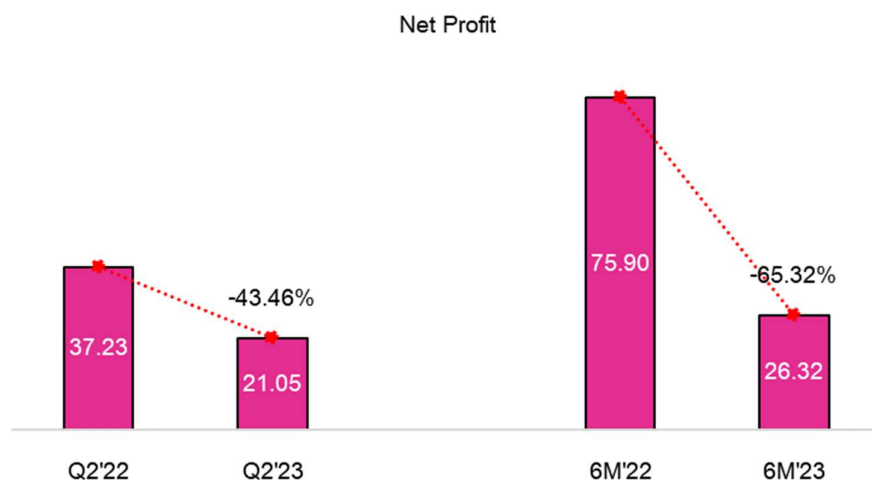
In Q2' 2023, administrative expenses increased by THB 0.76 million or 4.88% compared to the same period last year from THB 15.58 million to THB 16.34 million.

For the 6 month accumulated administrative expenses increased from THB 31.49 million to THB 32.92 million baht, an increased of THB 1.43 million or 4.54% from the 6 month accumulated period of the previous year.

Finance cost

In Q2' 2023, finance cost increased by THB 0.58 million or 161.11% compared to the same period last year from THB 0.36 million to THB 0.94 million. Because some financial cost can't be capitalized as real estate development cost.

For the 6 month accumulated finance cost increased from THB 1.44 million to THB 2.54 million baht, increased of THB 1.10 million or 76.39% from the 6 month accumulated period of the previous year.



Net profit

Overall performance of the Company for the 3 month period ended 30 June 2023 was net profit of THB 21.05 million, compared to net profit of THB 37.23 million, the company had decreased of 16.18% compared to the same period last year.

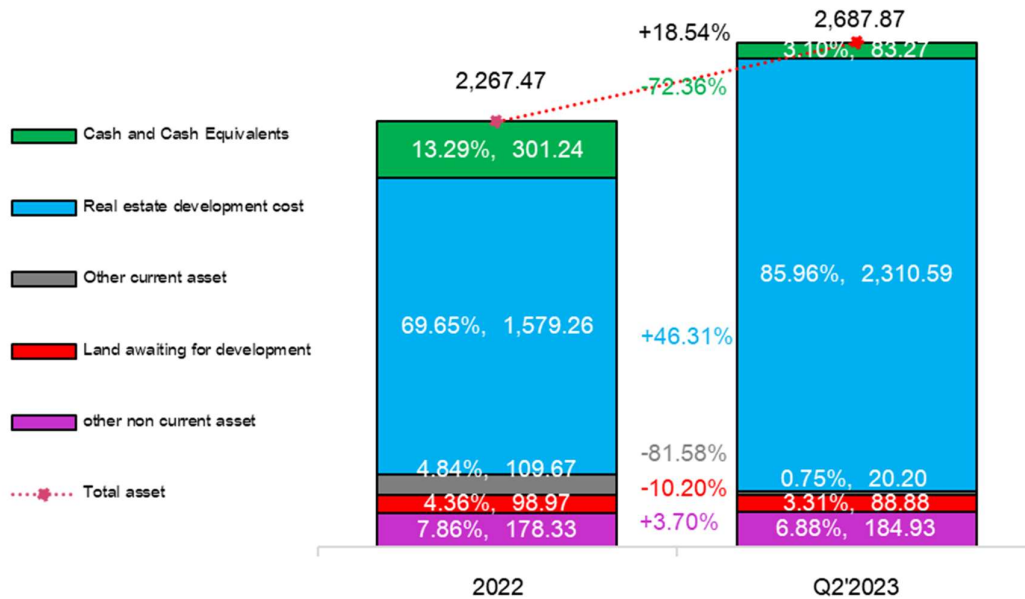
For the 6 month accumulated net profit decreased from THB 75.90 million to THB 26.32 million baht, an decreased of THB 49.58 million or 65.32% from the 6 month accumulated period of the previous year.

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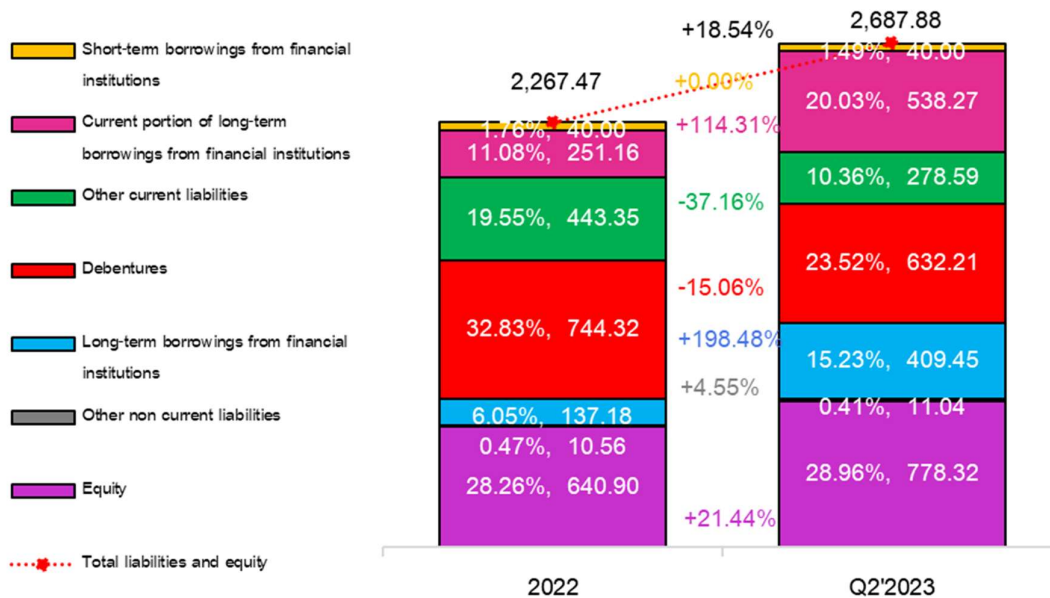
Statement of Financial Position	Q2'2023	2022	Movment	
Assets				
Current assets	2,414.06	1,990.17	423.89	21.30%
Non-current assets	273.81	277.30	(3.49)	-1.26%
Total assets	2,687.88	2,267.47	420.41	18.54%
Liabilities and equity				
Current liabilities	856.86	734.51	122.35	16.66%
Non-current liabilities	1,052.70	892.06	160.64	18.01%
Total liabilities	1,909.56	1,626.57	282.99	17.40%
Equity				
Issued and paid-up share capital	374.56	343.20	31.36	9.14%
Premium on paid-up capital	223.88	123.55	100.33	81.21%
Convertible Debentures - equity portion	-	2.03	(2.03)	-100.00%
Warrants	6.79	6.79	-	0.00%
Retained earnings				
Appropriated - Legal reserve	25.74	25.74	-	0.00%
Unappropriated	159.49	151.86	7.63	5.02%
Other components of equity	(13.67)	(13.67)	-	0.00%
Non-controlling interests	1.53	1.40	0.13	9.29%
Total equity	778.32	640.90	137.42	21.44%
Total liabilities and equity	2,687.88	2,267.47	420.41	18.54%

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Asset



Liabilities & Equity



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Statement of Financial Position

Total Assets

Total assets increased by THB 420.41 million or 18.54 percent from THB 2,267.47 million to THB 2,687.88 million.

Cash and cash equivalents

Cash and cash equivalents decreased by THB 217.97 million or 72.36% from THB 301.24 million to 83.27 million

Real estate development costs

Real estate development costs increased by THB 731.33 million or 46.31% from THB 1,579.26 million to THB 2,310.59 million because of the company buy the land of Kunalai Navara Rangsit Klong 2 project and more invest in real estate development to prepare for home delivery in second half of 2023

Land awaiting for development

Land awaiting for development decreased by THB 10.09 million or 10.20 percent from THB 98.97 million to THB 88.88 million. because the company transferred the land of Kunalai Preem Luxe project to real estate development costs and the company has received more land in Bangbuathing.

Total liabilities

Total liabilities increased by THB 282.99 million or 17.40% from THB 1,626.57 million to THB 1,909.56 million. Because of the company has redeemed debentures and convertible debentures 270 million baht and drawdown of loans from financial institutions from project finance loans for the development of projects under construction.

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Total equity

Total equity increased by THB 137.42 million or 21.44% from THB 640.90 million to THB 778.32 million.

Main reason for the rise of equity was the company received 131.69 million bath from right offering share to existing shareholders in May.



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Please be informed accordingly.

Villa Kunalai Public Company Limited

Mr. Suradech Prachubsirat

Chief Financial Office