KUNALAI

บริษัท วิลล่า คุณาลัย จำกัด (มหาชน)

819 หมู่ 7 ถนนบ้านกล้วย-ไทรน้อย ตำบลพิมลราช
อำเภอบางบัวทอง จังหวัดนนทบุรี 11110

KUN 059/2024

7 August 2024

Subject : Management Discussion and Analysis (MD&A) for the Second Quarter of 2024

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 2024 compared to the prior period are summarized as follows:

Income Statement (3 month)	Q2'2024		Q2'2023		Movment	
Revenue from sales of real estates	142.55	100.00%	224.41	100.00%	(81.86)	-36.48%
Cost of sales	(105.85)	-74.25%	(164.75)	-73.41%	58.90	-35.75%
Gross profit	36.70	25.75%	59.65	26.58%	(22.95)	-38.47%
Other income	0.63	0.44%	0.86	0.38%	(0.23)	-26.74%
Selling expenses	(12.60)	-8.84%	(16.86)	-7.51%	4.26	-25.27%
Administrative expenses	(16.89)	-11.85%	(16.34)	-7.28%	(0.55)	3.37%
Finance costs	(1.37)	-0.96%	(0.94)	-0.42%	(0.43)	45.74%
Profit before income tax expense	6.47	4.54%	26.37	11.75%	(19.90)	-75.46%
Income tax expense	(1.05)	-0.74%	(5.32)	-2.37%	4.27	-80.26%
Profit for the period	5.42	3.80%	21.05	9.38%	(15.63)	-74.25%
Profit/(Loss) attributable to:						
Owners of the parent	5.43	3.81%	20.99	9.35%	(15.56)	-74.13%
Non-controlling interests	(0.01)	-0.01%	0.06	0.03%	(0.07)	-116.67%
	5.42	3.80%	21.05	9.38%	(15.63)	-74.25%
Basic earnings per share	0.01		0.03			

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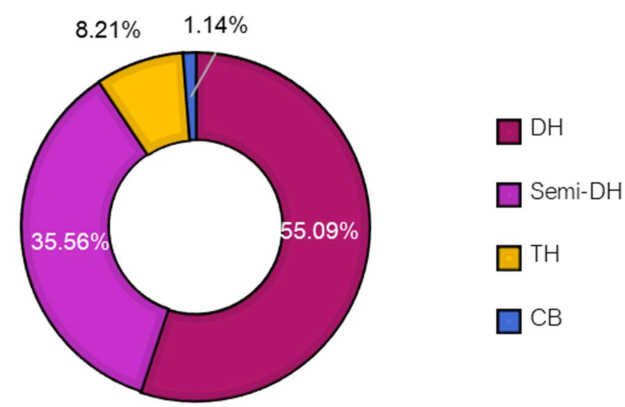
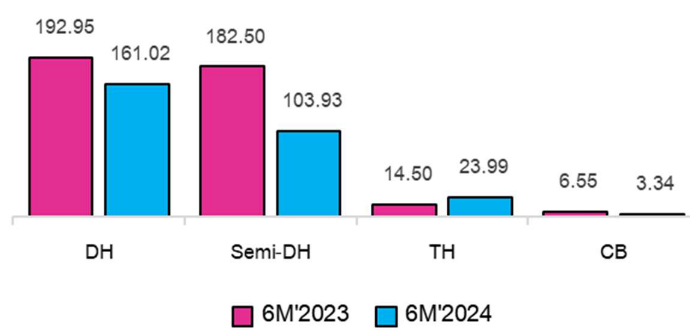
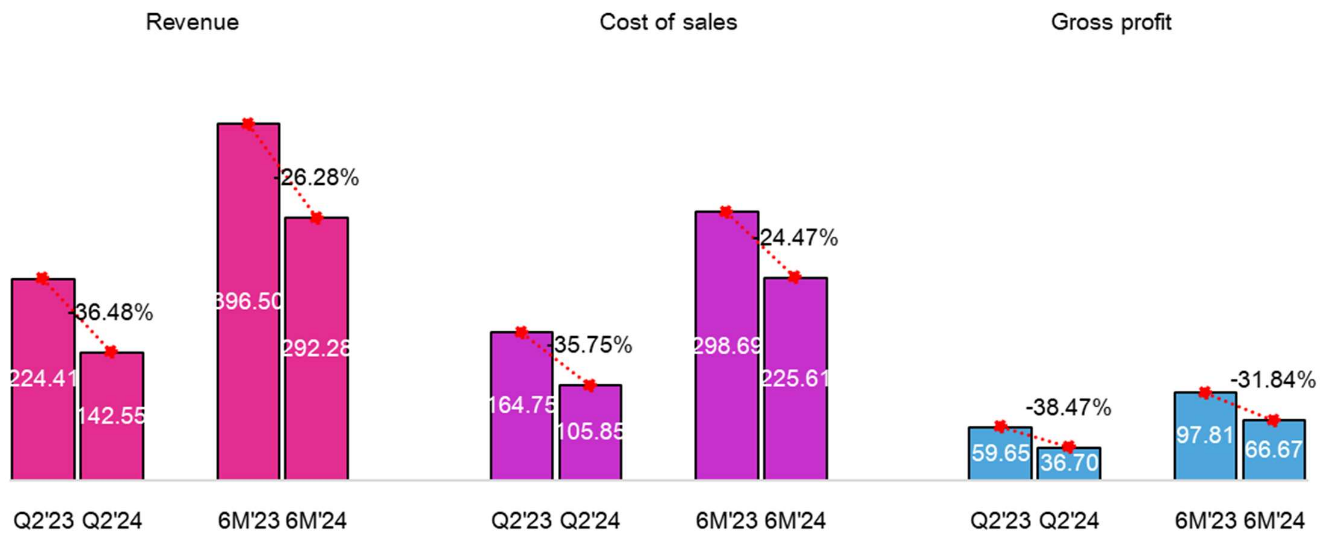
Income Statement (6 month)	6M'2024		6M'2023		Movment	
Revenue from sales of real estates	292.28	100.00%	396.50	100.00%	(104.22)	-26.28%
Cost of sales	(225.61)	-77.19%	(298.69)	-75.33%	73.08	-24.47%
Gross profit	66.67	22.81%	97.81	24.67%	(31.14)	-31.84%
Other income	1.48	0.51%	1.73	0.44%	(0.25)	-14.45%
Selling expenses	(26.44)	-9.05%	(31.01)	-7.82%	4.57	-14.74%
Administrative expenses	(31.37)	-10.73%	(32.92)	-8.30%	1.55	-4.71%
Finance costs	(2.13)	-0.73%	(2.54)	-0.64%	0.41	-16.14%
Profit before income tax expense	8.22	2.81%	33.07	8.34%	(24.85)	-75.14%
Income tax expense	(1.75)	-0.60%	(6.75)	-1.70%	5.00	-74.07%
Profit for the period	6.47	2.21%	26.32	6.64%	(19.85)	-75.42%
Profit/(Loss) attributable to:						
Owners of the parent	6.51	2.23%	26.19	6.61%	(19.68)	-75.14%
Non-controlling interests	(0.03)	-0.01%	0.13	0.03%	(0.16)	-123.08%
	6.48	2.22%	26.32	6.64%	(19.84)	-75.38%
Basic earnings per share	0.01		0.04			

TRANSFER BREAKDOWN BY PRODUCT (MB.)



TRANSFER BREAKDOWN BY PRODUCT (MB.)





Revenue from sales of real estates

In Q2'2024, revenue from sales of real estates decreased by THB 81.86 million or 36.48% compared to the same period last year, from THB 224.41 million to THB 142.55 million. The decline in the company's revenue from sales of real estates is due to the overall economic conditions in the country not yet recovering, leading to a reduced demand for housing. Additionally, household debt levels are high, reaching 90% of GDP, and the policy interest rate remains steady at 2.50%. Consequently, financial institutions have become stricter in granting housing loans, particularly for customers purchasing homes priced below 5 million baht, who face a high rejection rate for loans.

For the 6 month accumulated revenue from sales of real estates decreased from THB 396.50 million to THB 292.28 million baht, an decreased of THB 104.22 million or 26.28% from the 6 month period of the previous year.

The outlook for the remainder of 2024 focuses on the development of the Navara Rama 2 project and the Navara Rangsit-Klong 2 project, both of which have starting prices of 5 million baht. The company aims to ensure that these two projects are well-prepared in terms of products and project environments. Marketing communication for these projects will be increased, and sales promotion events will be organized. Additionally, the company expects that the measure to reduce the transfer fee and mortgage registration fee to 0.01% will stimulate higher demand for home purchases, given that this measure is set to expire by the end of 2024.

Cost of sales

In Q2'2024, cost of sales decreased by THB 58.90 million or 35.75% compared to the same period last year from THB 164.75 million to THB 105.85 million. The cost of sales to revenue ratio improved in the second quarter compared to the first quarter but was still down compared to the same period last year.

For the 6 month accumulated gross profit decreased from THB 298.69 million to THB 225.61 million baht, decreased of THB 73.08 million or 24.47% from the 6 month accumulated period of the previous year. The higher cost of sales for the 6 month of 2024, compared to revenue from sales of real estates, stems from high construction costs and financial costs. Currently, the company is unable to increase sale prices. Additionally, efforts to boost sales through price discounts and increased promotional incentives have contributed to the decrease in net profit.

Gross Profit

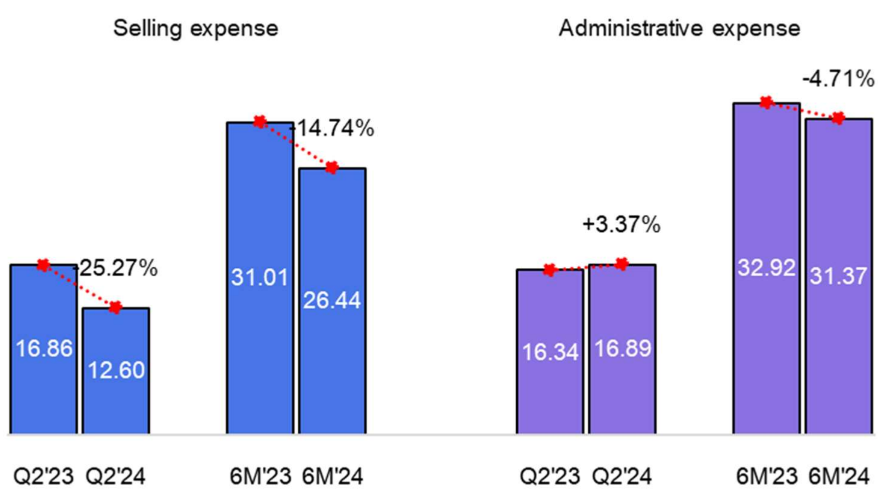
In Q2'2024, gross profit decreased by THB 22.95 million or 38.47% compared to the same period last year from THB 59.65 million to THB 36.70 million.

For the 6 month accumulated gross profit decreased from THB 97.81 million to THB 66.67 million baht, decreased of THB 31.14 million or 31.84% from the 6 month accumulated period of the previous year.

Other income

In Q2'2024, other income decreased by THB 0.23 million or 26.74% compared with the same period last year from THB 0.86 million to THB 0.63 million.

For the 6 month accumulated other income decreased from THB 1.73 million to THB 1.48 million baht, an decreased of THB 0.25 million or 14.45% from the 6 month accumulated period of the previous year.



Selling expenses

In Q2'2024, selling expenses decreased by THB 4.26 million or 25.27% compared to the same period last year from THB 16.86 million to THB 12.60 million.

For the 6 month accumulated selling expenses decreased from THB 31.01 million to THB 26.44 million baht, an decreased of THB 4.57 million or 14.74% from the 6 month accumulated period of the previous year.

Selling expenses comprise selling expenses and marketing expenses. Selling expenses vary with the company's recognized revenue, which has decreased, as well as the reduction in transfer fees due to government measures, leading to a decrease in selling expenses. The increase in marketing expenses is a result of increased advertising and publicity for the company's projects. Advertising and publicity expenses for the first six months of 2024 increased by 7% compared to those in 2023, covering both online and offline media expenses.

Administrative expenses

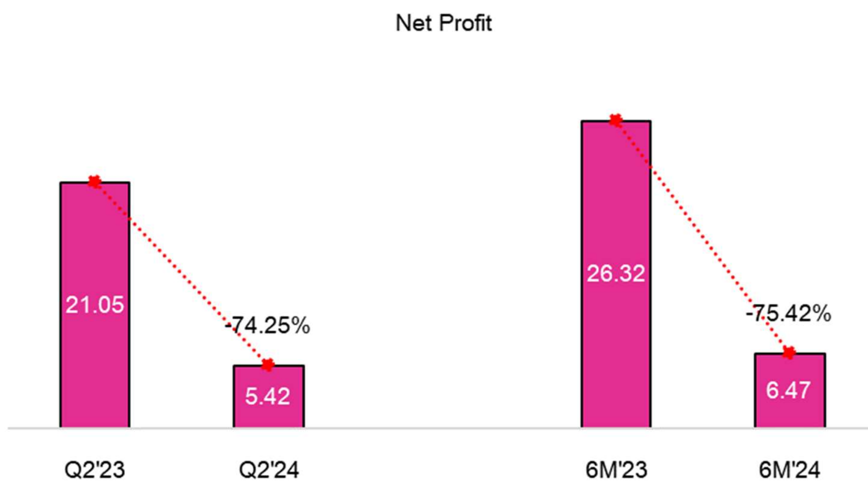
In Q2'2024, administrative expenses increased by THB 0.55 million or 3.37% compared to the same period last year from THB 16.34 million to THB 16.89 million.

For the 6 month accumulated administrative expenses decreased from THB 32.92 million to THB 31.37 million baht, an decreased of THB 1.55 million or 4.71% from the 6 month accumulated period of the previous year.

Finance cost

In Q2'2024, finance cost increased by THB 0.43 million or 45.74% compared to the same period last year from THB 0.94 million to THB 1.37 million.

For the 6 month accumulated finance cost decreased from THB 2.54 million to THB 2.13 million baht, increased of THB 0.41 million or 16.14% 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 2024 was net profit of THB 5.42 million, compared to net profit of THB 21.05 million, the company had decreased of 74.25% compared to the same period last year.

For the 6 month accumulated net profit decreased from THB 26.32 million to THB 6.47 million baht, an decreased of THB 19.85 million or 75.42% from the 6 month accumulated period of the previous year.

The decrease in net profit is due to a decline in revenue from property sales and high costs of sales, including construction costs and financial costs. Additionally, the company was unable to increase sale prices. Efforts to boost sales through price discounts and increased promotional incentives also contributed to the decrease in net profit.

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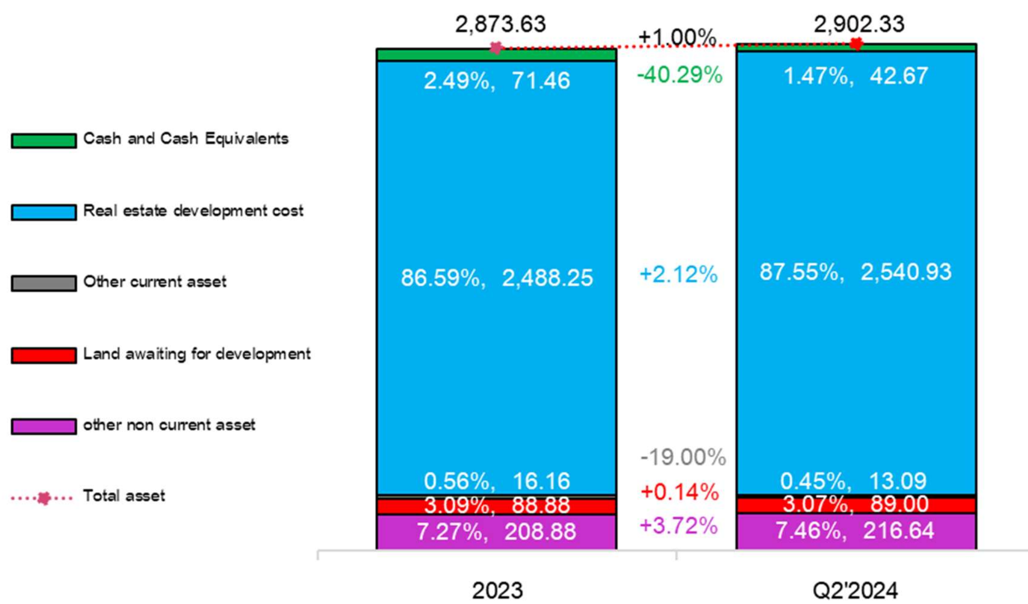
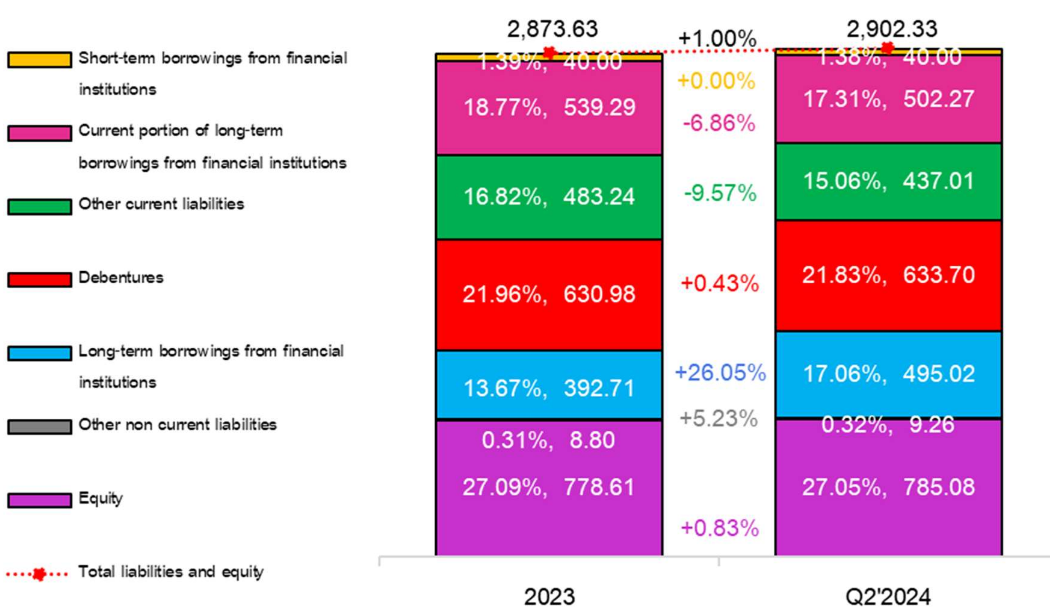
Statement of Financial Position	Q2'2024	2023	Movment	
Assets				
Current assets	2,596.69	2,575.87	20.82	0.81%
Non-current assets	305.64	297.76	7.88	2.65%
Total assets	2,902.33	2,873.63	28.70	1.00%
Liabilities and equity				
Current liabilities	979.28	1,062.53	(83.25)	-7.84%
Non-current liabilities	1,137.98	1,032.49	105.49	10.22%
Total liaiblities	2,117.25	2,095.02	22.23	1.06%
Equity				
Issued and paid-up share capital	374.56	374.56	-	0.00%
Premium on paid-up capital	223.88	223.88	-	0.00%
Expired warrants	6.79	6.79	-	0.00%
Retained earnings				
Appropriated - Legal reserve	27.80	27.80	-	0.00%
Unappropriated	164.19	157.68	6.51	4.13%
Other components of equity	(13.67)	(13.67)	-	0.00%
Non-controlling interests	1.53	1.56	(0.03)	-1.92%
Total equity	785.08	778.61	6.47	0.83%
Total liabilities and equity	2,902.33	2,873.63	28.70	1.00%

Asset



Liabilities & Equity



Statement of Financial Position

Total Assets

Total assets increased by THB 28.70 million or 1.00 percent from THB 2,873.63 million to THB 2,902.33 million.

Cash and cash equivalents

Cash and cash equivalents decreased by THB 28.79 million or 40.29% from THB 71.46 million to 42.67 million

Real estate development costs

Real estate development costs increased by THB 52.68 million or 2.12% from THB 2,488.25 million to THB 2,540.93 million , and increased from the end of the first quarter by THB 9.31 million or 0.37%. This increase is due to the company's additional investments in its ongoing development projects.

Land awaiting for development

Land awaiting for development increased by THB 0.12 million or 0.14 percent from THB 88.88 million to THB 89.00 million. This increase is due to the company's reclassification of expenses incurred before the start of projects, which were originally recorded as part of the real estate development costs, to be a part of the land awaiting for developmwnt.

Total liabilities

Total liabilities increased by THB 22.23 million or 1.06% from THB 2,095.02 million to THB 2,117.25 million. Due to the company's increased borrowing from financial institutions, including both project credit facilities and revolving credit facilities, even though trade and other payables decreased by approximately 45.14 million baht.

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Total equity

Total equity increased by THB 6.47 million or 0.83% from THB 778.61 million to THB 785.08 million. Main reason for the rise of equity was net profit for the six month period of THB 6.47 million.

Please be informed accordingly.

Villa Kunalai Public Company Limited

Mr. Suradech Prachubsrirat

Chief Financial Office

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