KUNALAI

บริษัท วิลล่า คุณาลัย จำกัด (มหาชน)

819 หมู่ 7 ถนนบ้านกล้วย-ไทรน้อย ตำบลพิมลราช
อำเภอบางบัวทอง จังหวัดนนทบุรี 11110

KUN 077/2024

13 November 2024

Subject : Management Discussion and Analysis (MD&A) for the Third 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 9 month period ended 30 September 2024 compared to the prior period are summarized as follows:

Income Statement (3 month)	Q3'2024		Q3'2023		Movment	
Revenue from sales of real estates	183.77	100.00%	157.66	100.00%	26.11	16.56%
Cost of sales	(139.09)	-75.69%	(115.58)	-73.31%	(23.51)	20.34%
Gross profit	44.68	24.31%	42.08	26.69%	2.60	6.18%
Other income	1.31	0.71%	0.81	0.51%	0.50	61.73%
Selling expenses	(13.29)	-7.23%	(12.78)	-8.11%	(0.51)	3.99%
Administrative expenses	(17.71)	-9.64%	(15.04)	-9.54%	(2.67)	17.75%
Finance costs	(3.05)	-1.66%	(0.24)	-0.15%	(2.81)	1170.83%
Profit before income tax expense	11.94	6.50%	14.84	9.41%	(2.90)	-19.54%
Income tax expense	(2.44)	-1.33%	(3.00)	-1.90%	0.56	-18.67%
Profit for the period	9.49	5.16%	11.84	7.51%	(2.35)	-19.85%
Profit/(Loss) attributable to:						
Owners of the parent	9.50	5.17%	11.80	7.48%	(2.30)	-19.49%
Non-controlling interests	(0.01)	-0.01%	0.04	0.03%	(0.05)	-125.00%
	9.49	5.16%	11.84	7.51%	(2.35)	-19.85%
Basic earnings per share	0.01		0.02			

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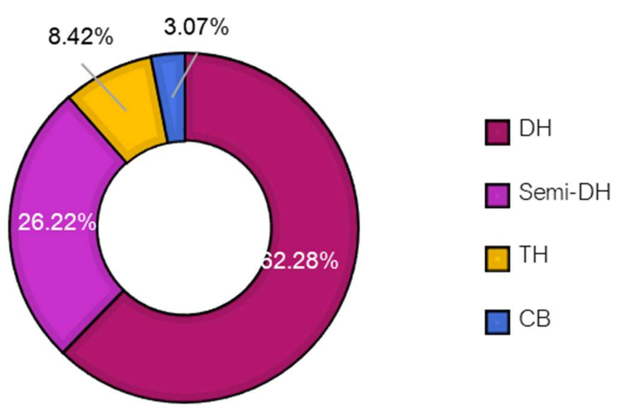
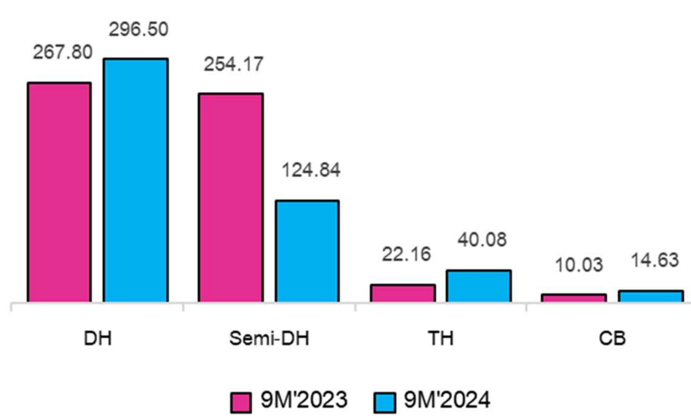
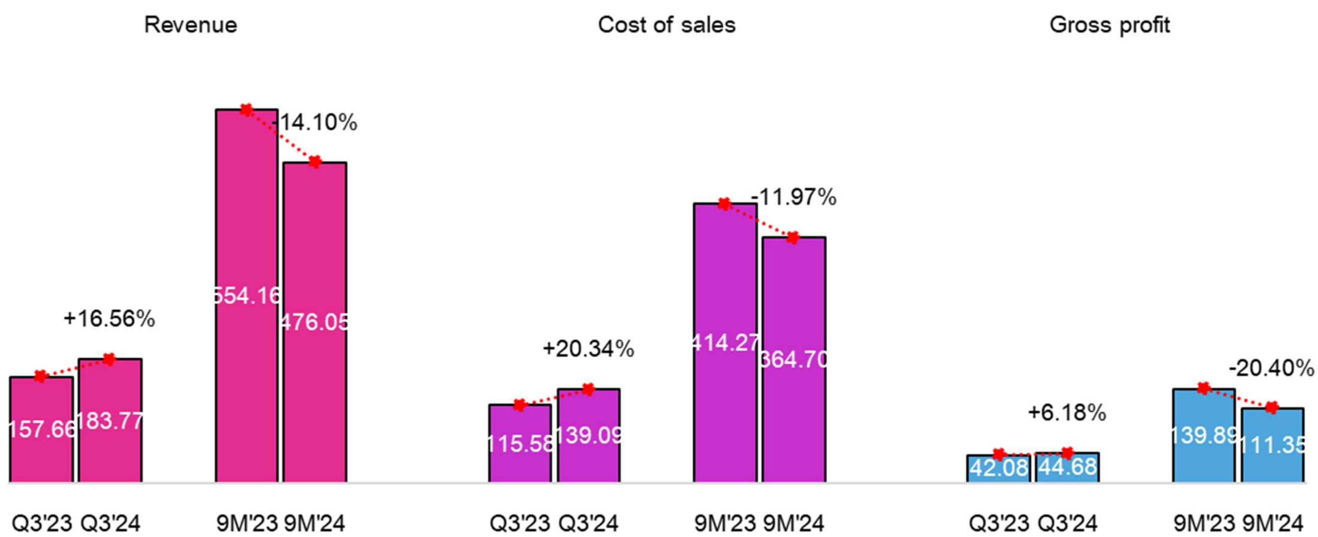
Income Statement (9 month)	9M'2024		9M'2023		Movment	
Revenue from sales of real estates	476.05	100.00%	554.16	100.00%	(78.11)	-14.10%
Cost of sales	(364.70)	-76.61%	(414.27)	-74.76%	49.57	-11.97%
Gross profit	111.35	23.39%	139.89	25.24%	(28.54)	-20.40%
Other income	2.80	0.59%	2.55	0.46%	0.25	9.80%
Selling expenses	(39.73)	-8.35%	(43.79)	-7.90%	4.06	-9.27%
Administrative expenses	(49.08)	-10.31%	(47.97)	-8.66%	(1.11)	2.31%
Finance costs	(5.18)	-1.09%	(2.78)	-0.50%	(2.40)	86.33%
Profit before income tax expense	20.16	4.23%	47.91	8.65%	(27.75)	-57.92%
Income tax expense	(4.19)	-0.88%	(9.75)	-1.76%	5.56	-57.03%
Profit for the period	15.97	3.35%	38.16	6.89%	(22.19)	-58.15%
Profit/(Loss) attributable to:						
Owners of the parent	16.01	3.36%	37.99	6.86%	(21.98)	-57.86%
Non-controlling interests	(0.04)	-0.01%	0.17	0.03%	(0.21)	-123.53%
	15.97	3.35%	38.16	6.89%	(22.19)	-58.15%
Basic earnings per share	0.02		0.05			

TRANSFER BREAKDOWN BY PRODUCT (MB.)



TRANSFER BREAKDOWN BY PRODUCT (MB.)





Revenue from sales of real estates

In Q3'2024, revenue from sales of real estates increased by THB 26.11 million or 16.56% compared to the same period last year, from THB 157.66 million to THB 183.77 million. The increase in real estate sales revenue was due to a higher number of transfers of ownership in the Navara Rama 2 and Navara Rangsit-Klong 2 projects. Both projects are in the higher-priced segment above 5 million baht and have been less affected by loan rejections compared to properties in the lower-priced segment below 5 million baht.

For the 9 month accumulated revenue from sales of real estates decreased from THB 554.16 million to THB 476.05 million baht, an decreased of THB 78.11 million or 14.10% from the 9 month period of the previous year.

Looking ahead to the final quarter of 2024, the company will continue to focus on developing the Navara Rama 2 project and the Navara Rangsit-Klong 2 project as key priorities. Currently, the products and project environment are becoming more ready for market. The company will increase its marketing communication efforts for the projects, including organizing promotional events. Additionally, the company expects that the government measure to reduce transfer fees and mortgage fees to 0.01% will help stimulate greater demand for home purchases, given that the measure is set to expire by the end of 2024.

Cost of sales

In Q3'2024, cost of sales increased by THB 23.51 million or 20.34% compared to the same period last year from THB 115.58 million to THB 139.09 million. The increase in cost of sales was in line with the rise in revenue. The cost of sales as a percentage of revenue in Q3 increased compared to Q2 and was also higher than in the same period of the previous year.

For the 9 month accumulated gross profit decreased from THB 414.27 million to THB 364.70 million baht, decreased of THB 49.57 million or 11.97% from the 9 month accumulated period of the previous year. The higher cost of sales in the 9 month period of 2024, when compared to revenue from sales of real estats, is due to the still high financial costs, along with sales promotions that included price discounts and increased promotional allowances. This has led to an increase in the proportion of cost of sales relative to revenue from sales of real estats.

Gross Profit

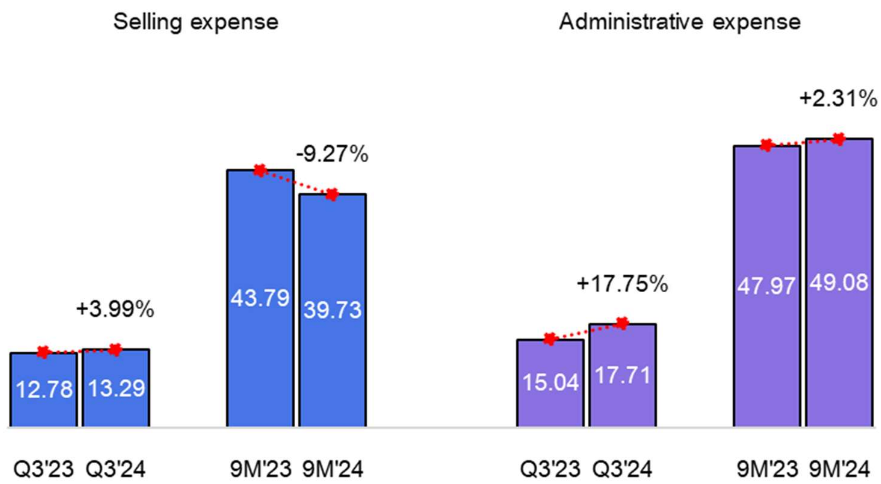
In Q3'2024, gross profit increased by THB 2.60 million or 6.18% compared to the same period last year from THB 42.08 million to THB 44.68 million. The gross profit margin relative to revenue is similar to that of 2023. The gross profit margin for the Navara Rangsit – Klong 2 project and the Navara Rama 2 project, both of which have a higher-than-average gross profit margin within the company group, has improved, as both projects saw an increase in property transfers from Q2. It is expected that property transfers will continue to rise in the next quarter.

For the 9 month accumulated gross profit decreased from THB 139.89 million to THB 111.35 million baht, decreased of THB 28.54 million or 20.40% from the 9 month accumulated period of the previous year.

Other income

In Q3'2024, other income increased by THB 0.50 million or 61.73% compared with the same period last year from THB 0.81 million to THB 1.31 million.

For the 9 month accumulated other income increased from THB 2.55 million to THB 2.80 million baht, an increased of THB 0.25 million or 9.80% from the 9 month accumulated period of the previous year.



Selling expenses

In Q3'2024, selling expenses increased by THB 0.51 million or 3.99% compared to the same period last year from THB 12.78 million to THB 13.29 million.

For the 9 month accumulated selling expenses decreased from THB 43.79 million to THB 39.73 million baht, an decreased of THB 4.06 million or 9.27% from the 9 month accumulated period of the previous year.

Sales expenses consist of selling expenses and marketing expenses. The increase in sales expenses in Q3 was linked to a decrease in the company's revenue recognition, as well as a reduction in transfer fees due to government measures, which helped lower sales expenses. The decrease in marketing expenses was due to a 3% reduction in advertising and public relations costs for the group's projects over 9 months, as well as a 44% reduction in marketing equipment purchase expenses over the same period.

Administrative expenses

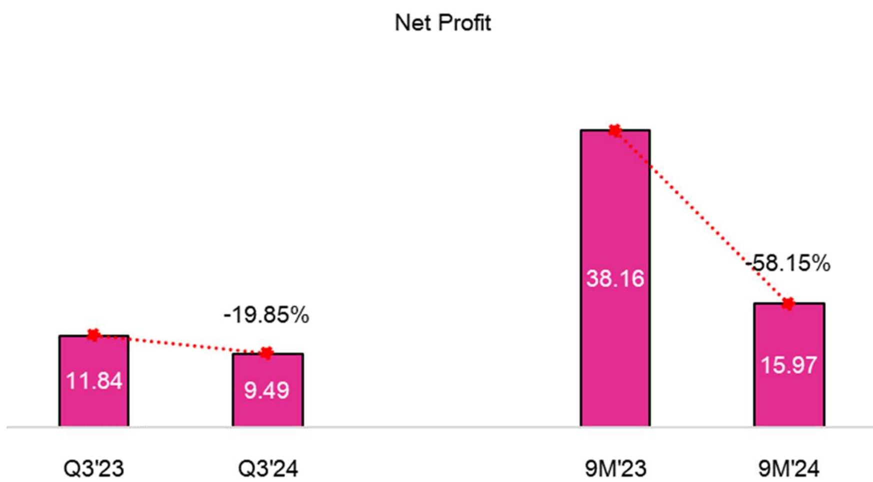
In Q3'2024, administrative expenses increased by THB 2.67 million or 17.75% compared to the same period last year from THB 15.04 million to THB 17.71 million. The group incurred additional expenses for the maintenance of public utilities in its projects, which were higher than the company's initial estimate. These expenses amounted to 3.73 million baht and were incurred for the delivery of the legal entities for two subdivision projects.

For the 9 month accumulated administrative expenses increased from THB 47.97 million to THB 49.08 million baht, an increased of THB 1.11 million or 2.31% from the 9 month accumulated period of the previous year.

Finance cost

In Q3'2024, finance cost increased by THB 2.81 million or 1,170.83% compared to the same period last year from THB 0.24 million to THB 3.05 million.

For the 9 month accumulated finance cost increased from THB 2.78 million to THB 5.18 million baht, increased of THB 2.40 million or 86.33% from the 9 month accumulated period of the previous year.



Net profit

Overall performance of the Company for the 3 month period ended 30 September 2024 was net profit of THB 9.49 million, compared to net profit of THB 11.84 million, the company had decreased of 19.85% compared to the same period last year.

For the 9 month accumulated net profit decreased from THB 38.16 million to THB 15.97 million baht, an decreased of THB 22.19 million or 58.15% from the 9 month accumulated period of the previous year.

Net profit decreased due to a reduction in revenue from sales of real estetes, along with high selling costs, including construction costs, financial costs, and the company's inability to raise selling prices. Additionally, there was a push to stimulate sales through offering price discounts and increasing promotional incentives. Furthermore, there were maintenance costs for public utilities before handing over to the homeowners' association, which is a one-time expense, all of which contributed to the decline in net profit.

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Statement of Financial Position	Q3'2024	2023	Movment	
Assets				
Current assets	2,610.94	2,575.87	35.07	1.36%
Non-current assets	306.53	297.76	8.77	2.95%
Total assets	2,917.47	2,873.63	43.84	1.53%
Liabilities and equity				
Current liabilities	1,404.23	1,062.53	341.70	32.16%
Non-current liabilities	718.66	1,032.49	(313.83)	-30.40%
Total liaiblities	2,122.89	2,095.02	27.87	1.33%
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	173.69	157.68	16.01	10.15%
Other components of equity	(13.67)	(13.67)	-	0.00%
Non-controlling interests	1.52	1.56	(0.04)	-2.56%
Total equity	794.57	778.61	15.96	2.05%
Total liabilities and equity	2,917.47	2,873.63	43.84	1.53%

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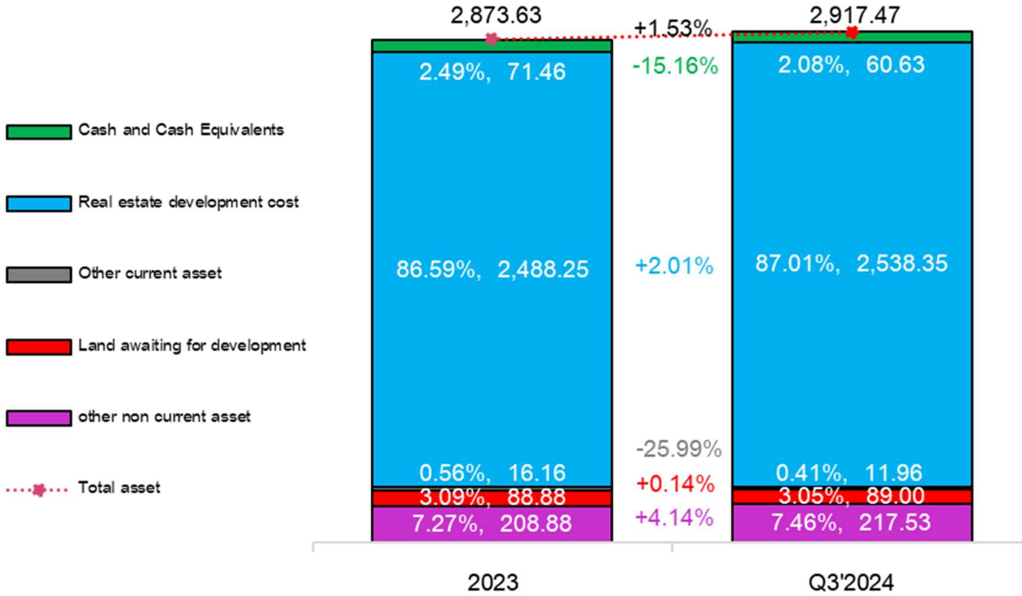
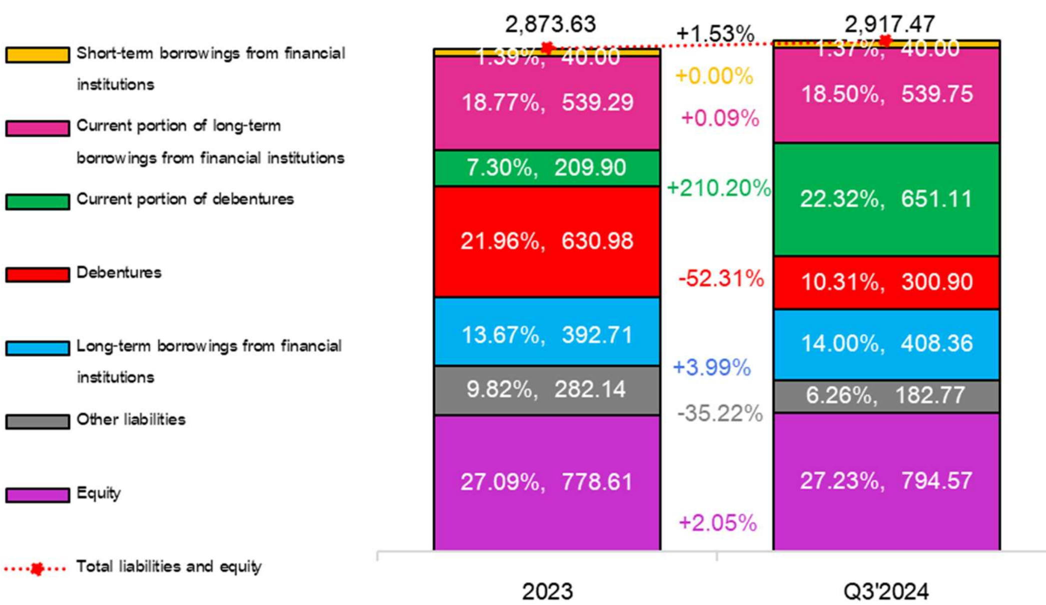
Asset



Liabilities & Equity



Statement of Financial Position

Total Assets

Total assets increased by THB 43.84 million or 1.53 percent from THB 2,873.63 million to THB 2,917.47 million.

Cash and cash equivalents

Cash and cash equivalents decreased by THB 10.83 million or 15.16% from THB 71.46 million to 60.63 million

Real estate development costs

Real estate development costs increased by THB 50.10 million or 2.01% from THB 2,488.25 million to THB 2,538.35 million , and decreased from the end of the second quarter by THB 2.58 million or 0.10%. This was due to the company postponing investment in projects in the Bang Bua Thong area, while accelerating construction of the Navara Rama 2 and Navara Rangsit-Klong 2 projects, as these are the areas less impacted by the stricter financial institution regulations.

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 27.87 million or 1.33% from THB 2,095.02 million to THB 2,122.89 million. Due to the company issuing and offering bonds in August amounting to 108.00 million baht in preparation for the repayment of the bond series 1/2565, which is due for redemption in November. Additionally, the company received a deposit of 20.00 million baht from the sale of land, while also repaying accounts payable and Bill of exchange. The loan from financial institutions increased slightly, in line with the company's rising costs for real estate development.

Regarding the bond repayment plan in November 2024, the company has already fully prepared the necessary funds. The company will offer private placement (PP) of common shares to interested investors and also plans to issue additional bonds. Additionally, the company is in the process of applying for loans from financial institutions to prepare for the repayment of bonds maturing in 2025.

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Total equity

Total equity increased by THB 15.96 million or 2.05% from THB 778.61 million to THB 794.57 million. Main reason for the rise of equity was net profit for the 9 month period of THB 15.97 million.

Please be informed accordingly.

Villa Kunalai Public Company Limited

Mr. Suradech Prachubsrirat

Chief Financial Office

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Or Link : https://lin.ee/QHy7bM9