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Ref. LPN/SorKor226/2564

4th November 2021

RE: Financial Statements Analysis Report Q3/2021

Dear: Director and Manager, Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial analysis report in Q3/2021 of the Company and subsidiary companies as well as the performance report as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies provide a complete range of property development services with the focus on the quality of life of the residents managed with “Livable community” concept and develop a home for lower-middle to upper-middle income earners at the affordable price. The Company has established the three-year strategic plan for the organization to achieve sustainable income growth rate and profitability as well as income and profit growth, effective cost management and development of the quality of products and services. In order to achieve such goals, the Company starts the process of reorganization in 2021 to transform from being a functional organization to a business unit. The digital transform has also been achieved to improve the operational process to be flexible and increase the efficiency of expense management and operational costs. The Company has been operating under pressure to deal with the widespread impacts of COVID-19 outbreak which is unlikely to be improved any time soon.

With regards to the performance in Q3/2021, the net profit of the Company and subsidiary companies decreases 74.19% when compared with the same period of the previous year. It is because of the decrease of the income from sales of real estate i.e. residential condominiums and single houses of 22.26% and 11.22% respectively. At the same time, the income from rental, service and management businesses increases 6.39% from the same period of the previous year. The sales and management expenses decrease 2.83% and 3.18% from the same period of the previous year respectively as a consequence of the increased efficiency in expenses and operational costs management and control.

It is expected that the real estate market outlook will improve in Q4. The Company is planning to launch 5 new projects in Q4, comprising 2 condominium residential projects and 3 single house projects with the combined value of 5.9 billion THB to match the needs of the consumers.

Performance during the first 9 months of 2021: the complete projects ready to be handed over, sales volume and backlog

1. Complete projects ready to be handed over

In the latter half of 2021, there are no complete projects ready to be handed over. The construction of all projects has been delayed for 2 months because of the lockdown of all construction site and work camps in Bangkok.

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2. Sales volume and backlog

2.1 The accumulated sales volume during the first 9 months of 2021 is 6.3 billion THB, 67% of which derives from residential condominium projects and 33% from single house projects.

2.2 The backlog is 2.96 billion THB which will gradually be recognized in 2021 and 2022.

As of 30th September 2021, the sales volume and backlog of the Company and subsidiary companies are as follows:

Sales Volume	Q1	Q2	Q3	Accumulated 9 Months	Backlog	To Be Handed Over in 2021	To Be Handed Over in 2022	Total
1. Residential Condominium	1,500	1,240	1,460	4,200	1. Residential Condominium	1,050	900	1,950
2. Single House	600	830	670	2,100	2. Single House	1,010	-	1,010
3. Total Sales Volume	2,100	2,070	2,130	6,300	3. Total Backlog	2,060	900	2,960

Note:The income in Q4/2021 will derive from backlog and ready-to-move-in projects.

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Performance in Q3/2021 and 2020

Consolidated profit and loss statement

The net profit margin of the Company and subsidiary companies decreases 5.33% from the same period of the previous year as a result of 19.21% decrease of the income from sales. 70% is the income recognized from residential projects and 30% is that from single house projects. At the same time, the income from rental, service and management businesses increases 6.39% when compared with the same period of the previous year as a result of the expansion of rental and facilities management businesses.

Table 1: Proportion of Main Income of the Company and Subsidiary Companies and Accumulated 9 Months in 2021 and 2020 Income from sales of real estate ¹

Unit: Million THB

Type of Income	Q1/2021	Q2/2021	Q3/2021	Q3/2020	% Variance	Q3/2021	Q3/2020	% Variance
1. Income from sales of real estate 1	1,056.58	977.42	813.59	1,007.07	(19.21%)	2,847.59	3,727.42	(23.60%)
1.1 Residential condominium	674.05	532.35	566.99	729.32	(22.26%)	1,773.39	2,687.46	(34.01%)
Proportion (%)	63.80%	54.46%	69.69%	72.42%	(2.73%)	62.28%	72.10%	(9.82%)
1.2 Single house	382.53	445.07	246.60	277.75	(11.22%)	1,074.19	1,039.97	3.29%
Proportion (%)	36.20%	45.54%	30.31%	27.58%	2.73%	37.72%	27.90%	9.82%
2. Income from rental and service business	72.88	68.59	65.46	64.15	2.04%	206.93	158.65	30.43%
3. Income from management business	293.54	314.87	303.72	282.85	7.38%	912.13	827.35	10.25%
4. Total Main Income	1,423.00	1,360.88	1,182.77	1,354.07	(12.65%)	3,966.64	4,713.42	(15.84%)

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Statement of financial position as of 30th September 2021 and 31st December 2020

Total assets

The total assets of the Company increase 729.89 million THB or 3.09% i.e. from 23.61874 billion THB to 24.34863 billion THB. The main reasons are as follows:

1. The deposit payment is made for a plot of land on Liab Klong 3 road, Lamlukka, for development of a single house project.
2. Land and project costs during construction increases 1.09851 billion THB or 6.40% i.e. from 17.16571 billion THB to 18.26422 billion THB. It is because in Q1/2021, 2 projects are completed, namely, one office building project and one single house project. The Company purchases a plot of land and the subsidiary company 2 plots of land in Bangplub and Saimai 18. A single house project is also developed on a plot of land in the land bank.

Total liabilities

Total liabilities increase 1.18663 billion THB or 10.06% i.e. from 11.79683 to 12.98346 billion THB. It is mainly because of the increase of loan from financial institutions for project development and operation of 1.47559 billion THB or 15.22% i.e. from 9.69195 billion THB to 11.16754 billion THB.

As a result of the above reasons, the interest-bearing debt to equity ratio and the debt-to-equity ratio have increased from 0.82:1 to 0.98:1 and from 1.00:1 to 1.14:1 as of 30th September 2021 and 31st December 2020 respectively. In comparison with the same period of the previous year, the ratios have increased from 0.90:1 to 0.98:1 and 1.09:1 to 1.14:1 respectively. The Company has strictly upheld the financial discipline, maintain the debt-to-equity ratio, increase cash on hand, increase an overdraft and control operational costs to minimize management costs.

Financial structure

The Company continues to emphasize the efficiency of management of financial structure, be flexible in time of economic fluctuation and maintain financial costs to be appropriate for business operation in the future. In addition, the financial policy of the Company is carefully implemented. The Company is financially stable with sufficient liquidity and strives to build confidence in the performance of the organization. In Q3/2021, the Company offered senior unsecured bond for sale with the tenor of 3 years and fixed interest rate at 3.95% per year. The interest is to be paid every 3 months. The bond valuing 1.948 billion THB was sold to institutional investors and the general public. The objective is to use the fund for business expansion and support the business plan to achieve the growth in the next 3 years.

Cash flow statement

Regarding the cash flow statement as of 30th September 2021 and 31st December 2020, the net cash flow increases 50.12 million THB or 5.47% i.e. from 916.70 million THB to 966.82 million THB because of the cash reserved for the business operation of the Company.

Comparing with the same period of the previous year, the cash flow statement as of 30th September 2021 and 30th September 2020, the net cash flow increases 181.87 million THB or 23.17% i.e. from 784.95 million THB to 966.82 million THB mainly because the Company has reserved an amount of cash for the business operation of the Company.

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The current ratio of the Company is high. As of 30th September 2021, the current assets to current liabilities ratio is 2.53:1 and as of 30th September 2020 is 2.40:1. It is apparent that the Company has sufficient liquid assets to pay interest and short-term loan.

Important numbers in the financial statements Q3/2021 and 2020

Table 2: Profit/Loss Statement in Q3/2021 and 2020

Number	Consolidated Financial Statements			Separate Financial Statements		
	Q3/2021	Q3/2020	% Variance	Q3/2021	Q3/2020	% Variance
1. Main income (million THB)	1,182.77	1,354.07	(12.65%)	706.97	859.33	(17.73%)
2. Gross profit from sale (%)	20.94%	27.44%	(6.51%)	20.65%	25.67%	(5.02%)
3. Gross profit from rental and service business (%)	33.51%	40.86%	(7.35%)	34.91%	39.03%	(4.12%)
4. Gross profit from management business (%)	44.79%	38.41%	6.37%	-	-	-
5. Gross profit from main income (million THB)	328.31	411.24	(20.17%)	155.29	229.01	(32.19%)
(%)	27.76%	30.37%	(2.61%)	21.97%	26.65%	(4.68%)
6. Expenses on sales (million THB)	59.46	61.19	(2.83%)	45.36	49.04	(7.50%)
(%)	5.03%	4.52%	0.51%	6.42%	5.71%	0.71%
7. Expenses on sales (million THB)	27.07	20.14	34.41%	19.59	15.87	23.44%
(excluding ownership transfer) (%)	2.29%	1.49%	0.80%	2.77%	1.85%	0.92%
8. Expenses on management (million THB)	192.27	198.59	(3.18%)	84.65	93.87	(9.82%)
(%)	16.26%	14.67%	1.59%	11.97%	10.92%	1.05%
9. Profit before interest and income tax (million THB)	81.06	164.45	(50.71%)	85.21	101.08	(15.70%)
(%)	6.85%	12.14%	(5.29%)	12.05%	11.76%	0.29%
10. Profit before tax (million THB)	34.40	139.85	(75.40%)	37.20	74.81	(50.27%)
(%)	2.91%	10.33%	(7.42%)	5.26%	8.71%	(3.45%)
11. Net profit (loss) (million THB)	26.46	102.53	(74.19%)	39.02	49.13	(20.58%)
(%)	2.24%	7.57%	(5.33%)	5.52%	5.72%	(0.20%)
12. Net profit (loss) per share (THB)	0.02	0.07	(74.65%)	0.03	0.03	(20.59%)
13. Book value per share (THB)	7.82	7.96	(1.76%)	6.97	7.25	(3.86%)

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Table 3: Statement of Financial Position as of 30th September 2021 and 31st December 2020

Unit : million THB

Number	Consolidated Financial Statements			Separate Financial Statements		
	as of 30 Sep 21	as of 31 Dec 20	%Variance	as of 30 Sep 21	as of 31 Dec 20	%Variance
1. Cash and cash equivalent	966.82	916.70	5.47%	805.63	774.01	4.08%
2. Trade debtors and other debtors	430.73	357.04	20.64%	109.84	146.94	(25.25%)
3. Land and project costs during Construction	8,805.57	8,074.95	9.05%	7,003.10	6,678.56	4.86%
4. Backlog	9,458.65	9,090.76	4.05%	9,170.20	8,839.08	3.75%
5. Other current assets <i>Note.1</i>	211.38	124.75	69.44%	325.93	309.75	5.22%
6. Non-current assets <i>Note.2</i>	4,475.50	5,054.55	(11.46%)	4,851.45	5,411.10	(10.34%)
7. Total assets	24,348.63	23,618.74	3.09%	22,266.14	22,159.44	0.48%
8. Overdraft and short-term loan	6,804.17	6,587.89	3.28%	6,402.25	6,677.88	(4.13%)
9. Trade account payable and other creditors	1,040.17	1,266.63	(17.88%)	832.25	1,019.85	(18.40%)
10. Long-term loan	4,363.37	3,104.06	40.57%	4,421.63	3,164.73	39.72%
11. Overdue corporate income tax	3.20	92.18	(96.53%)	-	73.42	(100.00%)
12. Non-current liabilities <i>Note.3</i>	772.55	746.07	3.55%	473.18	463.37	2.12%
13. Total liabilities	12,983.46	11,796.83	10.06%	12,129.32	11,399.25	6.40%
14. Shareholders' equity	11,365.18	11,821.91	(3.86%)	10,136.82	10,760.19	(5.79%)

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Note.1 Comprising temporary investment and short-term loan to connected business.

Note.2 Comprising investment in subsidiary companies and associated companies, real estate for investment, land, building and equipment, goodwill, non-tangible assets, lease hold, deferred tax assets, withholding tax and other non-current assets.

Note.3 Comprising income from rental fee received in advance, estimation of staff benefits, deposit of rental and service fee and other non-current liabilities.

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Table 4: Financial Ratio in Q3/2021 and 2020

Item	Unit	Q3		Item	Unit	Q3	
		2021	2020			2021	2020
<u>Liquidity Ratio</u>				9. Net Profit	%	2.24	7.57
1. Current Ratio	Time	2.53	2.40	10. Sales to Equity Ratio	%	7.02	8.70
2. Quick Ratio	Time	0.21	0.16	<u>Asset Management Ratio</u>			
3. Collection Period	Day	9.13	6.47	11. Return on Assets	%	0.11	0.43
4. Inventory Turnover Ratio	Day	1,161.98	883.15	12. Return on Fixed Assets	%	1.43	4.38
5. Payment Period	Day	80.77	94.47	13. Asset Growth Rate	%	3.09	2.85
<u>Profitability Ratio</u>				14. Liabilities Growth Rate	%	10.06	21.80
6. Gross Profit Margin from Sales	%	20.94	27.44	<u>Financial Ratio</u>			
7. Gross Profit Margin from Rent	%	33.51	40.86	15. D/E Ratio	Time	1.14	1.09
8. Gross Profit Margin from Management	%	44.79	38.41	16. Interest Bearing D/E Ratio	Time	0.98	0.90

After revision

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director