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Ref. LPN/SorKor/167/2023

3<sup>rd</sup> August 2023

RE: Financial Statements Analysis Report Q2/2023

Dear Director and Manager

The Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial statements in Q2/2023 of the Company and subsidiary companies to the Stock Exchange of Thailand as follows:

### Overall Operating Results of the Company and its subsidiaries for Q2 and 1H of the year 2023 and 2022

Table Summarizing Consolidated Statement of Profit and Loss						
Item	Q2'23	Q2'22	%YoY	1H'23	1H'22	%YoY
<b>Amount</b> <b>Unit: Million Baht</b>						
Total revenue	1,740.29	1,991.50	(12.61%)	3,564.16	4,205.85	(15.26%)
Total revenue from sales	1,731.90	1,985.97	(12.79%)	3,548.10	4,190.75	(15.33%)
Revenue from sales of real estate	1,172.82	1,539.30	(23.81%)	2,453.04	3,323.96	(26.20%)
Rental and service business income	77.60	75.00	3.47%	156.87	146.06	7.40%
Income from management business	481.49	371.67	29.55%	938.20	720.73	30.17%
Total other income	8.39	5.54	51.44%	16.06	15.10	6.36%
Gross profit	367.92	443.04	(16.96%)	810.25	948.56	(14.58%)
Selling and administrative expenses	247.07	223.60	10.50%	497.85	458.51	8.58%
Selling expenses	84.00	81.44	3.14%	174.77	172.65	1.23%
Administrative expenses	163.07	142.16	14.71%	323.08	285.86	13.02%
EBIT	129.24	224.98	(42.55%)	328.46	505.16	(34.98%)
EBITDA	134.38	229.77	(41.52%)	338.70	514.53	(34.17%)
Profit for the quarter	87.72	147.44	(40.50%)	232.76	338.79	(31.30%)
Profit attributable to the Company	87.10	147.44	(40.92%)	232.13	338.77	(31.48%)
<b>Significant financial ratio (%)</b>						
Total Gross Profit Margin	21.24%	22.31%	(1.06%)	22.84%	22.63%	0.20%
Gross Profit Margin from Real Estate Sales	21.37%	21.99%	(0.62%)	22.82%	22.02%	0.80%
Gross Profit Margin from Rental and Service Business	26.24%	28.79%	(2.55%)	33.52%	30.77%	2.75%
Gross Profit Margin from Management Business	20.14%	22.33%	(2.19%)	21.10%	23.82%	(2.72%)
Total selling and administrative expenses to total sales revenue	14.20%	11.23%	2.97%	13.97%	10.90%	3.07%
EBIT margin	7.43%	11.30%	(3.87%)	9.22%	12.01%	(2.80%)
EBITDA margin	7.72%	11.54%	(3.82%)	9.50%	12.23%	(2.73%)
Net Profit Margin (for the quarter)	5.04%	7.40%	(2.36%)	6.53%	8.06%	(1.52%)
Net Profit Margin (attributable to the Company)	5.01%	7.40%	(2.40%)	6.51%	8.05%	(1.54%)

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### The details of the operating results are as follows:

In Q2'23 the net profit of the Company and its subsidiaries decreased by 60.34 million baht, or 40.92% when compared to Q2'22 (decreasing by 31.48% in 1H'23). This was mainly because the income from real estate business decreased by 23.81% (decreasing by 26.20% in 1H'23). At the same time in 1H'23 the gross profit of the Company from the aforementioned business increased by 0.8%. The income from rental business and management business in Q2'23 increased by 3.47% and 29.55% respectively (increasing by 7.40% and 30.17% respectively in 1H/23) due to post-COVID housing demand and the business expansion of management business.

In Q2'23, the selling and administrative expenses increased by 10.50% from 223.60 million baht to 247.07 million baht (increasing by 8.58% in 1H'23) due to a 14.71% increase in administrative expenses to support the expansion of new projects. With the above reasons, the net profit attributable to the Company decreased by 40.92% in Q2'23 (decreasing by 31.48% in 1H'23). It is expected that income from real estate sales and net profit will increase as a result of the completion of residential condominium and residential home projects in Q3 and Q4

### Proportion of Total Revenue of the Company and its Subsidiaries for Q2 and 1H of 2023 and 2022

Type of Revenue	Q2'23	Q2'22	%YoY	1H'23	1H'22	%YoY
1. Revenue from sales of real estate	1,172.82	1,539.30	(23.81%)	2,453.04	3,323.96	(26.20%)
1.1 Residential Condominium	804.64	959.74	(16.16%)	1,799.44	2,189.29	(17.81%)
Proportion (%)	68.61%	62.35%	6.26%	73.36%	65.86%	7.50%
1.2 Residential Home	368.17	579.55	(36.47%)	653.59	1,134.66	(42.40%)
Proportion (%)	31.39%	37.65%	(6.26%)	26.64%	34.14%	(7.50%)
1.3 Gross Profit Margin	21.37%	21.99%	(0.62%)	22.82%	22.02%	0.80%
2. Rental and service business income	77.60	75.00	3.46%	156.87	146.06	7.40%
3. Income from management business	481.49	371.67	29.55%	938.20	720.73	30.17%
<b>4. Total main revenue</b>	<b>1,731.90</b>	<b>1,985.97</b>	<b>(12.79%)</b>	<b>3,548.10</b>	<b>4,190.75</b>	<b>(15.33%)</b>
<b>5. Gross Profit Margin of main business</b>	<b>21.24%</b>	<b>22.31%</b>	<b>(1.06%)</b>	<b>22.84%</b>	<b>22.63%</b>	<b>0.20%</b>
6. Other income <sup>Note 1</sup>	8.39	5.54	51.44%	16.06	15.10	6.36%
<b>7. Total revenue</b>	<b>1,740.29</b>	<b>1,991.50</b>	<b>(12.61%)</b>	<b>3,564.16</b>	<b>4,205.85</b>	<b>(15.26%)</b>

<sup>Note 1</sup> Other income includes interest income, dividend received, fee incomes from ownership transfer, changes of details or breach of contract, profits from sales of assets, business support income, income from pre-construction management service collected from associate companies, income from public services, income from insurance claim and miscellaneous income.

### Sales Volume and Backlog

1. The sales volume is 5.4 billion baht approximately.
  - 1) 80% of which is from residential condominium projects.
  - 2) 20% of which is from residential home projects.

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In Q2'23, the Company launched 2 new residential condominium projects namely Park 168 NopparatRamindra and Haus 24 Ratchaphruek with a combined value of 2.3 billion baht. Thus, in the second half of 2023 the Company will launch 15 more projects with a combined value of 11.7 billion baht as planned. These include 3 residential condominium projects with a combined value of 3.1 billion baht and 12 residential home projects with a combined value of 8.6 billion baht. As a result, the sales volume of the Company will rise.

- The backlog is 2.75 billion baht which will gradually be recognized in 2023 and 2024.

Sales Volume and Backlog as at 30<sup>th</sup> June 2023

Unit: Million Baht

Sales Volume	Q1'23	Q2'23	Total	To be handed over in		
				Year 2023	Year 2024	Total
1. Residential Condominium	2,200	2,200	4,400	800	1,560	2,360
Proportion (%)	80%	80%	80%	70%	100%	85%
2. Residential Home	520	480	1,000	390	-	390
Proportion (%)	20%	20%	20%	30%	-	15%
3. Total Sales Volume	2,720	2,680	5,400	1,190	1,560	2,750

### Analysis of Consolidated Statement of Financial Position of the Company

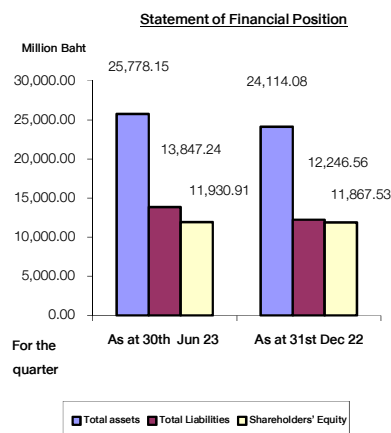
Table Summarizing Consolidated Statement of Financial Position as at 31<sup>st</sup> June 2023 and 31<sup>st</sup> December 2022

ASSETS (Unit: Million Baht)	As at 30 <sup>th</sup> Jun 2023	As at 31 <sup>st</sup> Dec 2022	Variance (%)
Cash and cash equivalents	450.50	508.09	(11.33%)
Trade and other receivables	653.58	734.86	(11.06%)
Land and costs of project under construction	12,978.44	11,041.82	17.54%
Inventories	6,164.84	7,119.35	(13.41%)
Other current assets <sup>Note 1</sup>	335.50	297.88	12.63%
Non-current assets <sup>Note 2</sup>	5,195.29	4,412.09	17.75%
<b>TOTAL ASSETS</b>	<b>25,778.15</b>	<b>24,114.08</b>	<b>6.90%</b>
LIABILITIES AND SHAREHOLDERS' EQUITY (Unit: Million Baht)	As at 30 <sup>th</sup> Jun 2023	As at 31 <sup>st</sup> Dec 2022	Variance (%)
Bank overdrafts and short-term borrowings	8,859.55	6,740.17	31.44%
Trade and other payables	1,343.78	942.24	42.61 %
Long-term borrowings	2,927.94	3,841.49	(23.78%)
Income tax payables	26.20	18.31	43.06%
Non-current liabilities <sup>Note 3</sup>	689.79	704.35	(2.07%)
<b>TOTAL LIABILITIES</b>	<b>13,847.24</b>	<b>12,246.56</b>	<b>13.07%</b>
<b>Shareholders' equity</b>	<b>11,930.91</b>	<b>11,867.53</b>	<b>0.53%</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,778.15</b>	<b>24,114.08</b>	<b>6.90%</b>

<sup>Note 1</sup> Comprising temporary investment, short-term loans to related parties

<sup>Note 2</sup> Comprising investments in subsidiaries and associates, land and costs of project held for development, investment properties, property, plant and equipment, goodwill, intangible assets, leasehold right, deferred tax assets and other non-current assets

<sup>Note 3</sup> Comprising unearned rental income, provisions for employee benefit, rental and service deposit and other non-current liabilities



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The value of total assets of the Company increased by 6.90% or 1.66407 billion baht i.e., from 24.11408 billion baht to 25.77815 billion baht. The main reasons were as follows:

1. Land and costs of projects under construction increased by 1.93662 billion baht whereas inventories decreased by 954.50 million baht. When considered together, it increased by 982.12 million baht or 5.41%, from 18.16117 billion baht to 19.14329 billion baht. This was because of the following reasons.
  - 1.1 There was a recognition of revenue from ready-to-move-in projects. Ready-to-move-in products were used for rental and service business which caused a decrease in inventories by 2.10015 billion baht.
  - 1.2 There are 3 residential home projects that are completed and parts of them are ready to be handed over namely Maison 168 Muangthong, Villa 168 Westgate and Venue 24 Ratchaphruek with a combined value of 3.2 billion baht.
  - 1.3 Payment for land purchased for development of 4 projects and deposit for 2 more plots of land for future development were made as follows.

Land Payment for development of 4 projects		Deposit for 2 plots of land
One residential condominium project	Three residential home projects	
1. Park 168 Nopparat-Ramindra	1. Villa 168 Chesada -Ratchaphruek 2. Villa 168 New Krungthep Kreetha 3. Venue 24 New Nakhon Pathom	1. Residence 168 Utthayan Road 2. EARN by L.P.N.

2. The short-term loan to related parties increased by 37.63 million baht or 12.63%, from 297.88 million baht to 335.50 million baht, for use in the operation of associated companies.
3. Land and costs of project held for development increased by 1.01986 billion baht or 189.36%, from 538.58 million baht to 1.55844 billion baht due to the delay of one project namely Lumpini Mixx Narathiwas – Ratchada.

From the 3 aforementioned reasons, the value of total assets increased by 1.66407 billion baht or 6.90%.

Total liabilities of the Company increased by 13.07% or 1.60069 billion baht, from 12.24656 billion baht to 13.84724 billion baht. It was mainly because of the following reasons.

1. The short-term and long-term borrowings of the Company increased by 1.20583 billion baht or 11.40% from 10.58165 billion baht to 11.78748 billion baht for future project development and business operation.
2. The value of trade and other payables increased by 401.53 million baht or 42.61 % due to the increase in construction payables for future project development.

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3. The income tax payable increased from 18.31 million baht to 26.20 million baht. During the period, the income tax for 2022 was paid in the amount of 18.59 million baht. Income tax payable increased as a result of the 1H 2023 performance.

As a result of the 3 aforementioned reasons, the total liabilities increased by 1.60069 billion baht or 13.07%. Hence the interest-bearing debt to equity ratio and the total debt to equity ratio increased from 0.89:1 to 0.99:1 and from 1.03:1 to 1.16:1 as at 30<sup>th</sup> June 2023 and 31<sup>st</sup> December 2022 respectively. The Company has strictly upheld the financial discipline, maintained the debt-to-equity ratio according to the Company's policy as well as kept the investment portfolio balanced for future growth.

As at 30<sup>th</sup> June 2023, the shareholders' equity increased from 11.86753 billion baht to 11.93091 billion baht or increasing by 0.53%. This was because in Q2'23 dividends were paid to shareholders in the amount of 174.46 million baht and the 1H'23 performance was 232.76 million baht.

#### **Financial structure**

In Q2'23, the Monetary Policy Committee meetings resolved to raise the policy interest rate once from 1.75 percent to 2.00 percent since the risk of inflation was tilted to the upside and the Thai economy should continue to expand, driven mainly by tourism and private consumption. The Company strictly maintained the interest-bearing debt to equity ratio of not more than 1:1 and diversified capital sources to prevent liquidity risk and risks of continuously rising interest rates.

#### **Cash flow statement**

As for the cash flow statement for the quarter ended 30<sup>th</sup> June 2023 and at 31<sup>st</sup> December 2022, the net cash flow decreased by 57.59 million baht or 11.33%. It decreased by 153.33 million baht or 25.39% YoY due to the decrease in ownership transfer and the liquidity management to ensure that it is commensurate with the current situation.

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### Quarterly Financial Ratio Analysis (Q2 and 1H of 2023 and 2022)

Quarterly Financial Ratio	Unit	Q2'23	Q2'22	1H'23	1H'22
<b>1. Liquidity Ratio</b>					
1.1 Current Ratio	times	2.01	2.88	2.01	2.88
1.2 Quick Ratio	times	0.14	0.24	0.14	0.24
1.3 Collection Period	days	36.08	35.49	35.35	33.64
1.4 Inventory Turnover	days	648.21	662.63	631.47	613.97
1.5 Payable Period	days	111.55	104.25	108.67	96.59
<b>2. Profitability Ratio</b>					
2.1 Gross Profit Margin from Main Activities	%	21.24	22.31	22.84	22.63
2.2 Gross Profit Margin from Sales of Real Estates	%	21.37	21.99	22.82	22.02
2.3 Gross Profit Margin from Rental and Services	%	26.24	28.79	33.52	30.77
2.4 Gross Profit Margin from Management services	%	20.14	22.33	21.10	23.82
2.5 Net Profit Margin Ratio	%	5.01	7.40	6.51	8.05
2.6 Gross Sales to Equity Ratio	%	9.86	13.35	20.62	28.83
2.7 Return on Equity	%	0.73	1.28	1.95	2.94
<b>3. Efficiency Ratio</b>					
3.1 Return on Assets	%	0.35	0.61	0.93	1.41
3.2 Return on Fixed Assets	%	2.95	4.44	7.76	10.16
3.3 Total Asset Growth Rate	%	6.90	2.34	6.90	2.34
3.4 Total Liability Growth Rate	%	13.07	2.35	13.07	2.35
<b>4. Financial Policy Ratio</b>					
4.1 Debt to Equity	times	1.16	1.09	1.16	1.09
4.2 Interest Bearing Debt to Equity	times	0.99	0.88	0.99	0.88
4.3 Earnings Per Share	baht	0.06	0.13	0.16	0.23
4.4 Book Value	baht	8.20	8.02	8.20	8.02

Liquidity ratio in Q2'23 and 1H'23 is slightly lower than the previous quarter's ratio. The Company is able to maintain liquidity commensurate with the normal operation of the business.

Regarding the profitability ratio, although the net profit margin decreased when compared to the previous quarter, in 1H'23 the gross profit margin from main business of the Company increased when compared to 1H'22. This was because sales and marketing were managed in response to current economic conditions.

Regarding the efficiency ratio, the increases in asset growth rate and liability growth rate were in compliance with growth policy. More project expansion of the Company responded to consumers' needs and supported future revenue recognition continually.

Regarding the financial ratio, the Company has strictly upheld the financial discipline while flexibility is added from time to time to allow the Company to expand its business as planned.

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## Appendix: Financial Ratio and Formulas

Financial Ratio	Unit	Formula
<b>1. Liquidity Ratio</b>		
1.1 Current Ratio	times	Current Assets / Current Liabilities
1.2 Quick Ratio	times	(Current Assets -Inventory-Land and costs of project under construction) / Current Liabilities
1.3 Collection Period	days	Average accounts receivable / (Total sales revenue / days in the period)
1.4 Inventory Turnover	days	Average Inventory / (COGS / days in the period)
1.5 Payable Period	days	Average accounts payable / (COGS/ days in the period)
<b>2. Profitability Ratio</b>		
2.1 Gross Profit Margin from Main business	%	(Total revenue of main business – Total cost of goods sold) / Total revenue of main business
2.2 Gross Profit Margin from Sales of Real Estate	%	(Net sales - COGS) / Net Sales
2.3 Gross Profit Margin from Rental and Service	%	Rental and service revenue – Cost of rental and service / Rental and service revenue
2.4 Gross Profit Margin from Management Service	%	Revenue from management service – Cost of management service / Revenue from management service
2.5 Net Profit Margin Ratio	%	Profit for the quarter / Total Revenue
2.6 Gross Sales to Equity Ratio	%	Total sales revenue / Average Shareholders' Equity
2.7 Return on Equity	%	Profit for the quarter / Average Shareholders' Equity
<b>3. Efficiency Ratio</b>		
3.1 Return on Assets	%	Profit for the quarter / Average Total Assets
3.2 Return on Fixed Assets	%	(Profit for the quarter + Depreciation) / Average Fixed Assets
3.3 Total Asset Growth Rate	%	Total assets at the end of the quarter – Total assets at the beginning of the quarter / Total assets at the beginning of the quarter
3.4 Total Liability Growth Rate	%	Total liabilities at the end of the quarter – Total liabilities at the beginning of the quarter / Total liabilities at the beginning of the quarter
<b>4. Financial Policy Ratio</b>		
4.1 Debt to Equity	times	Total debt / Shareholders' equity after Minority Interest
4.2 Interest Bearing Debt to Equity	times	Interest Bearing Debt / Shareholders' equity after Minority Interest
4.3 Earnings Per Share	baht	Profit for the quarter/Weighted Average Shares
4.4 Book Value	baht	Shareholders' Equity/Weighted Average Shares

After Revision

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director