

Ref. LPN/SorKor/204/2023

2nd November 2023

RE: Financial Statements Analysis Report Q3/2023

Dear Director and Manager

The Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial statements in Q3/2023 of the Company and subsidiary companies to the Stock Exchange of Thailand as follows:

Overall Operating Results of the Company and its subsidiaries for Q3 and 9M of the year 2023 and 2022

| Table Summarizing Consolidated Statement of Profit and Loss | | | | | | |
|------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|
| Item | Q3'23 | Q3'22 | %YoY | 9M'23 | 9M'22 | %YoY |
| Amount Unit: Million Baht | | | | | | |
| Total revenue | 1,999.33 | 4,202.49 | (52.43%) | 5,563.50 | 8,408.34 | (33.83%) |
| Total revenue from sales | 1,991.02 | 4,197.59 | (52.57%) | 5,539.12 | 8,388.34 | (33.97%) |
| Revenue from sales of real estate | 1,397.23 | 3,725.82 | (62.50%) | 3,850.27 | 7,049.77 | (45.38%) |
| Rental and service business income | 86.90 | 81.21 | 7.01% | 243.77 | 227.27 | 7.26% |
| Income from management business | 506.89 | 390.56 | 29.79% | 1,445.08 | 1,111.29 | 30.04% |
| Total other income | 8.31 | 4.91 | 69.25% | 24.37 | 20.01 | 21.79% |
| Gross profit | 438.16 | 878.34 | (50.11%) | 1,248.41 | 1,826.90 | (31.67%) |
| Selling and administrative expenses | 292.15 | 523.80 | (44.22%) | 790.02 | 982.31 | (19.58%) |
| Selling expenses | 108.46 | 353.30 | (69.30%) | 283.23 | 525.95 | (46.15%) |
| Administrative expenses | 183.69 | 170.50 | 7.74% | 506.79 | 456.36 | 11.05% |
| EBIT | 154.32 | 359.45 | (57.07%) | 482.75 | 864.60 | (44.16%) |
| EBITDA | 160.31 | 364.60 | (56.03%) | 498.98 | 879.13 | (43.24%) |
| Profit for the quarter | 106.65 | 235.85 | (54.78%) | 339.41 | 574.63 | (40.93%) |
| Profit attributable to the Company | 103.92 | 235.84 | (55.94%) | 336.05 | 574.61 | (41.52%) |
| Significant financial ratio (%) | | | | | | |
| Total Gross Profit Margin | 22.01% | 20.92% | 1.08% | 22.54% | 21.78% | 0.76% |
| Gross Profit Margin from Real Estate Sales | 21.99% | 20.29% | 1.70% | 22.52% | 21.11% | 1.41% |
| Gross Profit Margin from Rental and Service Business | 27.61% | 39.00% | (11.39%) | 31.41% | 33.71% | (2.30%) |
| Gross Profit Margin from Management Business | 21.09% | 23.24% | (2.15%) | 21.10% | 23.61% | (2.52%) |
| Total selling and administrative expenses to total sales revenue | 14.61% | 12.46% | 2.15% | 14.20% | 11.68% | 2.52% |
| EBIT margin | 7.72% | 8.55% | (0.83%) | 8.68% | 10.28% | (1.61%) |
| EBITDA margin | 8.02% | 8.68% | (0.66%) | 8.97% | 10.46% | (1.49%) |
| Net Profit Margin (for the quarter) | 5.33% | 5.61% | (0.28%) | 6.10% | 6.83% | (0.73%) |
| Net Profit Margin (attributable to the Company) | 5.20% | 5.61% | (0.41%) | 6.04% | 6.83% | (0.79%) |

After Revision

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

In Q3'23 the net profit of the Company and its subsidiaries decreased by 131.92 million baht or 55.94% when compared to Q3'22 (decreasing 238.56 million baht or 41.52% in 9M'23) This was mainly because the income from real estate business decreased by 62.50% (decreasing by 45.38% in 9M'23). At the same time in Q3'23 and 9M'23 the gross profit of the Company from the aforementioned business increased by 1.70% and 1.41% respectively. The income from rental business and management business in Q3'23 increased by 7.01% and 29.79% respectively (increasing by 7.26% and 30.04% respectively in 9M'23) due to post-COVID housing demand and the business expansion of management business.

In Q3'23, the selling and administrative expenses decreased by 44.22% from 523.80 million baht to 292.15 million baht (decreasing by 19.58% in 9M'23) due to the fact that the ownership transfer expenses decreased in accordance with the decline in revenue. There was a 7.74% increase in administrative expenses to support the expansion of new projects (increasing by 11.05% in 9M'23). With the above reasons, the net profit attributable to the Company decreased by 55.94% in Q3'23 (decreasing by 41.52% in 9M'23). It is expected to see an increase in income from real estate sales and net profit from both residential condominium projects and residential home projects that are completed in 2023.

Proportion of Total Revenue of the Company and its Subsidiaries for Q3 and 9M of 2023 and 2022

| Type of Revenue | Q3'23 | Q3'22 | %YoY | 9M'23 | 9M'22 | %YoY |
|------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Revenue from sales of real estate | 1,397.23 | 3,725.82 | (62.50%) | 3,850.27 | 7,049.77 | (45.38%) |
| 1.1 Residential Condominium | 1,001.05 | 725.32 | 38.02% | 2,800.50 | 2,914.61 | (3.92%) |
| Proportion (%) | 71.65% | 19.47% | 52.18% | 72.74% | 41.34% | 31.40% |
| 1.2 Residential Home | 396.18 | 411.10 | (3.63%) | 1,049.77 | 1,545.76 | (32.09%) |
| Proportion (%) | 28.35% | 11.03% | 17.32% | 27.26% | 21.93% | 5.33% |
| 1.3 Office Building | - | 2,589.40 | (100.00%) | - | 2,589.40 | (100.00%) |
| Proportion (%) | - | 69.50% | (69.50%) | - | 36.73% | (36.73%) |
| 1.4 Gross Profit Margin | 21.99% | 20.29% | 1.70% | 22.52% | 21.11% | 1.41% |
| 2. Rental and service business income | 86.90 | 81.21 | 7.01% | 243.77 | 227.27 | 7.26% |
| 3. Income from management business | 506.89 | 390.56 | 29.79% | 1,445.08 | 1,111.29 | 30.04% |
| 4. Total main revenue | 1,991.02 | 4,197.59 | (52.57%) | 5,539.12 | 8,388.34 | (33.97%) |
| 5. Gross Profit Margin of main business | 22.01% | 20.92% | 1.08% | 22.54% | 21.78% | 0.76% |
| 6. Other income ^{Note 1} | 8.31 | 4.91 | 69.25% | 24.37 | 20.01 | 21.79% |
| 7. Total revenue | 1,999.33 | 4,202.49 | (52.43%) | 5,563.50 | 8,408.34 | (33.83%) |

^{Note 1} 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.

After Revision

Sales Volume and Backlog

1. The sales volume is approximately 8 billion baht.
 - 1) 80% of which is from residential condominium projects.
 - 2) 20% of which is from residential home projects.

In Q3'23, the Company launched 5 new projects (over 9M, the Company launched 10 projects with a combined project value of 10.5 billion baht in approximate.). One of them is a residential condominium project namely EARN Amata by L.P.N., the latest new brand located at Amata City Chonburi Industrial Estate. It targets investor groups and residents who are looking for quality residence. Another four are residential home projects namely Haus 24 Westgate, Haus 24 Khukhot Station, Haus 24 Kaew In and Haus 24 Bang Yai with a combined project value of 5 billion baht. Thus, in the fourth quarter of 2023 the Company will launch 2 more projects with a combined value of 2 billion baht as planned. These include 1 residential condominium projects with a combined value of 900 million baht and 1 residential home projects with a combined value of 1.1 billion baht. As a result, the sales volume and the sales revenue of the Company will grow continually.

2. The backlog is 2.8 billion baht which will gradually be recognized in 2023 and 2024.

Sales Volume and Backlog as at 30th September 2023

Unit: Million Baht

| Sales Volume | Q1'23 | Q2'23 | Q3'23 | Total |
|------------------------------|--------------|--------------|--------------|--------------|
| 1. Residential Condominium | 2,200 | 2,200 | 2,100 | 6,500 |
| Proportion (%) | 80% | 80% | 80% | 80% |
| 2. Residential Home | 520 | 480 | 500 | 1,500 |
| Proportion (%) | 20% | 20% | 20% | 20% |
| 3. Total Sales Volume | 2,720 | 2,680 | 2,600 | 8,000 |

| Backlog | To be handed over in | | |
|----------------------------|----------------------|--------------|--------------|
| | Year 2023 | Year 2024 | Total |
| 1. Residential Condominium | 700 | 1,800 | 2,500 |
| Proportion (%) | 70% | 100% | 90% |
| 2. Residential Home | 300 | - | 300 |
| Proportion (%) | 30% | - | 10% |
| 3. Total Backlog | 1,000 | 1,800 | 2,800 |

After Revision

Analysis of Consolidated Statement of Financial Position of the Company

Table Summarizing Consolidated Statement of Financial Position of the Company and its subsidiaries as at 30th September 2023 and 31st December 2022

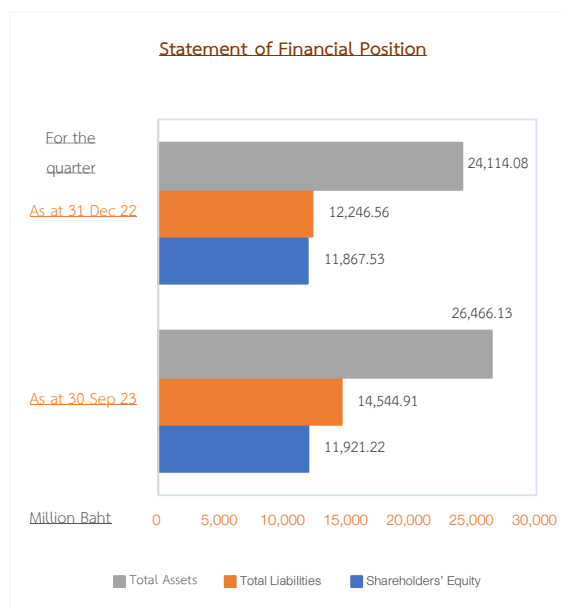
| ASSETS (Unit: Million Baht) | As at 30 th Sep 2023 | As at 31 st Dec 2022 | Variance (%) |
|-----------------------------------------------------------------|------------------------------------|------------------------------------|-----------------|
| Cash and cash equivalents | 416.48 | 508.09 | (18.03%) |
| Trade and other receivables | 604.33 | 734.86 | (17.76%) |
| Land and costs of project under construction | 12,241.67 | 11,041.82 | 10.87% |
| Inventories | 7,518.96 | 7,119.35 | 5.61% |
| Other current assets ^{Note 1} | 335.50 | 297.88 | 12.63% |
| Non-current assets ^{Note 2} | 5,349.18 | 4,412.09 | 21.24% |
| TOTAL ASSETS | 26,466.13 | 24,114.08 | 9.75% |
| LIABILITIES AND SHAREHOLDERS' EQUITY (Unit: Million Baht) | As at 30 th Sep 2023 | As at 31 st Dec 2022 | Variance (%) |
| Bank overdrafts and short-term borrowings | 9,651.37 | 6,740.17 | 43.19% |
| Trade and other payables | 1,522.68 | 942.24 | 61.60% |
| Long-term borrowings | 2,657.55 | 3,841.49 | (30.82%) |
| Income tax payables | 8.38 | 18.31 | (54.22%) |
| Non-current liabilities ^{Note 3} | 704.93 | 704.35 | 0.08% |
| TOTAL LIABILITIES | 14,544.91 | 12,246.56 | 18.77% |
| Shareholders' equity | 11,921.22 | 11,867.53 | 0.45% |
| Total liabilities and shareholders' equity | 26,466.13 | 24,114.08 | 9.75% |

^{Note 1} Comprising temporary investment, short-term loans to related parties

^{Note 2} 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

^{Note 3} Comprising unearned rental income, provisions for employee benefit, rental and service deposit and other non-current liabilities



The value of total assets of the Company increased by 2.35205 billion baht or 9.75% from 24.11408 billion baht to 26.46613 billion baht. The main reasons were as follow:

1. Land and costs of projects under construction and inventories increased by 1.19985 billion baht and 399.61 million baht respectively. When considered together, it increased by 1.59946 billion baht or 8.81%, from 18.16117 billion baht to 19.76063 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 an increase in inventories by 394.34 million baht.
 - 1.2 There are 6 projects that are completed and ready to be handed over. One of them is a residential condominium project namely Lumpini Condotown Ekachai 48. Five are residential home projects namely Maison 168 Muangthong, Villa 168 Westgate, Venue 24 Ratchaphruek, Venue 24 Khukhot Station and Venue 24 Westgate with a combined value of 7 billion baht.

After Revision

1.3 Payment for land purchased for development of 6 projects and deposit for 2 more plots of land for future development were made as follows.

| Land Payment for development of 6 projects | | Deposit for 2 plots of land |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Two residential condominium projects | Four residential home projects | |
| 1. Park 168 Nopparat-Ramindra 2. EARN Amata by L.P.N. | 1. Villa 168 Chesada -Ratchaphruek 2. Villa 168 New Krungthep Kreetha 3. Venue 24 New Nakhon Pathom 4. Residence 168 Thanon Utthayan | 1. A plot of land at Wutthakat 2. A plot of land at Ratchaphruek |

- 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.
- Land and costs of project held for development increased by 1.02002 billion baht or 189.39%, from 538.58 million baht to 1.5586 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 2.35205 billion baht or 9.75%.

Total liabilities of the Company increased by 18.77% or 2.29836 billion baht, from 12.24656 billion baht to 14.54491 billion baht. It was mainly because of the following reasons.

- The short-term and long-term borrowings of the Company increased by 1.72727 billion baht or 16.32% from 10.58165 billion baht to 12.30892 billion baht for future project development and business operation.
- The value of trade and other payables increased by 580.43 million baht or 61.60 % due to the increase in construction payables for future project development.

As a result of the 2 aforementioned reasons, the total liabilities increased by 2.29836 billion baht or 18.77%. Hence the interest-bearing debt to equity ratio and the total debt to equity ratio increased from 0.89:1 to 1.03:1 and from 1.03:1 to 1.22:1 as at 30th September 2023 and 31st 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 30th September 2023, the shareholders' equity increased from 11.86753 billion baht to 11.92122 billion baht or increasing by 0.45% as a result of 290.80-million-baht dividends paid to shareholders, 9M'23 performance of 339.41 million baht and the business combination of subsidiaries.

Financial structure

In the first 9 months of 2023, the Monetary Policy Committee meetings resolved to raise the policy interest rate 5 times from 1.25 percent to 2.50 percent or double the rate. Although the inflation risk is currently reduced, the demand-pull inflation may rise as a result of the economic stimulus policy of the government and the continual recovery of the tourism sector and the private consumption sector. In the meantime the Company must maintain the interest-bearing debt to equity ratio of 1:1 while adding flexibility from time to time. It should control the financial structure risk to prevent future risks, maintain long-term sustainable financial stability of the Company and prevent potential financial risks.

Cash flow statement

As for the cash flow statement for the quarter ended 30th September 2023 and at 31st December 2022, the net cash flow decreased by 91.61 million baht or 18.03% from 508.09 million baht to 416.48 million baht. It decreased by 301.35 million baht or 41.98% YoY from 717.83 million baht to 416.48 million baht due to the decrease in ownership transfer and the liquidity management to ensure that it is commensurate with the current situation.

After Revision

Quarterly Financial Ratio Analysis (Q3 and 9M of 2023 and 2022)

| Quarterly Financial Ratio | Unit | Q3'23 | Q3'22 | 9M'23 | 9M'22 |
|----------------------------------------------------|-------|--------|---------|--------|---------|
| 1. Liquidity Ratio | | | | | |
| 1.1 Current Ratio | times | 1.89 | 2.91 | 1.89 | 2.91 |
| 1.2 Quick Ratio | times | 0.12 | 0.29 | 0.12 | 0.29 |
| 1.3 Collection Period | days | 30.27 | 17.23 | 32.64 | 25.86 |
| 1.4 Inventory Turnover | days | 604.35 | 239.80 | 662.41 | 384.14 |
| 1.5 Payable Period | days | 101.77 | 35.65 | 111.54 | 57.12 |
| 2. Profitability Ratio | | | | | |
| 2.1 Gross Profit Margin from Main Activities | % | 22.01 | 20.92 | 22.54 | 21.78 |
| 2.2 Gross Profit Margin from Sales of Real Estates | % | 21.99 | 20.29 | 22.52 | 21.11 |
| 2.3 Gross Profit Margin from Rental and Services | % | 27.61 | 39.00 | 31.41 | 33.71 |
| 2.4 Gross Profit Margin from Management services | % | 21.09 | 23.24 | 21.10 | 23.61 |
| 2.5 Net Profit Margin Ratio | % | 5.20 | 5.61 | 6.04 | 6.83 |
| 2.6 Gross Sales to Equity Ratio | % | 11.75 | 32.19 | 32.38 | 60.90 |
| 2.7 Return on Equity | % | 0.87 | 2.04 | 2.83 | 4.96 |
| 3. Efficiency Ratio | | | | | |
| 3.1 Return on Assets | % | 0.41 | 1.01 | 1.33 | 2.47 |
| 3.2 Return on Fixed Assets | % | 3.50 | 7.15 | 11.23 | 17.47 |
| 3.3 Total Asset Growth Rate | % | 9.75 | (4.41) | 9.75 | (4.41) |
| 3.4 Total Liability Growth Rate | % | 18.77 | (11.35) | 18.77 | (11.35) |
| 4. Financial Policy Ratio | | | | | |
| 4.1 Debt to Equity | times | 1.22 | 0.93 | 1.22 | 0.93 |
| 4.2 Interest Bearing Debt to Equity | times | 1.03 | 0.76 | 1.03 | 0.76 |
| 4.3 Earnings Per Share | baht | 0.07 | 0.16 | 0.23 | 0.40 |
| 4.4 Book Value | baht | 8.20 | 8.08 | 8.20 | 8.08 |

Liquidity ratio in Q3'23 and 9M'23 is lower than the previous quarter's ratio since the revenue recognition from real estate sales decreased by 62.50% comparing to the previous quarter. However, 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 Q3'23 and 9M'23 the gross profit margin from main business of the Company increased when compared to the previous quarter. 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. In Q3'23 the Company has expanded upcountry by launching a new project in Chonburi province near Amata City Chonburi Industrial Estate in order to expand its customer base and increase more sales after experiencing a slowdown in purchasing power in Bangkok and its peripherals.

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 and to support project expansion of the Company.

Appendix: Financial Ratio and Formulas

| Financial Ratio | Unit | Formula |
|---------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Liquidity Ratio | | |
| 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) |
| 2. Profitability Ratio | | |
| 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 |
| 3. Efficiency Ratio | | |
| 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 |
| 4. Financial Policy Ratio | | |
| 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