

Ref. LPN/SorKor/098/2564

6th May 2021

Re: Financial Statements Analysis Report Q1/2021

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co.,Ltd. would like to submit the financial statements in Q1/2021 of the Company and subsidiary companies to the Stock Exchange of Thailand 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 “Vibrant 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 during 2022-2024 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 transformed will also be achieved to improve the operational process to be flexible and increase the efficiency of expense management and operational costs. The 4 main strategies are namely, invasion of the housing market, expansion of service income, financial liquidity management and adding value to existing assets.

As for the performance in Q1/2021, the net profit of the Company and subsidiary companies decreases 43.35% from the same period of the previous year. It is because the income from sales of residential condominium decreases 39.75% since the income from the backlog had been recognized in Q4/2020. Moreover, the sales campaigns at the beginning of the year are not well-received as usual as a consequence of the COVID-19 pandemic. Regarding the income from sales of single house projects, it is similar to that of Q1/2020. The income from rental and service business increases 27.97% from the same quarter of the previous year. It is as a result of the continual expansion of rental business at Lumpini Township Rangsit-Klong 1 Phase 3 since the end of 2018 and the rental business at ready-to-move-in projects since 2020, namely, Lumpini Park Phahol 32, Lumpini Place Rama 3-Riverine, Lumpini Park Petchakasem 98, Lumpini Selected Sutthisam-Saphankwai and Lumpini Ville Pranangkla-Riverview. The sales expenses and management expenses decrease 29.73% and 19.80% respectively from the same period of the previous year because of a lower ownership transfer volume and increased efficiency of expenses management and operational costs control.

During the last 9 months of 2021, the Company aims to generate the sales volume of 8 billion THB and launch 9 new projects with the combined value of 8.5 billion THB i.e. 3 residential condominium projects and 6 single house projects. The first project is planned to be launched in Q2/2021.

Report on the complete projects ready to be handed over, sales volume and backlog in Q1/2021

1. Complete projects ready to be handed over: 2 projects with the combined value of 3.14 billion THB, namely,

1.1 Office building: 1 project

- Lumpini Tower Vibhavadi-Jatijak, valuing 2.78 billion THB

1.2 Single house project of a subsidiary company: 1 project

- Baan Lumpini Town Ville Ratchapruek-Pinklao (Phase 3), valuing 360 million THB

2. Sales volume and backlog

2.1 The sales volume in Q1/2021 is 2.1 billion THB, namely,

- 1) 72% of the sales volume derives from residential condominium projects i.e. 1.2 billion THB from complete and ready-to-move-in projects and 300 million THB from projects under construction.
- 2) 28% of the sales volume derives from single house projects i.e. 260 million THB from complete and ready-to-move-in projects and 340 million THB from complete projects ready to be handed over in Q1/2021.

2.2 The backlog of the Company is 2.48 billion THB which will gradually be recognized in 2021 and 2022.

As of 31st March 2021, the sales volume and backlog of the Company and subsidiary companies are as follows:

<u>Sales Volume</u>	Amount	<u>Backlog</u>	To Be Handed Over in 2021	To Be Handed Over in 2022	Total
1. Residential Condominium	1,500	1. Residential Condominium	1,160	600	1,760
2. Single House	600	2. Single House	720	-	720
3. Total Sales Volume	2,100	3. Total Backlog	1,880	600	2,480

Performance in Q1/2021 and 2020

Consolidated profit (loss) statements

The net profit of the Company and subsidiary companies decreases 43.35% from the same period of the previous year as a result of 29.27% decrease of the income from sales. 64% is the income recognized from residential projects completed at the end of 2020 and 36% is that from single house projects. Most of the single house projects were completed at the end of 2020. The income is recognized from one project completed in Q1/2021 i.e. Baan Lumpini Town Ville Ratchapruek-Pinklao (Phase 3). At the same time, the income from rental and service businesses increases 27.97% from the same period of the previous year. It is the continual expansion of the rental business at Lumpini Township Rangsit Klong 1. Moreover, the income from management increases 8.7% from the same period of the previous year as a result of the management of residential projects and provision of engineering service and other services.

Table 1: Proportion of Main Income of the Company and Subsidiary Companies in Q1/2021 and 2020

Unit: Million THB

Type of Income	Q1/2021	Q1/2020	% Variance	Note
1. Income from sales of real estate ¹	1,056.58	1,493.92	(29.27%)	Note¹ 64% of the income from sales of real estate is recognized from residential condominium projects and 36% from single house projects. The details are as follows: 1. Residential condominium projects: 36% are projects completed prior to 2020 and 28% are those completed in 2020. 2. Single house projects: 26% are projects completed in 2020, 8% are those completed prior to 2020 and 2% are those completed in Q1/2021.
1.1 Residential condominium	674.05	1,118.74	(39.75%)	
Proportion (%)	63.80%	74.89%	(11.09%)	
1.2 Single house	382.53	375.18	1.96%	
Proportion (%)	36.20%	25.11%	11.09%	
2. Income from rental and service business	72.88	56.95	27.97%	Note² Income from rental and service businesses increase 27.97% as a result of continual expansion of the rental business at Lumpini Township Rangsit Klong 1 and 4-5 projects in the Investor Program.
3. Income from management business	293.54	270.03	8.70%	
4. Total Main Income	1,423.00	1,820.90	(21.85%)	

After revision

Statement of financial position as of 31st March 2021 and 31st December 2020**Total assets**

The total assets of the Company increase 714.54 million THB or 3.03% i.e. from 23.61874 billion THB to 24.33328 billion THB. The main reasons are as follows:

1. Cash increases from 2020 at the amount of 546.06 million THB or 59.57% as a result of cash reserved for dividend payment to shareholders on 8 April 2021.
2. Payment is made for 2 plots of land for the development of Lumpini Ville Charan-Faichai and Lumpini Town Place Ladprao 101-Pokaew in 2021.
3. Land and project costs during construction decrease 1.18492 billion THB or 14.67% i.e. from 8.07495 billion THB to 6.89003 billion THB. The inventory increases 1.33558 billion THB or 14.69% i.e. from 9.09076 billion THB to 10.42634 billion THB. It is because in Q1/2021, 2 projects are completed, namely, one office building project and one single house project as mentioned above.

Total liabilities

Total liabilities increase 1.17333 billion THB or 9.95% i.e. from 11.79683 to 12.97016 billion THB. It is mainly because of the increase of loan from financial institutions for project development and operation of 674.42 million THB or 6.96% i.e. from 9.69195 billion THB to 10.36636 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 0.91:1 and from 1.00:1 to 1.14:1 as of 31st March 2021 and 31st December 2020 respectively. In comparison with the same period of the previous year, the ratios have increased from 0.67:1 to 0.91:1 and 0.90:1 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 2021, the Company is preparing to offer 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 period of offer for sale is from 10th - 12th May 2021. The objective is to use the fund for business expansion in order to achieve the income target and business growth in accordance with the business plan 2021 - 2024.

Cash flow statement

Regarding the cash flow statement as of 31st March 2021 and 31st December 2020, the net cash flow increases 546.06 million THB or 59.57% mainly because of the cash reserved for dividend payment for shareholders on 8th April 2021. Comparing with the same period of the previous year, the cash flow statement as of 31st March 2021 and 31st March 2020, the net cash flow increases 500.28 million THB or 51.98% mainly because as at the end of 2020, the Company has reserved an amount of cash to increase the liquidity during the time of COVID - 19 crisis.

Important numbers in the financial statements Q1/2021 and 2020

Table 2: Profit/Loss Statement in Q1/2021 and 2020

Number	Consolidated Financial Statements			Separate Financial Statements		
	Q1/2021	Q1/2020	% Variance	Q1/2021	Q1/2020	% Variance
1. Main income (million THB)	1,426.60	1,850.28	(22.90%)	805.17	1,345.14	(40.14%)
2. Gross profit from sale (%)	25.57%	30.25%	(4.68%)	25.91%	28.03%	(2.12%)
3. Gross profit from rental and service business (%)	43.73%	50.80%	(7.07%)	44.79%	47.40%	(2.60%)
4. Gross profit from management business (%)	49.80%	35.38%	14.42%	-	-	-
5. Gross profit from main income (million THB)	448.19	576.32	(22.23%)	220.88	378.80	(41.69%)
(%)	31.50%	31.65%	(0.15%)	27.61%	28.88%	(1.27%)
6. Expenses on sales (million THB)	63.77	90.75	(29.73%)	47.24	79.86	(40.85%)
(%)	4.47%	4.90%	(0.43%)	5.87%	5.94%	(0.07%)
7. Expenses on sales (million THB)	21.75	33.88	(35.80%)	17.45	31.75	(45.04%)
(excluding ownership transfer)						
(%)	1.52%	1.83%	(0.31%)	2.17%	2.36%	(0.19%)
8. Expenses on management (million THB)	179.92	224.35	(19.80%)	79.13	109.10	(27.47%)
(%)	12.61%	12.13%	0.48%	9.83%	8.11%	1.72%
9. Profit before interest and income tax (million THB)	200.90	284.14	(29.30%)	93.69	221.65	(57.73%)
(%)	14.08%	15.36%	(1.28%)	11.64%	16.48%	(4.84%)
10. Profit before tax (million THB)	155.39	275.00	(43.49%)	46.04	207.47	(77.81%)
(%)	10.89%	14.86%	(3.97%)	5.72%	15.42%	(9.70%)
11. Net profit (loss) (million THB)	122.86	216.88	(43.35%)	33.66	164.70	(79.56%)
(%)	8.61%	11.72%	(3.11%)	4.18%	12.24%	(8.06%)
12. Net profit (loss) per share (THB)	0.08	0.15	(46.67%)	0.02	0.11	(81.82%)
13. Book value per share (THB)	7.81	8.78	(11.05%)	7.02	8.15	(13.87%)

After revision

Table 3: Statement of Financial Position as of 31st March 2021 and 31st December 2020

Unit: million THB

Number	Consolidated Financial Statements			Separate Financial Statements		
	as of 31 Mar 21	as of 31 Dec 20	%Variance	as of 31 Mar 21	as of 31 Dec 20	%Variance
14. Cash and cash equivalent	1,462.76	916.70	59.57%	1,294.07	774.01	67.19%
15. Trade debtors and other debtors	290.37	357.04	(18.67%)	112.40	146.94	(23.51%)
16. Land and project costs during Construction	6,890.03	8,074.95	(14.67%)	5,381.59	6,678.56	(19.42%)
17. Backlog	10,426.34	9,090.76	14.69%	10,180.85	8,839.08	15.18%
18. Other current assets ^{Note 1}	149.63	124.75	19.94%	344.18	309.75	11.12%
19. Non-current assets ^{Note 2}	5,114.16	5,054.55	1.18%	5,470.03	5,411.10	1.09%
20. Total assets	24,333.28	23,618.74	3.03%	22,783.12	22,159.44	2.81%
21. Overdraft and short-term loan	7,250.71	6,587.89	10.06%	7,334.21	6,677.88	9.83%
22. Trade account payable and other creditors	1,750.72	1,266.63	38.22%	1,530.87	1,019.85	50.11%
23. Long-term loan	3,115.65	3,104.06	0.37%	3,162.21	3,164.73	(0.08%)
24. Overdue corporate income tax	106.68	92.18	15.73%	76.98	73.42	4.85%
25. Non-current liabilities ^{Note 3}	746.40	746.07	0.04%	466.67	463.37	0.71%
26. Total liabilities	12,970.16	11,796.83	9.95%	12,570.94	11,399.25	10.28%
27. Shareholders' equity	11,363.12	11,821.91	(3.88%)	10,212.18	10,760.19	(5.09%)

After revision

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.

Table 4: Financial Ratio in Q1/2021 and 2020

Item	Unit	Q1		Item	Unit	Q1	
		2021	2020			2021	2020
Liquidity Ratio				9. Net Profit	%	8.61	11.72
1. Current Ratio	Time	2.11	2.82	10. Sales to Equity Ratio	%	9.11	11.69
2. Quick Ratio	Time	0.21	0.20	Asset Management Ratio			
	Day	8.59	5.44	11. Return on Assets	%	0.51	0.91
3. Collection Period	Day	1,116.7	841.78	12. Return on Fixed Assets	%	4.21	10.63
4. Inventory Turnover Ratio	Day	7	79.80	13. Asset Growth Rate	%	3.03	3.55
5. Payment Period		82.00		14. Liabilities Growth Rate	%	9.95	11.82
Profitability Ratio				Financial Ratio			
6. Gross Profit Margin from Sales	%	25.57	30.25	14. D/E Ratio	Time	1.14	0.90
7. Gross Profit Margin from Rent	%	43.73	50.80	15. Interest Bearing D/E Ratio	Time	0.91	0.67
8. Gross Profit Margin from Management	%	49.80	35.38				

After revision

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director