

9 February 2022

Management Discussion and Analysis (MD&A) for the Year Ended 31 December 2020

To President

The Stock Exchange of Thailand

Peace & Living Plc. ("Company") would like to explain about our annual financial performance for the Year ended 31 December 2020 as follows:

Statement of Income

	For the Fiscal Year Ended:					
	31 December 2019		31 December 2020		Change Increase / (Decrease)	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Total revenue	429.77	100.00	866.88	100.00	437.11	101.7
<i>Revenue from property sale</i>	427.19	99.40	865.01	99.78	437.81	102.5
<i>Other income</i> ¹	2.58	0.60	1.88	0.22	(0.70)	(27.3)
Expenses	(385.38)	89.67	(689.18)	79.50	303.80	78.8
<i>Cost of property sale</i>	(261.50)	60.85	(538.77)	62.15	277.27	106.0
<i>Selling expense</i>	(39.23)	9.13	(58.52)	6.75	19.29	49.2
<i>Administrative expense</i>	(84.65)	19.70	(91.90)	10.60	7.24	8.6
EBIT	44.39	10.33	177.70	20.50	133.31	300.3
Financing cost	(1.95)	0.45	(10.69)	1.23	8.73	447.5
Corporate income tax	(10.94)	2.54	(33.30)	3.84	22.36	204.5
Net profit for the year	31.51	7.33	133.71	15.42	102.21	324.4
	Unit	2019	2020			
Gross profit margin	%	38.79	37.72			
Net profit margin	%	7.33	15.42			
EPS	THB/Share	1.02 ⁽²⁾	3.98 ⁽³⁾			

Note: 1. Other revenue includes reversal of common fund expense, performance guarantee, revenue from employee uniform, return for electricity meter, financial support for ERP design and installation project and etc.

2. Calculated based on weighted average number of shares outstanding of 31.04 million with a par value of THB 10.00 as of 31 December 2019. The Company increased its registered capital to THB 336.00 million, with a par value of THB 10.00 per share and 33.60 million shares from the registered capital of THB 168.00 million, with a par value of THB 10.00 per share and 16.80 million shares.

3. Calculated based on the average number of shares outstanding of 33.60 million with a par value of THB 10.00 as of 31 December 2020.

Performance for the Year Ended 31 December 2020

Key Operating Revenue

Revenue from property sales as of 31 December 2019 and 31 December 2020 was THB 427.19 million and THB 427.19 million, respectively. The revenue from property sales according to the project can be as follows:

	For the Year Ended:			
	31 December 2019		31 December 2020	
	Millions of THB	%	Millions of THB	%
Revenue from property sale				
The Exclusive Wongwean - Ramindra	43.19	10.11	-	-
The Exclusive Chaengwattana - Tiwanon	53.68	12.57	-	-
The Exclusive Ratchada - Wongsawang	184.10	43.10	9.69	1.12
Cordiz at Udomsuk	65.16	15.25	297.13	34.35
Cher Wongwan - Sathorn	80.82	18.92	278.89	32.24
Cher Watcharapol	10.96	2.57	129.97	15.03
Cher Ngamwongwan - Prachachuen	-	-	80.67	9.33
The Glamor Ekkamai - Praditmanutham	-	-	81.95	9.47
Baan Pa Rim Than	-	-	3.91	0.45
Total	437.91	102.51	882.22	101.99
Deduce: giveaway expense	(10.71)	(2.51)	(17.21)	(1.99)
Revenue from sale of property (net)	427.19	100.00	865.01	100.00

Revenue from property sale in 2020 rose by THB 437.81 million or 102.49% from the year earlier due mainly to launch of Cher Ngamwongwan - Prachachuen Project in August 2020. Property ownership in other projects such as Cordiz at Udomsuk Project, Cher Wongwan - Sathorn Project, Cher Watcharapol Project and The Glamor Ekkamai - Praditmanutham Project also rose.

Gross profit

Gross profit as of 31 December 2019 and 31 December 2020 was THB 165.69 million and THB 326.24 million respectively, or accounted for the gross profit margin of 38.79% and 37.72% respectively.

Gross profit as of 31 December 2020 increased by THB 160.54 million or 96.89% from the gross profit as of 31 December 2019, in line with the increase in revenue. In 2020, the gross profit margin decreased slightly compared to the previous year due to an increase in transferring the ownership in The Glamor project, which is located in a highly competitive location. Therefore, the marketing promotion and the pricing strategy had adjusted to the project to compete with competitors.

Selling and administrative expenses

Selling expenses consist of Salesperson expenses, advertising expenses, sales rewards including fees related to the transfer of ownership and specific business tax. The selling expenses as of 31 December 2019 and 31 December 2020 was THB 39.23 million and THB 58.52 million respectively.

The selling expenses as of 31 December 2020 increased by THB 19.29 million or 49.18% from the selling expenses as of 31 December 2019, as a result of specific business tax, transfer fee, salesperson expenses which increased from the raise in number of project sales staff following the of new opening projects, and the rise in sales commission and sales rewards from the increase in the income from of property sales.

The main administrative expenses are employee expenses which is accounted for 79.02% and 75.14% of total administrative expenses for 2019 and 2020, respectively. Other administrative expenses are the cost of office equipment and services, depreciation, project costs which consists of project repair cost, security service fee, and cleaning cost etc. The administrative expenses as of 31 December 2019 and 31 December 2020 was THB 84.65 and 91.90 million respectively.

The administrative expenses as of 31 December 2020 increased by THB 7.24 million or 8.56% from that as of 31 December 2019 mainly due to the increase in the number of employees to support business growth and launching new projects.

Net Profit

Net profit for 2019 and 2020 was THB 31.51 million and THB 133.71 million respectively. Net profit margin in each respective year was 7.33% and 15.42% respectively.

Net profit in 2020 rose by THB 102.21 million or 324.40% from the year earlier thanks mainly to operating revenue increase.

Statement of Financial Position

Statement of Financial Position		For the Fiscal Year Ended:					
		31 December 2019		31 December 2020		Change Increase/ Decrease	
		Millions of THB	%	Millions of THB	%	Millions of THB	ร้อยละ
Total Assets		2,068.13	100.00	1,881.38	100.00	(186.75)	(9.03)
Total Liabilities		794.20	38.40	487.45	25.91	(306.75)	(38.62)
Total Shareholders' Equity		1,273.92	61.60	1,393.93	74.09	120.00	9.42
	Unit	2019		2020			
Current Ratio	X	4.18		4.12			
ROE	%	2.52		10.02			
ROA	%	1.82		6.77			
Debt-to-Equity	X	0.62		0.35			

Financial Position

Total Assets

Total assets as of 31 December 2019 and 31 December 2020 stood at THB 2,068.13 million and THB 1,881.38 million consecutively. Its core assets include cost of property development for sale.

Total assets as of 31 December 2020 declined by THB 186.75 million or 9.03% from that as of 31 December 2019 as amount of property transfer exceeded costs of land acquisition and property development & construction. Property sale revenue came mainly from Cordiz Udomsuk Project, Cher Wongwan-Sathorn Project, Cher Watcharaphon Project and the Glamor Project.

Total Liabilities

Total liabilities as of 31 December 2019 and 31 December 2020 stood at THB 794.20 million and THB 487.45 million consecutively. Its core liabilities include cost of short-term and long-term loans from financial institutions, and trade accounts payable which are in line with the company's normal operations.

The Company's total liabilities as of 31 December 2020 decreased by THB 306.75 million or 38.62% from that as of 31 December 2019 as it repaid some short-term borrowings.

Total Shareholders' Equity

Shareholders' equity as of 31 December 2019 and 31 December 2020 stood at THB 1,273.92 million and THB 1,393.93 million consecutively.

Shareholders' equity as of 31 December 2020 increased by THB 120.00 million or 9.42% from that of 31 December 2019 due to increase in accumulated earnings.

Key Financial Ratios

Current Ratio

The Company's current ratio as of 31 December 2019, and 2020 stood at 4.18 and 4.12 times respectively.

Current ratio as of 31 December 2020 slightly decreased from that as of 31 December 2019 as the Company's current assets marginally declined. Its cost of property project development decreased while it transferred property ownership to home buyers.

Return on Assets (ROA)

The Company's ROA for 2019 and 2020 stood at 1.82% and 6.77%, consecutively.

ROA in 2020 increased from that in 2019 due mainly to an increase in the Company's operating revenue and net profit. Total assets slightly declined.

Return on Equity (ROE)

ROE for 2019 and 2020 stood at 2.52% and 10.02%, respectively.

ROE in 2020 rose from that in 2019 due to increase in the Company's net profit which was in line with its revenue increase.


Debt-to-Equity Ratio (D/E)

D/E as at 31 December 2019 and 2020 stood at 0.62 and 0.35 times respectively.

D/E as at 31 December 2020 fell from 31 December 2019 as the Company repaid some portion of loans. Meanwhile, its shareholders' equity also increased in line with rise in the Company's net profit.

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Prasobsak Sirisopana', written in a cursive style.

(Mr. Prasobsak Sirisopana)

Director and Chief Executive Officer