

November 10, 2022

Subject: Management Discussion and Analysis for the third quarter ended September 30, 2022

To: Directors and Manager
The Stock Exchange of Thailand

According to the resolution of the Board of Directors of Jakpaison Estate Public Company Limited (“The Company”) No. 5/2565 on November 10, 2022, it approved its separate and consolidated financial statements for the third quarter of 2022 ended September 30, 2022. The Company hereby clarifies the performance as follows:

Key Highlights for The Third Quarter of 2022

- The Company has bought and transferred right of ownership for two pieces of land and one condominium project as follows: (1) land in Rangsit Klong 2 area; (2) land alongside Prem Prachakorn canal; and (3) a condominium project in Chonburi, all of which The Company plans to develop and sell in 2023 and 2024.
- Total revenues in the third quarter of 2022 were Baht 23.33 million, a decrease of Baht 79.47 million or a 77.30% decrease when compared to the same period last year. For the first nine months of 2022, total revenues were Baht 65.05 million, a decrease of Baht 97.27 million or a 59.93% decrease of the same period last year. Total revenues sharply decreased because the Company was not involved in any construction project as in previous year.
- Revenue from sales during the third quarter of 2022 were Baht 22.80 million, an increase of Baht 21.94 million or a 2,545.24% increase when compared to the same period last year. For the first nine months of 2022, revenue from sales increased Baht 44.01 million or 226.43% compared to the same period last year due to economic recovery in real estate business.
- The Company has ceased the operation of Puff & Pie, a bakery business, in early September 2022 due to lower-than-expected return on investment from the business.

Operating Results

Financial Statement	Q3/2022		Q3/2021		Increase / (Decrease)		9M/2022		9M/2021		Increase / (Decrease)	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
REVENUES												
Revenue from sales	22.80	97.73	0.86	0.84	21.94	2,545.24	63.45	97.54	19.44	11.97	44.01	226.43
Revenue from construction contracts	-	-	101.41	98.65	(101.41)	(100.00)	-	-	141.72	87.32	(141.72)	(100.00)
Other income	0.53	2.27	0.53	0.51	0.00	0.76	1.60	2.46	1.15	0.71	0.45	38.89
Total revenues	23.33	100.00	102.80	100.00	(79.47)	(77.30)	65.05	100.00	162.31	100.00	(97.27)	(59.93)
EXPENSES												
Cost of sales	14.08	60.36	0.45	0.44	13.63	3,008.61	40.65	62.49	9.42	5.80	31.23	331.73
Cost of construction contracts	-	-	84.19	81.90	(84.19)	(100.00)	-	-	114.71	70.67	(114.71)	(100.00)
Selling expenses	1.03	4.41	0.09	0.08	0.94	1,083.91	2.71	4.17	1.03	0.63	1.69	164.26



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Financial Statement	Q3/2022		Q3/2021		Increase / (Decrease)		9M/2022		9M/2021		Increase / (Decrease)	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
Administrative expenses	6.80	29.15	6.31	6.14	0.49	7.73	19.66	30.23	19.60	12.07	0.07	0.33
Managements' remuneration	1.52	6.53	2.12	2.06	(0.60)	(28.11)	6.08	9.35	6.33	3.90	(0.25)	(3.95)
Total expenses	23.44	100.45	93.17	90.63	(69.73)	(74.84)	69.10	106.23	151.07	93.08	(81.97)	(54.26)
Profit (loss) before finance income, finance costs, share of profit from investment in an associate and income tax income (expense)	(0.11)	(0.45)	9.63	9.37	(9.74)	(101.10)	(4.05)	(6.23)	11.24	6.92	(15.29)	(136.09)
Financial income	0.07	0.30	0.10	0.09	(0.03)	(28.13)	0.22	0.34	0.29	0.18	(0.07)	(24.05)
Financial costs	(3.01)	(12.92)	(1.70)	(1.66)	1.31	77.09	(6.56)	(10.08)	(5.00)	(3.08)	1.56	31.22
Share of profit from investment in an associate	2.47	10.60	3.15	3.06	(0.68)	(21.52)	7.01	10.78	5.20	3.20	1.82	34.94
Income (loss) before income tax income (expense)	(0.58)	(2.48)	11.17	10.87	(11.75)	(105.18)	(3.38)	(5.19)	11.73	7.23	(15.11)	(128.79)
Income tax income (expense)	0.59	2.52	(1.64)	(1.60)	2.23	135.85	2.02	3.10	(0.45)	(0.28)	2.47	554.71
Net income (loss) for the periods	0.01	0.04	9.53	9.27	(9.52)	(99.90)	(1.36)	(2.09)	11.28	6.95	(12.63)	(112.04)

- **Revenues**

- Revenue from sales

Revenue from sales in the third quarter of 2022 were Baht 22.80 million or 97.73% of the total revenues, an increase of Baht 21.94 million or a 2,545.24% increase when compared to the same period last year. For the first nine months of 2022, revenue from sales were Baht 63.45 million or 97.54% of the total revenues, an increase of Baht 44.01 million or a 226.43% increase of the same period last year from Project Fern and Project Canna Pattaya which are on-going projects.

- Other income

Other income, which includes rental and utilities fees, in the third quarter of 2022 were Baht 0.53 million or 2.27% of the total revenues, which were equivalent to the same period last year. For the first nine months of 2022, other income were Baht 1.60 million or 2.46% of the total revenues, an increase of Baht 0.45 million or a 38.89% increase of the same period last year.

- **Expenses**

- Cost of sales

Cost of sales in the third quarter of 2022 were Baht 14.08 million or 60.36% of the total revenues, an increase of Baht 13.63 million or a 3,008.61% increase when compared to the same period last year due to increase of sales from real estate development business. For the first nine months of 2022, cost of sales were Baht 40.65 million or 62.49% of the total revenues, an increase of Baht 31.23 million or a 331.73% increase when compared to the same period last year from the aforementioned aspect.

○ Selling expenses

Selling expenses in the third quarter of 2022 were Baht 1.03 million or 4.41% of the total revenues, an increase of Baht 0.09 million or a 1,083.91% increase when compared to the same period last year due to increase of transfer taxes and fees, sales and marketing expenses, and employee-related expenses as the result of increase of sales from real estate development business. For the first nine months of 2022, selling expenses were Baht 2.71 million or 4.17% of the total revenues, an increase of Baht 1.69 million or a 164.26% increase when compared to the same period last year due to similar factor.

○ Administrative expenses and managements' remuneration

Administrative expenses and managements' remuneration in the third quarter of 2022 were Baht 8.32 million or 35.68% of the total revenues, a decrease of Baht 0.11 million or a 1.30% decrease when compared to the same period last year. For the first nine months of 2022, administrative expenses and managements' remuneration were Baht 25.74 million or 39.58% of the total revenues which decreased by Baht 0.19 million or 0.73%.

● **Profit (loss) before finance income, finance costs, share of profit from investment in an associate and income tax income (expense)**

Loss before financial income, financial costs, share of profit from investment in an associate and income tax income (expense) in the third quarter of 2022 were Baht 0.11 million which decreased by 101.10% when compared to the same period last year. For the first nine months of 2022, loss before financial income, financial costs, share of profit from investment in an associate and income tax income (expense) were Baht 4.05 million or a 136.09% decrease when compared to the same period last year because the Company did not have extra revenue from the government construction contract while administrative expenses and managements' remuneration were a bit fewer than the amount in the same period last year. Nonetheless, in the third quarter and for the first nine-month period of 2022, The Company achieved real estate development business's gross margin at 37.76% and 35.36% respectively.

Gross Margin (%)	Q3/2022	Q3/2021	9M/2022	9M/2021
Gross margin from real estate development business	37.76	-	35.36	51.91
Total gross margin	38.24	17.23	35.93	22.98

● **Financial costs**

The Company's financial costs, which include interest from long-term loans, overdrafts, and promissory notes, in the third quarter of 2022 were Baht 3.01 million or 12.92% of the total revenues, an increase of Baht 1.31 million or a 77.09% increase when compared to the same period last year due to the expansion of The Company's real estate development projects. For the first nine months of 2022, financial costs were Baht 6.56 million or 10.08% of the total revenues which increased by Baht 1.56 million or 31.22% from the same cause.



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- **Share of profit from investment in an associate**

The Company realized 40% of profits from investment in M.T.S Asset Development Company Limited which has an on-going project, named Idyl, in Phan Thong District, Chonburi.

Share of profit from investment in as associate in the third quarter of 2022 were Baht 2.47 million or 10.60% of the total revenues, a decrease of Baht 0.68 million or a 21.52% decrease when compared to the same period last year. For the first nine months of 2022, share of profit from investment in an associate were Baht 7.01 million or 10.78% of the total revenues which increased by Baht 1.82 million or 34.94%.

- **Net income (loss)**

The Company reports profit in the third quarter of 2022 of Baht 0.01 million or 0.04% of the total revenues, a decrease of Baht 9.52 million or a 99.90% decrease when compared to the same period last year, due to lower-than-expected transferred rate of the on-going projects.

Financial Position Analysis

Financial Position	As of				Increase / (Decrease)	
	Sep. 30, 2022		Dec. 31, 2021			
	MB	%	MB	%	MB	%
Total assets	798.29	100.00	662.79	100.00	135.50	20.44
Total liabilities	374.20	46.88	237.34	35.81	136.86	57.66
Total shareholders' equity	424.09	53.12	425.45	64.19	(1.36)	(0.32)

- **Total assets**

As of September 30, 2022, The Company has total assets of Baht 798.29 million which increased from December 31, 2021 by Baht 135.50 million or 20.44%. The Company's key assets are inventories which consist of lands for development, finished goods, products during construction, properties for investment, and investment in an associate.

- **Total liabilities**

As of September 30, 2022, The Company has total liabilities of Baht 374.20 million which increased from December 31, 2021 by Baht 136.86 million or 57.66% due mainly to the increase in financial costs for The Company's new projects expansion of Baht 133.19 million which are overdrafts and long-term loans from financial institutions totaling Baht 347.36 million.

- **Total shareholders' equity**

As of September 30, 2022, The Company has total shareholders' equity of Baht 424.09 million which decreased from December 31, 2021 by Baht 1.36 million or 0.32% due to the decrease of retained earnings.



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Key Financial Ratios

Financial Ratios	As of	
	Sep. 30, 2022	Dec. 31, 2021
Gross profit margin	35.93%	23.90%
Net profit margin	(2.09%)	7.68%
D/E ratio	0.88	0.56

Please be informed accordingly.

Yours sincerely,

Mr. Panuchai Hetrakul Srinualnad
Managing Director