

February 23, 2023

Subject: Management Discussion and Analysis for the year ended on December 31, 2022

To: Directors and Manager
The Stock Exchange of Thailand

According to the resolution of the Board of Directors of Jakpaisan Estate Public Company Limited (“The Company”) No. 1/2566 on February 23, 2023, it approved financial statements for the year ended on December 31, 2022. The Company hereby clarifies the performance as follows:

2022 Key Highlights

- 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, both of which The Company plans to develop and sell in 2023 and 2024, and (3) a condominium project in Chonburi which its sales revenue was recognized in December 2022.
- Total revenues in 2022 were 89.07 million baht, a decrease of 82.59 million baht or a 48.11% decrease when compared to last year. Total revenues declined drastically because the Company was not involved in any construction project as in previous year.
- Revenue from sales in 2022 were 86.71 million baht, an increase of 59.57 million baht or a 219.49% increase when compared to 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	2022		2021		Increase / (Decrease)	
	MB	%	MB	%	MB	%
REVENUES						
Revenue from sales	86.71	97.35	27.14	15.81	59.57	219.49
Revenue from construction contracts	-	-	142.82	83.20	(142.82)	(100.00)
Other income	2.36	2.65	1.70	0.99	0.66	38.82
Total revenues	89.07	100.00	171.66	100.00	(82.59)	(48.11)
EXPENSES						
Cost of sales	55.03	61.78	13.62	7.93	41.41	304.04
Cost of construction contracts	-	-	115.71	67.41	(115.71)	(100.00)
Selling expenses	3.42	3.84	1.61	0.94	1.81	112.42
Administrative expenses	25.65	28.80	25.33	14.76	0.32	1.26
Managements’ remuneration	7.59	8.52	8.44	4.92	(0.85)	(10.07)
Total expenses	91.69	102.94	164.71	95.95	(73.02)	(44.33)



JAKPAISAN ESTATE

Financial Statement	2022		2021		Increase / (Decrease)	
	MB	%	MB	%	MB	%
Profit (loss) before finance income, finance costs, share of profit from investment in an associate and income tax income	(2.62)	(2.94)	6.95	4.05	(9.57)	(137.70)
Financial income	0.31	0.35	0.37	0.22	(0.06)	(16.22)
Financial costs	(8.83)	(9.91)	(6.65)	(3.87)	2.18	32.78
Share of profit from investment in an associate	11.58	13.00	10.81	6.30	0.77	7.12
Profit before income tax income	0.44	0.49	11.48	6.69	(11.04)	(96.17)
Income tax income	2.16	2.43	0.34	0.20	1.82	535.29
Net profit	2.60	2.92	11.82	6.89	(9.22)	(78.00)

- **Revenues**

- Revenue from sales

Revenue from sales in 2022 were 86.71 million baht or 97.35% of the total revenues, an increase of 59.57 million baht or a 219.49% increase when compared to last year from on-going Project *Fern* and Project *Canna Pattaya*, and new Project *Gardenia Pattaya Condominium* which its sales revenue was recognized in last December.

- Other income

Other income, which includes rental fees and utilities fees, in 2022 were 2.36 million baht or 2.65% of the total revenues, an increase of 0.66 million baht or a 38.82% due to utilities fee from Project *Fern* and Project *Canna Pattaya* which are on-going projects.

- **Expenses**

- Cost of sales

Cost of sales in 2022 were 55.03 million baht or 61.78% of the total revenues, an increase of 41.41 million baht or a 304.04% due to increase of sales from real estate development business.

- Selling expenses

Selling expenses in 2022 were 3.42 million baht or 3.84% of the total revenues, an increase of 1.81 million baht or a 112.42% increase when compared to last year due to increase of transfer taxes and fees, sales and marketing expenses, and employee-related expenses as the result of increased in sales from real estate development business.

- Administrative expenses and managements' remuneration

Administrative expenses and managements' remuneration in 2022 were 33.24 million baht or 37.32% of the total revenues, a decrease of 0.53 million baht or a 1.57% decrease when compared to last year.



JAKPAISAN ESTATE

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

Loss before financial income, financial costs, share of profit from investment in an associate and income tax income in 2022 were 2.62 million baht which decreased by 137.70% when compared to last year. As a result, gross margin in 2022 was -2.94% 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 2021. Nonetheless, in 2022 The Company maintained real estate development business's gross margin and total gross margin at 35.96% and 36.54% respectively.

Gross Margin (%)	2022	2021
Gross margin from real estate development business	35.96	49.86
Total gross margin	36.54	23.91

- **Financial costs**

The Company's 2022 financial costs, which include interest from long-term loans, overdrafts, and promissory notes, were 8.83 million baht or 9.91% of the total revenues, an increase of 2.18 million or a 32.78% due to new long-term project loans to invest in the expansion of The Company's real estate development projects.

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

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

Share of profit from investment in MTS in 2022 were 11.58 million baht or 13% of the total revenues, an increase of 0.77 million baht or a 7.12% increase when compared to last year. However, the number of ownership transfers from the Project *Idyl* was fewer than 2021's but MST recognized the revenue from completed utilities in 2022.

- **Net profit**

In 2022, The Company reports profit of 2.60 million baht or 2.92% of the total revenues, a decrease of 9.22 million baht or a 78% decrease because in 2022 the Company did not have extra revenue from the government construction contract and has higher financial costs from borrowing to invest in new development projects.

Financial Position Analysis

Financial Position	As of December 31,				Increase / (Decrease)	
	2022		2021		MB	%
	MB	%	MB	%		
Total assets	812.86	100.00	662.79	100.00	150.07	22.64
Total liabilities	384.23	47.27	237.34	35.81	146.89	61.89
Total shareholders' equity	428.63	52.73	425.45	64.19	3.18	0.75

- **Total assets**

As of December 31, 2022, The Company has total assets of 812.86 million baht which increased from December 31, 2021, by 150.07 million baht or 22.64%. The Company's key assets are inventories which comprise of lands for development, finished goods, products during construction, investment in an associate and investment properties.

- **Total liabilities**

As of December 31, 2022, The Company has total liabilities of 384.23 million baht which increased from December 31, 2021, by 146.89 million baht or 61.89% due mainly to the increase in financial costs for The Company's new projects expansion of 118.89 million baht. Total liabilities mainly comprise overdrafts and long-term loans from financial institutions totaling 333.05 million baht.

- **Total shareholders' equity**

As of December 31, 2022, The Company has total shareholders' equity of 428.63 million baht which increased from December 31, 2021, by 3.18 million baht or 0.75% due to the increase of retained earnings in The Company's 2022 net profit was 2.60 million baht and other comprehensive income of 0.58 million baht; therefore total comprehensive income for 2022 was 3.18 million baht.

Key Financial Ratios

Financial Ratios	As of	
	2022	2021
Gross profit margin	36.54	23.91
Net profit margin	2.92	6.89
D/E ratio	0.90	0.56

Please be informed accordingly.

Yours sincerely,

Mr. Panuchai Hetrakul Srinualnad
Managing Director