

October 2, 2023

Subject: Management Discussion and Analysis for the second quarter ended June 30, 2023

 To: President
 The Stock Exchange of Thailand

According to Jenkongklai PCL (the "Company") has submitted the financial statements for the second quarter and 6-month period ended June 30, 2023, which reviewed by a certified public accountant to the Stock Exchange of Thailand. During the 6-month period of 2023, the Company had a net profit of Baht 27.82 million, an increase of Baht 8.97 million, representing an increasing of 47.57% compared to the same period of the last year, with a net profit of Baht 18.85 million. The reasons for the change in operating results are as follows:

Summary of Operating Performance

Statement of Comprehensive Income	First six months of 2023		First six months of 2022	
	Baht million	%	Baht million	%
Revenue from services rendered	253.58	100.00%	192.24	100.00%
Costs of services rendered	(198.89)	(78.43%)	(145.99)	(75.94%)
Gross profit	54.69	21.57%	46.24	24.06%
Other incomes ^{1/}	0.88	0.35%	0.80	0.42%
Administrative expenses	(20.10)	(7.93%)	(22.05)	(11.47%)
Gain (loss) on disposal of fixed assets	(0.32)	(0.12%)	---	---
Profit (loss) before finance cost and tax	35.15	13.86%	24.99	13.00%
Finance cost	(2.84)	(1.12%)	(3.50)	(1.82%)
Profit (loss) before tax	32.32	12.74%	21.49	11.18%
Income tax	(4.50)	(1.77%)	(2.64)	(1.38%)
Net profit for the period	27.82	10.97%	18.85	9.81%

Note: 1/ Other incomes consist of income from garbage collection service, restroom service, and bank interest.

Revenue structure

Revenue categorized by service type	First six months of 2023		First six months of 2022	
	Baht million	%	Baht million	%
(1) Revenue from parking service (PS)	165.29	65.18%	122.31	63.62%
(2) Revenue from parking management service (PMS)	41.38	16.32%	39.01	20.29%
(3) Revenue from consultant and installation parking system service (CIPS)	39.26	15.48%	15.12	7.87%
(4) Revenue from other services ^{1/}	7.65	3.02%	15.80 ^{2/}	8.22%
Total revenue from services rendered	253.58	100.00%	192.24	100.00%

Note: 1/ Revenue from other services consists of rental, service fee, and utilities fee charged to space tenants.

2/ The Company had a net gain from the head-lease and sub-lease of Baht 10.33 million because the Company decided to sublease out the space to outsiders for commercial operations.

For the first 6 months of 2023 and 2022, the Company had revenue from services rendered of Baht 253.58 million and Baht 192.24 million, respectively, representing an increasing in first six months of 2023 of Baht 61.34 million or 31.91%, which is contributed by the increase in all main business types. Especially the parking service business (PS), revenue increased by Baht 42.98 million or 35.14% because the Company was still affected by the COVID-19 pandemic during the first six months of 2022. The number of parking users was then increased after the situation was resolved. The revenue from consulting and installation of parking space management systems (CIPS) was also increased by Baht 24.14 million or 159.68% due to revenue from the MRT Orange Line and Blue Lines projects that the Company be award winning in the mid of year 2022, which were gradually recognized according to the percentage of work completed (Percentage of Completion) following the financial reporting standards.

However, other services income amounted to Baht 7.65 million, representing a decrease of Baht 8.16 million or 51.61% because no subleased like the first half of 2022 of a net gain from the difference between the head-lease and the sub-lease of Baht 10.33 million.

Costs of services rendered and gross profit

Costs of services rendered	First six months of 2023		First six months of 2022	
	Baht million	%	Baht million	%
Employee expenses	63.77	32.06%	52.17	35.73%
Depreciation and amortization	45.68	22.97%	37.55	25.72%
Parking service space rental expense	38.66	19.44%	25.77	17.65%
Parking system design and installation costs	28.69	14.43%	11.99	8.21%
Other costs of services	22.08	11.10%	18.51	12.68%
Total costs of services rendered	198.89	100.00%	145.99	100.00%
% to revenues from services rendered		78.43%		75.94%
% of gross profit margin		21.57%		24.06%
% of gross profit margin after adjustment		23.11%		18.68%

Costs of services rendered include employee expenses, depreciation and amortization, parking service space rental expense, parking system design and installation costs, and other costs of service.

For the first 6 months of 2023, the Company had costs of services rendered of Baht 198.89 million, which increased from 2021 by Baht 52.90 million or 36.23%. The main reasons are as follows.

- (1) The costs of parking system design and installation (CIPS) increased by Baht 16.70 million, which is in line with the increase in revenue from the CIPS business.
- (2) Parking service space rental expense increased by Baht 12.89 million due to variable rental costs based on the increased income or profits arising from the increase in parking lot users after the COVID-19 situation was resolved.
- (3) Employee expenses increased by Baht 11.60 million due to the additional parking areas obtained in the mid of year 2022, such as the 700 parking lots at Thai Red Cross, Sri Racha District, Chonburi Province, the 2,600 parking lots at QSNCC, and the increased allocation costs of central employee expenses of whom directly related to the project of providing CIPS business.
- (4) Depreciation and amortization increased by Baht 8.14 million due to amortization of the rights-of-use calculated based on rental rates that rose after the COVID-19 situation was resolved. The rental expense was negotiated and discounted during the COVID-19 situation. In addition, the Company recorded

extraordinary expense of an adjustment of depreciation and amortization amounting of Baht 3.91 million due to changing the useful life of non-movable assets installed on the leased space to use by the lease term. This is a one-time expense item.

For the first 6 months of 2023, the Company had a gross profit of Baht 54.69 million, representing a gross profit margin of 21.57%, which was higher than the same period of the last year, with a gross profit of Baht 46.24 million, representing a gross profit margin of 24.06%, the increase in gross profit is due mainly to the recovery of the PS business after resolving the COVID-19 situation.

While the gross profit margin decreased, the Company, in the first 6 months of last year, had other services income arising from net gain between head-lease and sub-lease with a difference amounting to Baht 10.33 million, a non-recurring transaction. If such an item is excluded, the adjusted gross profit margin for the first 6-month period 2022 would be 18.68%. In addition, in the first 6 months of 2023, the Company recorded an extraordinary expense on depreciation adjustment of Baht 3.91 million due to the change in the useful life of non-movable assets as aforementioned, which is a one-time expense item. If such an item is excluded, the adjusted gross profit margin for the 6-month period of 2023 would be 23.11%. The adjusted gross profit margin for the 6-month period of 2023 is then higher than the adjusted gross profit margin of the same period of the last year.

Administrative expenses

Administrative	First six months of 2023		First six months of 2022	
	Baht million	%	Baht million	%
Employee expenses	9.58	47.68%	10.42	47.25%
Professional and consulting fees	3.05	15.15%	5.34	24.21%
Depreciation and amortization	2.45	12.17%	1.89	8.56%
Other administrative expenses	5.02	25.00%	4.41	19.98%
Total administrative expenses	20.10	100.00%	22.05	100.00%
% to revenue from services rendered		7.93%		11.47%

Administrative expenses include employee expenses, professional and consulting fees, depreciation and amortization, and other administrative expenses.

For the first 6 months of 2023, the Company had administrative expenses amounting to Baht 20.10 million, accounting for 7.93% of revenue from services rendered. It decreased by Baht 1.95 million or 8.85% from the same period of the last year. The main reasons are as follows:

- (1) Professional and consulting fees decreased by Baht 2.29 million due to the absence of the hiring information technology system consultants for strategic planning for digital transformation training and the hiring of independent consultants to provide opinions on suitability in organizing parking space, in traffic management, and the worthiness of using the automatic license plate reading camera system (License Plate Recognition: LPR) that occurred in the first six months of 2022.
- (2) Employee expenses decreased by Baht 0.83 million due to allocating central employee expenses to the project costs of CIPS business as described above in the section on cost of services rendered.

Finance costs

For the first six months of 2023, the Company had finance costs of Baht 2.84 million, accounting for 1.12% of revenue from services rendered. It decreased by Baht 0.66 million from the same period of the last year due to the decrease in interest expense under the lease contracts.

Net profit and net profit margin

For the first six months of 2023, the Company had a net profit of Baht 27.82 million, representing a net profit margin of 10.97%, compared to the net profit for the same period of the last year of Baht 18.85 million, representing a net profit margin of 9.81%. The reasons for the increase in net profit and net profit margin are the recovery and the improvement of the revenue and profitability of the PS business after the COVID-19 situation was resolved and the government lifted the lockdown policy. However, if such an extraordinary expense on depreciation adjustment of Baht 3.91 million is excluded, the adjusted net profit margin for the 6-month period of 2023 would be 12.51%.