

October 2, 2023

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

 To: President
 The Stock Exchange of Thailand

According to Jenkongklai PCL (the "Company") had submitted the financial statements for the year 2022 ended December 31, 2022, which audited by a certified public accountant to the Stock Exchange of Thailand. In 2022, the Company had a net profit of Baht 55.05 million, an increasing of Baht 66.04 million compared to 2021, with a net loss of Baht 10.99 million. The reasons for the change in operating results are as follows:

Summary of Operating Performance

Statement of Comprehensive Income	2022		2021	
	Baht million	%	Baht million	%
Revenue from services rendered	452.30	100.00%	241.21	100.00%
Costs of services rendered	(340.39)	(75.26%)	(210.37)	(87.22%)
Gross profit	111.91	24.74%	30.84	12.78%
Other incomes ^{1/}	2.79	0.62%	2.40	1.00%
Administrative expenses	(38.41)	(8.49%)	(34.82)	(14.44%)
Gain (loss) on disposal of fixed assets	0.01	0.002%	(0.21)	(0.09%)
Profit (loss) before finance cost and tax	76.29	16.87%	(1.79)	(0.74%)
Finance cost	(6.63)	(1.46%)	(8.29)	(3.44%)
Profit (loss) before tax	69.97	15.40%	(10.07)	(4.18%)
Income tax	(14.61)	(3.23%)	(0.91)	(0.38%)
Net profit for the year	55.05	12.17%	(10.99)	(4.55%)

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

Revenue structure

Revenue categorized by service type	2022		2021	
	Baht million	%	Baht million	%
(1) Revenue from parking service (PS)	278.61	61.60%	171.58	71.13%
(2) Revenue from parking management service (PMS)	79.85	17.85%	48.16	19.97%
(3) Revenue from consultant and installation parking system service (CIPS)	69.86	15.45%	12.32	5.11%
(4) Revenue from other services ^{1/}	23.98 ^{2/}	5.30%	9.15	3.79%
Total revenue from services rendered	452.30	100.00%	241.21	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 12.38 million because the Company decided to sublease out the space to outsiders for commercial operations.

For 2022 and 2021, the Company had revenue from services rendered of Baht 452.30 million and Baht 241.21 million, respectively, representing an increasing in 2022 revenue of Baht 211.09 million or 87.51%, which is contributed by the increase in all main business types. Especially the parking service business (PS) revenue had an increase of Baht 107.03 million or 62.38%, because from 2021 until the first six months of 2022, the Company was still affected by the COVID-19 pandemic, which has been resolved in mid of year 2022. Thus, the number of parking users was then increased. The revenue from CIPS business was also increased by Baht 57.54 million or 467.05% due to revenue from the MRT Orange Line and Blue Lines projects that the Company be award winning in the mid of year 2022, was gradually recognized according to the percentage of work completed (Percentage of Completion) following the financial reporting standards.

In addition, other services income amounted to Baht 23.98 million, representing an increase of Baht 14.83 million or 162.08% because of subleased a large plot of land to a tenant to develop into a flea market in the first half of 2022, resulting in a net gain from the difference between the head-lease and the sub-lease of Baht 12.38 million.

Costs of services rendered and gross profit

Costs of services rendered	2022		2021	
	Baht million	%	Baht million	%
Employee expenses	113.90	33.46%	101.19	48.10%
Depreciation and amortization	76.84	22.57%	75.47	35.88%
Parking service space rental expense	64.08	18.83%	21.49	10.21%
Parking system design and installation costs	47.86	14.06%	1.79	0.85%
Other costs of services	37.72	11.08%	10.43	4.96%
Total costs of services rendered	340.39	100.00%	210.37	100.00%
% to revenues from services rendered		75.26%		87.22%
% of gross profit margin		24.74%		12.78%

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

For 2022, the Company had costs of services rendered of Baht 340.39 million, which increased from last year by Baht 130.02 million or 61.80%. The main reasons are as follows.

- (1) The costs of parking system design and installation (CIPS) increased by Baht 46.07 million, which is in line with the increase in revenue from the CIPS business.
- (2) Parking service space rental expense increased by Baht 42.59 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 12.71 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 Company recruited more staff into new parking station 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 1.36 million due to an increase in amortization of the rights-of-use calculated based on rental rates that gradually rose after the COVID-19 situation was resolved after the Company obtained a discount of rental expense some stations in 2021 during the COVID-19 situation.

For the year 2022, the Company had a gross profit of Baht 111.91 million, representing a gross profit margin of 24.74%, which was higher than that of last year, with a gross profit of Baht 30.84 million, representing a gross profit margin of 12.78%, the increase in gross profit is due mainly to the recovery of the PS business after resolving the COVID-19 situation.

In addition, the increase in gross profit margins is also because in 2022 the Company had other services income arising from a net gain between head-lease and sub-lease with a difference amounting to Baht 12.38 million, a non-recurring transaction that does not occur regularly. If excluding such items, in 2022 the gross profit margin after adjustment would be 22.01%.

Administrative expenses

Administrative	2022		2021	
	Baht million	%	Baht million	%
Employee expenses	16.88	43.93%	19.77	56.79%
Professional and consulting fees	7.28	18.96%	3.64	10.44%
Depreciation and amortization	3.78	9.84%	3.80	10.92%
Other administrative expenses	10.47	27.27%	7.61	21.84%
Total administrative expenses	38.41	100.00%	34.82	100.00%
% to revenue from services rendered		8.49%		14.44%

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

For 2022, the Company had administrative expenses amounting to Baht 38.41 million, accounting for 8.49% of revenue from services rendered. It increased by Baht 3.59 million or 10.31% from the previous year. The main reasons are as follows:

- (1) Professional and consulting fees increased by Baht 3.64 million due to the hiring of 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) Other administrative expenses increased by Baht 2.87 million due to an increase in impairment of assets of Baht 0.87 million and an increase in additional penalty fee of Baht 0.72 million.

Finance costs

For 2022, the Company had finance costs of Baht 6.63 million, accounting for 1.46% of revenue from services rendered. It decreased by Baht 1.66 million from last year due to the decrease in interest expense under the lease contracts.

Net profit and net profit margin

For 2022, the Company had a net profit of Baht 55.05 million, representing a net profit margin of 12.17%, compared to a net loss in 2021 of Baht 10.99 million. 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.