

November 9, 2023

Subject: Management Discussion and Analysis for the third quarter ended September 30, 2023

 To: President
 The Stock Exchange of Thailand

According to Jenkongklai PCL (the "Company") has submitted the financial statements for the third quarter and 9-month period ended September 30, 2023, which were reviewed by a certified public accountant to the Stock Exchange of Thailand. During the nine months of 2023, the Company had a net profit of Baht 50.02 million, an increase of Baht 8.68 million, representing an increase of 21.00% compared to the same period of the last year, with a net profit of Baht 41.34 million. The reasons for the change in operating results are as follows:

Summary of Operating Performance

| Statement of Comprehensive Income | First nine months of 2023 | | First nine months of 2022 | |
|--|---------------------------|---------------|---------------------------|---------------|
| | Baht million | % | Baht million | % |
| Revenue from services rendered | 423.47 | 100.00% | 333.46 | 100.00% |
| Costs of services rendered | (329.95) | (77.92%) | (251.54) | (75.43%) |
| Gross profit | 93.52 | 22.08% | 81.92 | 24.57% |
| Other incomes ^{1/} | 1.71 | 0.40% | 1.64 | 0.49% |
| Administrative expenses | (29.59) | (6.99%) | (28.44) | (8.53%) |
| Gain (loss) on disposal of fixed assets | (0.32) | (0.08%) | (0.01) | (0.00%) |
| Profit (loss) before finance cost and tax | 65.32 | 15.42% | 55.11 | 16.53% |
| Finance cost | (4.20) | (0.99%) | (5.15) | (1.54%) |
| Profit (loss) before tax | 61.12 | 14.43% | 49.97 | 14.99% |
| Income tax | (11.11) | (2.62%) | (8.63) | (2.59%) |
| Net profit for the period | 50.02 | 11.81% | 41.34 | 12.40% |

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

Revenue structure

| Revenue categorized by service type | First nine months of 2023 | | First nine months of 2022 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Baht million | % | Baht million | % |
| (1) Revenue from parking service (PS) | 260.37 | 61.48% | 197.17 | 59.13% |
| (2) Revenue from parking management service (PMS) | 61.77 | 14.59% | 58.92 | 17.67% |
| (3) Revenue from consultant and installation parking system service (CIPS) | 89.77 | 21.20% | 56.59 | 16.97% |
| (4) Revenue from other services ^{1/} | 11.56 | 2.73% | 20.78 ^{2/} | 6.23% |
| Total revenue from services rendered | 423.47 | 100.00% | 333.46 | 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 the first nine months of 2023 and 2022, the Company had revenue from services rendered of Baht 423.47 million and Baht 333.46 million, respectively, representing an increase in the first nine months of 2023 of Baht 90.01 million or 26.99%, which contributed by the growth in all main business types. Especially the parking service business (PS), revenue increased by Baht 63.20 million or 32.05% because the Company was still affected by the COVID-19 pandemic during the nine 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 33.18 million or 58.63% due to income from the MRT Orange Line and Blue Lines projects that the Company be award-winning in the middle of year 2022, which were gradually recognized according to the percentage of work completed (Percentage of Completion) following the financial reporting standards and were completed in this quarter. In addition, two new projects, i.e., the Smart parking system project for 8 Park & Ride buildings and the guidance system installation inside the parking building for the MRT Chalermrachmongkol line, were also started this quarter.

However, other services income amounted to Baht 11.56 million, representing a decrease of Baht 9.22 million or 44.37% because no subleased, like the first nine months of 2022, with 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 | First nine months of 2023 | | First nine months of 2022 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Baht million | % | Baht million | % |
| Employee expenses | 97.06 | 29.42% | 81.42 | 32.37% |
| Depreciation and amortization | 74.12 | 22.46% | 56.85 | 22.60% |
| Parking service space rental expense | 66.36 | 20.11% | 43.91 | 17.46% |
| Parking system design and installation costs | 59.89 | 18.15% | 37.89 | 15.06% |
| Other costs of services | 32.52 | 9.86% | 31.47 | 12.51% |
| Total costs of services rendered | 329.95 | 100.00% | 251.54 | 100.00% |
| % to revenues from services rendered | | 77.92% | | 75.43% |
| % of gross profit margin | | 22.08% | | 24.57% |
| % of gross profit margin after adjustment | | 23.01% | | 21.66% |

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 nine months of 2023, the Company had costs of services rendered of Baht 329.95 million, which increased from 2022 by Baht 78.41 million or 31.17%. The main reasons are as follows.

- (1) The costs of parking system design and installation (CIPS) increased by Baht 22.00 million, which is in line with the increase in revenue from the CIPS business.
- (2) Parking service space rental expense increased by Baht 22.45 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 15.64 million due to the additional parking areas obtained in the middle 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 17.27 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 an extraordinary expense of an adjustment of depreciation and amortization amounting to 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 nine months of 2023, the Company had a gross profit of Baht 93.52 million, representing a gross profit margin of 22.08%, which was higher than the same period of last year, with a gross profit of Baht 81.92 million, representing a gross profit margin of 24.57%, 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 nine months of last year, had other service income arising from net gain between head-lease and sub-lease with a difference amounting to Baht 12.38 million, a non-recurring transaction. If such an item is excluded, the adjusted gross profit margin for the first nine months of 2022 would be 21.66%. In addition, in the first nine 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 nine months of 2023 would be 23.01%. The adjusted gross profit margin for the nine months of 2023 is then higher than the adjusted gross profit margin of the same period of last year.

Administrative expenses

| Administrative | First nine months of 2023 | | First nine months of 2022 | |
|--------------------------------------|---------------------------|----------------|---------------------------|----------------|
| | Baht million | % | Baht million | % |
| Employee expenses | 13.44 | 45.42% | 12.36 | 43.48% |
| Professional and consulting fees | 4.34 | 14.67% | 6.52 | 22.93% |
| Depreciation and amortization | 4.01 | 13.55% | 3.18 | 11.19% |
| Other administrative expenses | 7.80 | 26.36% | 6.37 | 22.41% |
| Total administrative expenses | 29.59 | 100.00% | 28.43 | 100.00% |
| % to revenue from services rendered | | 6.99% | | 8.53% |

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

For the first nine months of 2023, the Company had administrative expenses amounting to Baht 29.59 million, accounting for 6.99% of revenue from services rendered. It increased by Baht 1.16 million or 4.08% from the same period of last year. The main reasons are as follows:

- (1) Professional and consulting fees decreased by Baht 2.18 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 half of 2022.
- (2) Employee expenses increased by Baht 1.08 million due to hiring the CTO and additional members in the software development team this year, net of allocation to the project costs of CIPS business as described above in the section on cost of services rendered and capitalization to Prompt Park.

- (3) Other administrative expenses increased by Baht 1.43 million, mainly due to the IPO roadshow expenses.

Finance costs

For the first nine months of 2023, the Company had finance costs of Baht 4.20 million, accounting for 0.99% of revenue from services rendered. It decreased by Baht 0.95 million from the same period of last year due to the decrease in interest expense under the lease contracts.

Net profit and net profit margin

For the first nine months of 2023, the Company had a net profit of Baht 50.02 million, representing a net profit margin of 11.81%, compared to the net profit for the same period of last year of Baht 41.34 million, representing a net profit margin of 12.40%. 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. In addition, the Company handed over the completed projects and was awarded new projects for consultant and installation parking system service (CIPS)

While the net profit margin decreased from last year due to the non-recurring item mentioned above, if such items were excluded from the calculation for the nine months of 2023 and 2022, the adjusted net profit margin would be 12.74% and 9.02%, respectively, which is higher than the same period last year. This is due to the increased revenue from services rendered, which created economies of scale in administration.