

February 22, 2024

Subject: Management Discussion and Analysis for the year ended December 31, 2023

To: President
The Stock Exchange of Thailand

According to Jenkongklai PCL (the "Company") has submitted the financial statements for the year ended December 31, 2023, which were audited by a certified public accountant to the Stock Exchange of Thailand. During the year 2023, the Company had a net profit of Baht 62.59 million, an increase of Baht 7.77 million, representing an increase of 14.17% compared to that of the last year, with a net profit of Baht 54.82 million. The reasons for the change in operating results are as follows:

Summary of Operating Performance

Statement of Comprehensive Income	2023		2022	
	Baht million	%	Baht million	%
Revenue from services rendered	573.06	100.00%	452.3	100.00%
Costs of services rendered	(443.53)	(77.40%)	(340.39)	(75.26%)
Gross profit	129.53	22.60%	111.91	24.74%
Other incomes ^{1/}	3.17	0.55%	2.79	0.62%
Administrative expenses	(47.94)	(8.37%)	(38.65)	(8.55%)
Gain (loss) on disposal of fixed assets	(0.32)	(0.06%)	0.01	0.0%
Profit (loss) before finance cost and tax	84.44	14.73%	76.06	16.82%
Finance cost	(5.23)	(0.91%)	(6.63)	(1.47%)
Profit (loss) before tax	79.21	13.82%	69.43	15.35%
Income tax	(16.62)	(2.90%)	(14.61)	(3.23%)
Net profit for the year	62.59	10.92%	54.82	12.12%

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

Revenue structure

Revenue categorized by service type	2023		2022	
	Baht million	%	Baht million	%
(1) Revenue from parking service (PS)	354.70	61.90%	278.61	61.60%
(2) Revenue from parking management service (PMS)	82.03	14.31%	79.85	17.65%
(3) Revenue from consultant and installation parking system service (CIPS)	121.32	21.17%	69.86	15.45%
(4) Revenue from other services ^{1/}	15.01	2.62%	23.98 ^{2/}	5.30%
Total revenue from services rendered	573.06	100.00%	452.30	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 years ended 31 December 2023 and 2022, the Company had revenue from services rendered of Baht 573.06 million and Baht 452.30 million, respectively, representing an increase in 2023 of Baht 120.76 million or 26.70%, which contributed by the growth in all main business types as follows:

- (1) Parking service business (PS), revenue increased by Baht 76.09 million or 27.31% because the Company was still affected by the COVID-19 pandemic in 2022. The number of parking users was then increased after the situation was gradually resolved. In addition, the Company was awarded an additional parking slot near the Lardkrabang Hospital area in late 2023.
- (2) Parking management service (PMS), revenue increased by Baht 2.18 million or 2.73%. This is mainly due to the Company, in late 2022, being awarded the additional management area, i.e., Queen Sirikit National Convention Center (the "QSNCC"), and full-year revenue was recognized in 2023.
- (3) Consulting and installation of parking space management systems (CIPS), revenue increased by Baht 51.46 million or 73.66% due to income from the MRT Orange Line and Blue Lines projects that the Company was awarded in the middle of 2022, which were gradually recognized according to the percentage of work completed (Percentage of Completion) following the financial reporting standards and were completed in the third quarter 2023. In addition, two newly awarded projects, i.e., the Smart parking system project for 8 Park & Ride buildings with a revenue of Baht 64.02 million (VAT excluded) and project duration of 12 months and the guidance system installation inside the parking building for the MRT Chalermratchmongkol line, with a revenue of Baht 78.32 million (VAT excluded) and project duration of 12 months, were also started this quarter.
- (4) Other services income decreased by Baht 8.97 million or 37.41% due to a non-recurring transaction that occurred in 2022; the Company recorded a net gain from the difference between the head-lease and the sub-lease of Baht 12.38 million. If such a transaction is excluded, the Company's other service income will be Baht 15.01 million, increased by Baht 3.40 million or 29.31%. The contribution mainly comes from the additional electricity charge in the parking slot and the additional rental and space service revenue.

Costs of services rendered and gross profit

Costs of services rendered	2023		2022	
	Baht million	%	Baht million	%
Employee expenses	129.78	29.26%	113.90	33.46%
Depreciation and amortization	99.24	22.38%	74.25	21.81%
Parking service space rental expense	92.33	20.82%	64.08	18.83%
Parking system design and installation costs	76.33	17.21%	47.86	14.06%
Other costs of services	45.85	10.34%	40.30	11.84%
Total costs of services rendered	443.53	100.00%	340.39	100.00%
% to revenues from services rendered		77.40%		75.26%
% of gross profit margin		22.60%		24.74%
% of gross profit margin after adjustment		23.29%		23.88%

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 year ended 31 December 2023, the Company had costs of services rendered of Baht 443.53 million, which increased from 2022 by Baht 103.14 million or 30.30%. The main reasons are as follows.

- (1) The costs of parking system design and installation (CIPS) increased by Baht 28.47 million, which is in line with the increase in revenue from the CIPS business.
- (2) Parking service space rental expense increased by Baht 28.25 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 15.88 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. Full-year of such costs are recorded in 2023. 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 24.99 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 year ended 31 December 2023, the Company had a gross profit of Baht 129.53 million, representing a gross profit margin of 22.60%, which was higher than that of last year, with a gross profit of Baht 111.91 million, representing a gross profit margin of 24.74%, the increase in gross profit is due mainly to the recovery of the PS business after resolving the COVID-19 situation.

The gross profit margin decreased because last year, the Company 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 2022 would be 23.88%. In addition, in 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 2023 would be 23.29%, which is close to the gross profit margin of last year.

Administrative expenses

Administrative	2023		2022	
	Baht million	%	Baht million	%
Employee expenses	19.77	41.25%	16.88	43.66%
Professional and consulting fees	5.24	10.92%	7.28	18.84%
Depreciation and amortization	6.15	12.83%	4.22	10.91%
Other administrative expenses	16.78	35.01%	10.28	26.59%
Total administrative expenses	47.94	100.00%	38.65	100.00%
% to revenue from services rendered		8.37%		8.55%

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

For 2023, the Company had administrative expenses amounting to Baht 47.94 million, accounting for 8.37% of revenue from services rendered. It increased by Baht 9.29 million or 24.04% from last year's. The main reasons are as follows:

- (1) Professional and consulting fees decreased by Baht 2.04 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 2022.
- (2) Employee expenses increased by Baht 2.89 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 6.50 million, mainly due to the IPO roadshow expenses which is considered as one-time expense.

Finance costs

For the year 2023, the Company had finance costs of Baht 5.23 million, accounting for 0.91% of revenue from services rendered. It decreased by Baht 1.40 million from that of last year due to the decrease in interest expense under the lease contracts.

Net profit and net profit margin

For the year 2023, the Company had a net profit of Baht 62.59 million, representing a net profit margin of 10.92%, compared to the net profit of last year of Baht 54.82 million, representing a net profit margin of 12.12%. 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 items mentioned above, if such items were excluded from the calculation for the years 2023 and 2022, the adjusted net profit margins would be 11.60% and 9.38%, respectively, which is higher than last year's, this is due to the increased revenue from services rendered, which created economies of scale in administration.