

11 September 2024

Subject: Management Discussion and Analysis for the third quarter ended 30 September 2024

 To President
 The Stock Exchange of Thailand

Jenkongklai Public Company Limited ("the Company") has submitted its financial statements for the third quarter of 2024 for the 3-month period ended 30 September 2024, which have been reviewed by a certified public accountant to the Stock Exchange of Thailand, in which the Company had a net profit of THB 91.50 million for the third quarter of 2024, an increase of THB 69.30 million YoY, or an increase of 312.16% when compared to the same period of the previous year, which had a net profit of THB 22.20 million. The change in YoY operating results can be explained as follows:

Analysis and explanation of operating performance

Statement of Comprehensive Income	3rd quarter of 2024		3rd quarter of 2023	
	Baht million	%	Baht million	%
Revenue from services rendered	122.19	100.00%	169.89	100.00%
Costs of services rendered	(94.86)	(77.63%)	(127.55)	(75.08%)
Gross profit	27.33	22.37%	42.34	24.92%
Other incomes	95.06	77.80%	-	-
Administration expenses	5.24	4.29%	0.82	0.48%
Gain/(loss) on disposal of fixed assets	(14.25)	(11.66%)	(13.00)	(7.65%)
Profit before finance costs and tax	113.38	92.79%	30.16	17.75%
Finance costs	(1.40)	(1.15%)	(1.35)	(0.79%)
Profit before tax	111.98	91.64%	28.81	16.96%
Income tax	(20.48)	(16.76%)	(6.61)	(3.89%)
Net profit for the period	91.50	74.88%	22.20	13.07%

Note: 1/ Other incomes consist of income from garbage collection service, restroom service, interest income from sub-lease contracts and bank interest

Revenue structure

Revenue categorized by service type	3rd quarter of 2024		2nd quarter of 2023	
	Baht million	%	Baht million	%
(1) Revenue from parking service (PS)	94.38	77.24%	95.08	55.96%
(2) Revenue from parking management service (PMS)	21.38	17.50%	20.38	12.00%
(3) Revenue from consultant and installation parking system service (CIPS)	4.58	3.75%	50.51	29.73%
(4) Revenue from other services	1.85	1.51%	3.92	2.31%
Total revenue from service rendered	122.19	100.00%	169.89	100.00%

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

For the 3 months ended 30 September 2024 and 2023, the Company had service revenue of THB 122.19 million and THB 169.89 million, respectively. Revenue decreased YoY by THB 47.70 million, or 28.08%, due to a decrease in revenue from the consulting and installation of the parking management system (CIPS) business of THB 45.93 million, or 90.93%, due to the Smart Parking Management System and Guidance System electric train projects for which the Company was contracted in mid-2023, which will gradually recognize revenue based on the percentage of completion following Thai Financial Reporting Standards. The progress of the project's completion in Q3 2024 showed a lower completion rate than the same project's completion rate recognized in the same period of 2023, which is typical for the completion rate at the end of the project (the end of the S-Curve). Revenue from the parking service business also decreased by THB 0.70 million, resulting from the discontinuation of the contracts, which expired in 2024 due to their declining performance and not meeting the target set.

Cost of services and gross profit

Costs of services rendered and Gross profit	3rd quarter of 2024		3rd quarter of 2023	
	Baht million	%	Baht million	%
Employee expenses	35.58	37.50%	29.78	23.34%
Depreciation and amortization	17.40	18.35%	23.37	18.32%
Parking service space rental expense	27.70	29.20%	27.70	21.72%
Parking systems design and installation costs	3.73	3.39%	31.20	24.46%
Other costs of services	10.45	11.02%	15.50	12.16%
Total costs of services rendered	94.86	100.00%	127.55	100.00%
% to revenues from services rendered		77.63%		75.08%
% of gross profit margin		22.37%		24.92%

Services costs include employee expenses, depreciation and amortization, parking space rental, parking lot management system installation and installation, and other service costs. For the 3 months ended 30 September 2024, the Company had a cost of services of THB 94.86 million, with the cost of services decreased YoY by THB 32.69 million or 25.63% from the same period of the previous year, mainly due to:

- (1) The cost of installation and installation of the parking lot management system (CIPS) decreased by THB 27.47 million, which is consistent with the decrease in revenue from CIPS business.
- (2) Depreciation and amortization expenses decreased by THB 5.97 million due to the expiration of four lease contracts, which the Company did not want to continue. Therefore, the amortization of the right-to-use decreased, and some fixed assets were fully depreciated according to the original contract period.
- (3) Employee expenses increased by THB 5.80 million due to the increase in the minimum wage starting from January 2024.
- (4) Other service costs decreased by THB 5.05 million because, in the third quarter of 2023, the Company had a loss from reducing the rent for a sub-tenant, which resulted in a loss from subleasing of THB 5.34 million.

For the 3 months ended 30 September 2024, the Company had a gross profit of THB 27.33 million, representing a gross profit margin of 22.37%, which was lower than the gross profit in the same period of the previous year, which had a gross profit of THB 42.34 million, representing a gross profit margin of 24.92%. The decrease in gross profit was mainly due to the gross profit of the CIPS business, which had a decline in project's completion rate towards the end of the project.

Gain on subleasing

For the 3 months ended 30 September 2024, the Company had a profit from subleasing of THB 95.06 million, accounting for 77.80% of service revenue. This was a gain from the Company subleasing a particular area of the parking building to a company to develop it into a commercial area. The recognition of such gain was recorded in accordance with Thai Financial Reporting Standard No. 16 on Leases (TFRS 16).

Administrative expenses

Administrative expenses	3rd quarter of 2024		3rd quarter of 2023	
	Baht million	%	Baht million	%
Employee expenses	9.27	65.04%	7.37	56.68%
Professional and consulting service fees	1.08	7.58%	1.30	9.97%
Depreciation and amortization	0.92	6.43%	1.24	9.57%
Other administrative expenses	2.98	20.95%	3.09	23.78%
Total administrative expenses	14.25	100.00%	13.00	100.00%
% to revenue from services rendered		11.66%		7.65%

Administrative expenses include employee expenses, professional and consulting fees, depreciation and amortization expenses, and other administrative expenses. For the 3 months ended 30 September 2024, the Company had administrative expenses of THB 14.25 million, representing 11.66% of service revenue. Administrative expenses increased YoY by THB 1.25 million, representing an increase of 9.62% from the same period of the previous year, mainly due to:

- (1) Employee expenses increased by THB 1.90 million because, in Q3/2024, the CIPS business recognized a lower success rate than the success rate recognized in the same period of 2023, resulting in a decrease in the allocation of central employee expenses directly related to the CIPS business to project costs.
- (2) Professional and consulting fees decreased by THB 0.22 million due to the payment of professional fees in issuing additional shares for the initial public offering in 2023.
- (3) Other administrative expenses decreased by THB 0.11 million, mainly related to corporate public relations expenses during the period when the Company will be listed on the Stock Exchange in 2023.

Finance costs

For the 3 months ended September 30, 2024, the Company had financial costs of THB 1.40 million, accounting for 1.15% of service revenue. Financial costs increased YoY by THB 0.05 million from the same period in 2023 due to increased interest expenses under the lease agreement, net of decreased interest expenses from discontinued lease agreements, which expired in 2024.

Net profit and net profit margin

For the 3 months ended September 30, 2024, the Company had a net profit of THB 91.50 million, representing a net profit margin of 74.88%, compared to a net profit of THB 22.20 million for the same period in 2023, representing a net profit margin of 13.07%. This is because the Company has subleased a particular area of the parking building to a company to develop it into a commercial area, resulting in the Company having a gain from the subleasing of the area above, which is a non-recurring item.

Analysis and explanation of financial position

Assets

The Company's total assets as of 30 September 2024 and 31 December 2023 were THB 1,013.68 million and THB 795.19 million, respectively. These were divided into total current assets of THB 329.28 million and THB 506.25 million, or 32.48% and 63.66% of total assets, respectively, and total non-current assets of THB 684.40 million and THB 288.95 million, respectively, or 67.52% and 36.34% of total assets, respectively.

Assets (Unit: Million Baht)	30 September 2024	31 December 2023
Current assets		
Cash and cash equivalents	215.92	438.43
Trade and other current receivables (net)	109.05	65.04
Current portion of receivable under finance lease (net)	3.19	2.02
Others current assets	1.13	0.75
Total current assets	329.28	506.25
Non-current assets		
Restricted deposits at financial institutions	48.04	35.00
Receivable under finance lease (net)	154.29	0.42
Plant and equipment (net)	126.94	113.04
Right-of-use assets (net)	344.71	122.45
Others non-current assets	10.43	18.03
Total non-current assets	684.40	288.95
Total assets	1,013.68	795.19

The Company's significant assets (ranked by liquidity) include cash and deposits at financial institutions, trade and other receivables, receivables under finance lease, plant and equipment, and right-of-use assets. As of 30 September 2024, the primarily asset items accounted for 21.30%, 10.76%, 15.54%, 12.52%, and 34.01% of total assets, respectively, or a total of 94.13% of total assets, Details are as follows:

Trade and other receivables

The Company had trade and other receivables as of 30 September 2024 and 31 December 2023 of THB 109.05 million and THB 65.04 million, respectively, or 10.76% and 8.18% of total assets, respectively. Most of these were trade receivables from the parking management service (PMS) business and the consulting and installation of the

parking management system (CIPS) business. As for the parking service (PS) business, most customers pay for the service in cash. As of 30 September 2024, trade and other receivables increased by THB 44.01 million, or 67.67%, compared to the end of 2023, mainly due to the consulting and installation of the parking management system (CIPS) business, which is billed according to the delivery period, which is a business that the Company provides credit terms to customers.

Receivable under finance lease

The Company has receivable under finance leases as of 30 September 2024 and 31 December 2023 of THB 157.48 million and THB 2.44 million, respectively, or 15.54% and 0.31% of total assets, respectively. As of September 30, 2024, receivables under finance leases increased by THB 155.04 million, or 6,354.10%, compared to the end of 2023 because the Company has subleased the area to a company for 30 years to operate as a commercial area and recognized it as receivable under finance leases when the ownership is transferred to the lessee in July 2024. The Company has recorded receivables under finance lease in accordance with Thai Financial Reporting Standard No. 16 on Leases (TFRS 16).

Plant and equipment

The Company has plant and equipment as of 30 September 2024 and 31 December 2023 in the amount of THB 126.94 million and THB 113.04 million, respectively, accounting for 12.52% and 14.22% of total assets, respectively. The plant and equipment are mainly the parking lot improvement and parking equipment. In the parking lot service business, the Company will invest in improving and installing parking equipment in the leased area. As of 30 September 2024, plant and equipment increased by THB 13.90 million, or 12.30%, compared to the end of 2023, because the Company invested in improving and installing parking equipment for the new parking areas and improving the existing parking areas.

Right-of-use assets

The Company has right-of-use assets as of 30 September 2024 and 31 December 2023 of THB 344.71 million and THB 122.45 million, respectively, accounting for 34.01% and 15.40% of total assets, respectively. Due to the nature of the parking service business, which operates in the form of renting parking spaces to manage parking spaces and collecting parking fees from service users, the right-of-use assets are the main assets of the business. The Company has recorded right-of-use assets in accordance with Thai Financial Reporting Standard No. 16 on Leases (TFRS 16). As of 30 September 2024, right-of-use assets increased by THB 222.26 million, or 181.51%, compared to the end of 2023, mainly due to the recognition of construction costs of the Kanchanasuk Parking Building as right-of-use assets upon completion.

Liabilities

The Company has total liabilities as of 30 September 2024 and 31 December 2023 of THB 292.63 million and THB 201.34 million, or 28.87% and 25.32% of total liabilities and shareholders' equity, respectively. This is divided into total current liabilities of THB 148.28 million and THB 129.20 million, or 14.62% and 16.25% of total liabilities and shareholders' equity, respectively, and total non-current liabilities of THB 144.38 million and THB 72.14 million, or 14.24% and 9.07% of total liabilities and shareholders' equity, respectively.

Liabilities and Equity (Unit: Million Baht)	30 September 2024	31 December 2023
Current liabilities		
Trade and other current payables	107.28	58.36
Current portion of leases liabilities (net)	21.03	52.83
Current corporate income tax payable	4.73	6.19
Other current liabilities	15.21	11.81
Total current liabilities	148.25	129.20
Non-current liabilities		
Long-term deferred revenue	5.45	-
Leases liabilities (net)	102.87	60.15
Employee benefit obligations	11.47	9.79
Others non-current liabilities	24.59	2.20
Total non-current liabilities	144.38	72.14
Total liabilities	292.63	201.34
Equity		
Issued and fully paid-up share capital	547.06	547.06
Retained earnings	173.99	46.79
Total equity	721.05	593.85
Total liabilities and equity	1,013.68	795.19

The Company's significant liabilities (ordering by repayment period) are trade and other payables and lease liabilities. As of 30 September 2024, these significant liabilities accounted for 10.58% and 12.22% of total liabilities and shareholders' equity, respectively, or 22.81% of total liabilities and shareholders' equity. Details are as follows:

Trade and other payables

The Company has trade and other payables as of 30 September 2024 and 31 December 2023 of THB 107.28 million and THB 58.36 million, respectively, or 10.58% and 7.34% of total liabilities and shareholders' equity, respectively. As of 30 September 2024, trade and other payables increased by THB 48.92 million or 83.82% compared to the end of 2023, mainly due to the last installment of the Kanchanasuk Parking Building construction payable and the project costs of the Parking Management System (CIPS) consulting and installation business that have not yet been due.

Lease liabilities

The Company has lease liabilities as of 30 September 2024 and 31 December 2023, amounting to THB 123.90 million and THB 112.98 million, or 12.22% and 14.21% of total liabilities and shareholders' equity, respectively. As of September 30, 2024, lease liabilities increased by THB 10.92 million, or 9.67%, compared to the end of 2023, resulting from the recognition of new lease liabilities, such as the lease agreement for the project of Golden Jubilee Medical Center, etc., net of a decrease in lease liabilities that were paid during the year.

Shareholders' Equity

The Company has shareholders' equity as of 30 September 2024 and 31 December 2023 amounting to THB 721.05 million and THB 593.85 million, respectively, or 71.13% and 74.68% of total liabilities and shareholders' equity, respectively, consisting of:

Issued and fully paid up capital and share premiums

The Company has issued and fully paid-up capital as of 30 September 2024 and 31 December 2023 in the amount of THB 200.00 million throughout the said period and has a premium on ordinary shares in the amount of THB 347.06 million.

Retained earnings

The Company has retained earnings as of 30 September 2024 and 31 December 2023 of THB 173.99 million and THB 46.79 million, respectively. Retained earnings as of 30 September 2024 consisted of legal reserves of THB 11.68 million, unappropriated retained earnings of THB 159.11 million, and gains from remeasurement of employee benefit obligations of THB 3.19 million. Retained earnings increased compared to 31 December 2023 due to better performance in 2024. Included in the third quarter of 2024, the Company had gains on subleasing, as previously explained in the analysis and explanation of operational performance. Meanwhile, the Company paid dividends according to the Annual General Meeting of Shareholders 2024 resolution for approval of the dividend payment at THB 0.0375 per share, totaling 15.00 million.

Analysis and explanation of cash flows

Cash flows (Unit: Million Baht)	30 September 2024	31 December 2023
Net cash generated from operating activities	109.25	188.68
<i>Operating profit before changes in working capital</i>	<i>136.43</i>	<i>139.24</i>
<i>Changes in working capital</i>	<i>(14.24)</i>	<i>68.10</i>
<i>Net cash paid for interest and income taxes</i>	<i>(12.94)</i>	<i>(18.66)</i>
Net cash used in investing activities	(256.86)	(55.13)
Net cash from (used in) financing activities	(74.90)	314.77
Net increase (decrease) in cash and cash equivalents	222.51	448.32

For the 9 months ended September 30, 2024, the Company had a net increase in cash and cash equivalents of THB 222.51 million, as detailed below:

- Net cash provided by operating activities was THB 109.25 million, with operating profit before changes in working capital of THB 136.43 million. The significant cash received from operations included profit before income tax of THB 171.61 million and adjusted non-cash items of THB 35.18 million. The substantial cash used in operations included an increase in trade and other receivables of THB 71.87 million, as per reasons previously explained in the analysis and explanation of the financial position section, and cash paid for income tax of THB 14.98 million.

- Net cash used in investing activities amounted to THB 256.86 million. The significant cash used in investing activities included cash paid for the construction of the Kanchanasuk Parking Building and the purchase of equipment totaling THB 221.41 million. In addition, in the third quarter of 2024, the construction of the parking building project at Golden Jubilee Medical Center began.
- Net cash used in financing activities amounted to THB 74.90 million, with significant cash used in financing activities, including dividends paid of THB 15.00 million and cash payments for liabilities under leases of THB 59.90 million.