

Date 29 November 2022

Subject: Discussion and Analysis of the Company's Performance from the Financial Reporting

For the Year Ended 31 December 2021

To: President of the Stock Exchange of Thailand

Primo Service Solutions Public Company Limited ("**the Company**" or "**PRI**") would like to submit the Year Ended 31 December 2021

Total Sales and Service Revenue

For the Years Periods ended 31 December 2021, the Company's revenue from services and sales was 489.56 million baht, an increase of 223.05 million baht or 83.69% from the same period of the previous year which increased from the 3 business groups.

Business Groups	For the Years Ended 31 December (MTHB)		Change	
	2020	2021	MTHB	%
Engineering Consulting and Design Business	6.95	42.02	35.07	504.60
Real Estate Management Business	149.58	193.87	44.29	29.61
Real Estate after Sales Service Business	109.34	253.12	143.78	131.50
Others	0.64	0.55	(0.09)	(14.06)
Total Sales and Service Revenue	266.51	489.56	223.05	83.69

- For the Years Periods ended 31 December 2021, Engineering consulting and design business had increased revenue from the same period of the previous year details as follows: (1) the Company launched the business at the end of year 2020 thus, revenue in year 2021 was entirely reported and (2) the Company had expanded the scope of architectural design in year 2021.
- For the Years Periods ended 31 December 2021, Real Estate Management Business had increased revenue from the same period of the previous year details as follows: (1) an increase in juristic management for condominiums and housing estates, also residential properties and (2) an increase in brokerage services from increasing in transactions of buying/selling residential properties and lands as Covid-19 and real estate industry had recovered.
- For the Years Periods ended 31 December 2021, Real Estate after Sales Service Business had increased revenue from the same period of the previous year details as follows: (1) an increase in interior design and installation services from expanding the business scope of design and decoration services to the common areas, lobbies, and clubhouses of real estate projects and (2) in year 2021 the Company launched a new service (Nai Chang) to offer a variety of technician services.

Cost of Services and Goods Sold

For the Years Periods ended 31 December 2021, the Company's cost of services and goods sold was 288.24 million baht, an increase of 130.76 million baht or 83.03% from the same period of the previous year which increased from the 3 business groups.

Business Groups	For the Years Ended 31 December (MTHB)		Change	
	2020	2021	MTHB	%
Engineering Consulting and Design Business	4.01	20.93	16.92	421.94
Real Estate Management Business	70.14	90.44	20.3	28.94
Real Estate after Sales Service Business	81.98	176.41	94.43	115.19
Other costs	1.35	0.46	(0.89)	(65.93)
Total Cost of Services and Goods Sold	157.48	288.24	130.76	83.03

- For the Years Periods ended 31 December 2021, Engineering consulting and design business had increased cost of services from the same period of the previous year due to an increase in employee benefit expenses from entire year operating and expanding scope of architectural design.
- For the Years Periods ended 31 December 2021, Real Estate Management Business had increased cost of services from the same period of the previous year due to an increase in employee benefit expenses from expanding business which was in line with the increase in revenue.
- For the Years Periods ended 31 December 2021, Real Estate after Sales Service Business had increased cost of services and goods sold from the same period of the previous year as follows (1) an increase in employee benefit expenses from outsourcing staffs for expanding scope of design and decoration services to the common areas and Nai Chang service. And (2) an increase in cost of equipment for interior design which was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

For the Years Periods ended 31 December 2021, the Company's gross profit of 201.23 million baht, representing a gross margin of 41.15%, increased from the same period of the previous year which had a gross profit of 109.74 million baht and representing a gross margin of 41.27%. Overall, there is no significant change in the gross profit margin and detail of each business's gross profit margin as follows

Business Groups	For the Years Ended 31 December 2020 (MTHB)		For the Years Ended 31 December 2021 (MTHB)	
	Gross Profit (MTHB)	Gross Profit Margin (%)	Gross Profit (MTHB)	Gross Profit Margin (%)
	Engineering Consulting and Design Business	2.94	42.25	21.09
Real Estate Management Business	79.44	53.11	103.44	53.35
Real Estate after Sales Service Business	27.36	25.02	76.71	30.31
Total Gross Profit	109.74	41.27	201.23	41.15

- For the Years Periods ended 31 December 2021, Engineering consulting and design business had increasing in gross profit margin from the same period of the previous year as ability to control labor costs from increasing of construction management projects
- For the Years Periods ended 31 December 2021, there is no significant change in gross profit margin of Real Estate Management Business.
- For the Years Periods ended 31 December 2021, Real Estate after Sales Service Business had increased in gross profit margin from expanding land brokerage services in this group which was high margin service. However, the brokerage service was moved to Real Estate Management Business in second half of year 2021.

Administrative Expense

Administrative expenses of the Company mainly consist of employee benefit expenses, audit fee depreciation & amortization expense and other expenses such as advisory fee and other fees. For the Years Periods ended 31 December 2020 and 2021, the Company's administrative expense were 52.54 million baht and 54.14 million baht, respectively increased by 1.60 million baht or increased 3.04%

Financial cost

For the Years Periods ended 31 December 2020 and 2021, the Company had no significant financial cost because of no interest bearing debt. The only financial cost was a long-term office building lease agreement which must be recorded as a liability in accordance with Thai Financial Reporting Standard No. 16 (TFRS16).

Net Profit

For the Years Periods ended 31 December 2020 and 2021, the Company's net profit were 40.05 million baht and 111.25 million baht respectively, increased by 71.20 million baht or representing an increase of 177.78%. The reason was increasing in revenues of current business and expanding new services.

Total Assets

Major assets comprised cash and cash equivalents, trade account and other receivables, inventory, and other current assets. Total assets as at 31 December 2021 was 265.38 million baht, which increased from year ended 2020 by 120.47 million baht, mainly due to the increasing in cash and cash equivalent, trade account and other receivables and inventory, which were accordingly to the increasing in revenue from sales of goods and services.

Total Liabilities

Major liabilities comprised trade account and other payables, accrued income taxes, other current liabilities, and lease liabilities. Total liabilities as at 31 December 2021 was 76.32 million baht, which increased from year ended 2020 by 27.40 million baht, mainly due to the increasing in trade account and other payables, accrued income taxes, other current liabilities, which were accordingly to the increasing in revenue from sales of goods and services

Equity

The equity as at 31 December 2021 was 189.06 million baht, which was increase from year ended 2020 by 93.07 million baht, which was mainly a result of increasing in retained earnings from the net profit for the period ended 31 December 2021

Business Performance

Consolidated statement of comprehensive income	For the Years Ended 31 December (MTHB)		Change	
	2020	2021	MTHB	%
Revenue from services and sales	265.42	485.56	220.14	82.94
Other income	1.09	4.00	2.91	266.97
Total revenue	266.51	489.56	223.05	83.69
Cost of services and goods sold	(157.49)	(288.24)	(130.75)	(83.02)
Administrative expense	(52.54)	(54.14)	(1.60)	(3.05)
Total expense	(210.03)	(342.38)	(132.35)	(63.01)
Operating profit	56.48	147.18	90.70	160.59
Financial income	0.12	0.03	(0.09)	(75.00)
Financial cost	(0.53)	(0.51)	0.02	3.77
Operating profit before tax	56.07	146.70	90.63	161.64
Tax expense	(16.03)	(35.45)	(19.42)	(121.15)
Net income	40.05	111.25	71.2	177.78

Financial Position

Consolidated Financial Statements	For the Years Ended 31 December 2020 (MTHB)	For the Years Ended 31 December 2021 (MTHB)	Change	
			MTHB	%
Total Assets	144.91	265.38	120.47	83.13
Total Liabilities	48.92	76.32	27.4	56.01
Total Equity	95.99	189.06	93.07	96.96

Please be informed accordingly,

Sincerely yours,

Miss Nucharee Jitardhun
Chief Financial Officer