

Ref: IR61/012

14 May 2018

Subject: Management Discussion and Analysis Quarter 1/2018 Ending 31 Mar 2018
To: President
The Stock Exchange of Thailand

Overview and factors affecting the future performance

Operating performance in Q1/2018, the revenue of mobile phone distribution slightly decreased by 1.1%, compared to Q1/2017. The business of non-performing loan management, however, increased by 50% as well as the rental and service income of real estate development decreased by 8.5%. Overall Performance of the Company was affected from the business loan, its subsidiary which required the allowance for doubtful accounts in accordance with the Company's accounting policies.

Jay Mart Group has been growing and expanding the business which also effecting for the future growth as well as continuously make profit to the shareholders. The Company is currently expanding the business into personal loan which is still in the first three years of operation and it must take time to increase the size of personal loan portfolio. The Company is aware of the issues affecting overall operation, there is thus the measure to address such problems, for instance, searching for more qualified customers and improved collection efficiency. Presently, there is an increase of the average of credit limit per case equivalent to 65.5% compared to the end of year 2017 (average from 18,380 baht to 30,423 baht). It's also enhanced in debt collection which the collection rate has increased by 97.2% at the end of March 2018.

The Company expected that its performance in the first quarter of this year would be the lowest of operating performance. In the first quarter of 2018, the Company has continued to improve the problems, which has taken the measures in each line of businesses including with the operation plan to grow the Company's businesses in the future.

1. Finance and Personal Loans

J FinTech Co., Ltd (“J FinTech”) has mainly engaged in Personal Loans under the trademark of “J Money” which its operating performance in Q1/2018 had lost. It was due to the allowance for doubtful accounts. The company consequently has provided the following operation plans for Q2-Q4 to resolve such problems.

1. Focusing on the customer who has high-income, the company has been launching this plan since Q1/2018 and there is an increase of the size of personal loans obviously (compared between Q4/2017 and Q1/2018). Acquisition of the high-income customers can help to improve the quality of debtors as well as their ability to repay which therefore the trend of NPLs of the company has been decreasing.

In addition, the Company has other plans to expand its distribution channels and to enhance the credit approval process. The system will be used in the analysis to acquire more qualified customers and the credit approval considering from the risk of each ones. Also, will be bringing the Digital Lending to operate in the future.

	<i>Continuously increasing →</i>					
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Average credit limit of customer (Baht)	19,848	18,207	18,380	22,518	31,969	30,423

2. The debt collection efficiency has been increasing successively which considered from the debt collection rates of Q1/2018. It was due to J FinTech has improved its receivables collection team and concentrated upon the process of debt collection.

Debt Collection Rates	<i>Continuously increasing → Target higher 98%</i>		
	Jan-18	Feb-18	Mar-18
Pass (Normal and X Day)	94.6%	96.8%	97.2%

Remark; Debt collection rates (%) means the percentage of ability to collect debt. For example, debt collection 97.2% means debt 100 baht, the company can collect 97.2 baht, and the other 2.8 baht will become an overdue installment.

3. In Q1/2018, the revenue of J FinTech from interest is highly increasing in the amount of 180 million baht (an increase of 64% over the same period of last year). This means that the company's loan portfolio is larger with an increase of income continuously which is enough to support the costs both of fixed costs and variable costs of the company on monthly basis.
4. Providing with a competitive interest rate is the Company's plan to increase of credit accessibility to customers including with other credit products. In addition, the company plans to expand new businesses in Q1/2018 such as Floor plan credit as well as other financial products that will help to increase company's revenue in Q2/2018 along with the completeness of Personal Loans and Business Loans to support the competition in the market.

With these factors, the company is assured that J FinTech Co., Ltd. as a subsidiary will have the better operation prospects from the second quarter of 2018 onwards.

2. Financial Technology (FinTech)

J Ventures Co., Ltd ("JVC") has engaged in Software development and invested in the Started-up Company as its subsidiaries where develop technology for the business of the company. In Q1/2018, the company has successfully raised the funding through its initial public offering of "JFin Coin" or "Initial Coin Offering" in the amount of 100 million tokens at a price of 6.60 baht per token. JVC has allocated JFin Coins as of 87 million tokens, funding raised of \$497 million (net of VAT and sale discount), also allocated for 13 million tokens for sponsors and digital financial developing.

The Company has recorded such transactions on the Company's financial statements as a burden from the issuance and offering of digital tokens. The Company will be able to recognize revenue when a digital credit system development finished by the time specified in the JFin Coin White Paper and gradually write off the revenue recognition. Such of accounting records will be depending on the accounting standard in the future.

J Ventures Co., Ltd has brought JFin Coin trading on the secondary market of digital tokens at Coin Asset on May 2, 2018 as well as Cash2Coin on May 9, 2018 where the secondary market for Cryptocurrency in Thailand. In addition, JFin Coin is aimed to trade on the leading international trading.

Financial Technology (FinTech) will be applied into the financial business of the company through J Ventures Co., Ltd. The proceeds from the sale of digital tokens will be used to develop the Non-financial intermediary system which will happen in the future.

On 13 May 2018, The Digital Asset Management Act BE 2561 (“The Decree”) has been enacted effective on 14 May 2018 onwards which is the subsequent event after the Board of Director approved financial statement on 11 May 2018. The Decree defined the definition of Digital Asset and has it objective to regulate the issuance and offering of cryptocurrencies and digital asset businesses. Regarding to the decree, The Securities and Exchange Commission (SEC) has duty to facilitate and to regulate digital currencies and their operators. If such aforementioned effect on JFin Coin, the Company will then comply with all those regulations in future.

3. Synergy Group of Company

Jay Mart Group is the companies formed by the expansion of retail and financial businesses segments where the working is continuously cooperating and sharing with resources. During this year, the company will be launching the new projects for cooperation, for instance, customers who ended the debt with JMT will be getting mobile phone discount or offering Compulsory Insurance at Jaymart Shop, or JMT will be selling the real estate to J to continue development as the Real estate developers and distributors to customers as well as mobile distribution through company’s synergy. This is the strength and Ecosystem different from other companies.

The financial statements and operating performance of the Company and its subsidiaries for the end of March 31, 2018 which has been reviewed by the Company's auditor, the details are as follows.

	Q1/2017		Q1/2018		Change	
	Million Baht	%	Million Baht	%	Value	%
Sales Income	2,406.6	81.6%	2,380.5	76.5%	-26.1	-1.1%
Service income of debt collection and others	371.4	12.6%	556.8	17.9%	185.4	49.9%
Rental and service income	175.9	6.0%	161.0	5.2%	-15.0	-8.5%

	Q1/2017		Q1/2018		Change	
	Million Baht	%	Million Baht	%	Value	%
Total Revenues	2,953.9	100.1%	3,112.8	100.0%	158.9	5.4%
Cost of Sales	2,103.9	71.3%	2,111.5	67.8%	7.6	0.4%
Cost of Services	126.2	4.3%	189.6	6.1%	63.4	50.3%
Cost of Rental and Services	155.1	5.3%	153.6	4.9%	-1.5	-1.0%
Total Cost of Sales and Services	2,385.1	80.8%	2,454.7	78.9%	69.6	2.9%
Sale Promotion Income	134.5	4.6%	90.0	2.9%	-44.5	-33.1%
Other Incomes	31.3	1.1%	30.1	1.0%	-1.2	-3.8%
Profit before Expenses	747.1	25.3%	779.3	25.0%	32.2	4.3%
Selling Expenses	218.9	7.4%	237.5	7.6%	18.6	8.5%
Administrative Expenses	305.6	10.4%	518.0	16.6%	212.4	69.5%
Total Expenses	524.4	17.8%	755.5	24.3%	231.1	44.1%
Profit (Loss) of Operating Performance	222.6	7.5%	23.7	0.8%	-198.9	-89.4%
Finance cost	63.4	2.1%	99.0	3.2%	35.6	56.2%
Net Profit Attributable to Equity Holders of the Company	115.2	3.9%	-187.3	-6.0%	-302.4	-262.6%

Revenue Analysis

The total revenue in Q1/2018 was equivalent to 3,112.8 million Baht, an increase in the amount of 158.9 million Baht, or at 5.4% compared from the same period last year. The details were as follows.

1. In Q1/2018, sales income was equivalent to 2,380.5 million baht, slightly decreased compared from the same period last year.
2. An income of debt collection and other services was equivalent to 556.8 million baht, an increase in the amount of 185.4 million baht or 49.9% compared from the same period last year. This is the extremely success of Debt Management Business.
3. Rental income and other services was equivalent to 161.10 million baht, the decrease in the amount of 15 million baht or 8.5% compared from the same period last year.

The Company's sale promotion income in the first quarter of 2018 was equivalent to 90 million baht or the decrease of 33.1% compared from the same period last year. Considering from the proportion of total revenues found that the income of mobile phone distribution and its accessories was the highest proportion equivalent to 76.5%. Most of distributed products were the popular brand of mobile phone.

Cost of Sales and Services Analysis and Gross Profit

In Q1/2018, the cost of sales and services was equivalent to 2,454.7 million baht increasing from last year in the amount of 84.2 million baht or 3.6%. However, the cost of sales and services of mobile phone distribution was slightly decreasing similarly with the same period last year. Besides, there was an increase of the cost of services in the amount of 63.4 million baht or 50.2%. It was due to the expanding of Company's business.

The Company Gross Profit (including with sale promotion income) of financial statements in Q1/2018 was equivalent to 748.10 million baht, an increase of 4.6% compared from the same period last year.

Selling and Administrative Expenses and Operating Profit

In Q1/2018, there were the selling and administrative expenses in the amount of 755 million baht, an increase equivalent to 44%. It was due to the allowance for doubtful accounts as well as an increase of the remuneration for employees. The operating profit was equivalent to 23.7 million baht, which decreased in the amount of 198.88 million baht or 89.3% compared from the same period last year.

Finance Cost

The Company's finance cost in Q1/2018 was equivalent to 99 million baht, which increased in the amount of 35.6 million baht compared from the same period last year. It was due to an increase of Company's finance cost and its subsidiaries for debentures and line of credit from financial institutions.

Net Profit

The Company's net loss in Q1/2018 was in the amount of 187.2 million baht, equivalent to -6.0%. The Earnings per Share was equaled to -0.16. It was due to the loss of its subsidiaries where engaged in Loan business and the loss sharing of associated companies.

Statement of Financial Position Analysis

Assets

As of 31 March 2018, the Company's total assets was equivalent to 18,785.4 million baht, divided into the current assets in the amount of 9,021 million baht or 48% and the non-current assets was in the amount of 9,763.7 million baht, equivalent to 52%. There was an increase of total assets of the Company in the amount of 2,341.8 million baht or 14.2% compared to at the end of year 2017. Most of company's assets were cash and cash equivalent, lending, and buying non-performing loans.

Liabilities and Shareholders' Equity

As of 31 March 2018, the Company's total liabilities was in the amount of 14,080.10 million baht compared to at the end of year 2017 equivalent to 11,780.10 million baht, which increased of 2,300 million baht or 19.5%. There was thus the significant change of the liability in Q1/2018 as follows.

1. Trade accounts payable has increased by 900.5 million baht which was due to an increase of accounts payable of buying non-performing loans as well as in the sector of mobile phone business.
2. An increase of debentures in the amount of 999 million baht, it was due to the issuance of debentures for working capital of the Company.

As of 31 March 2018, the company had the Shareholders' Equity in the amount of 4,705.4 million baht, an increase of 41.8 million baht or 0.9%. The company also had Debt to Equity ratio (D/E) equivalent to 2.39 times, which slightly increased compared from the end of last year at 2.31 times.

Please be informed accordingly

Sincerely Yours,

- Singed -

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