

- Translation -

IR62/002

26 February 2019

Re: Management Discussion and Analysis (MD&A) for the year 2018

To: President

The Stock Exchange of Thailand

Overview and Factors Affecting Future Operating Results

In the year 2018, Jaymart Public Company Limited ("the Company") has changed and developed in many business segments of the group companies. It was the year of the organization restructuring and increase new business to support future growth complied with the policy of synergy in group companies. Jaymart has been expanding business focusing on the retail business and preceding transformed into the Holding Company investing in retail business such as mobile phone distribution and accessories, non-performing debt management, real estate development, hire purchase (associated company), personal loan, and business related to FinTech.

According to the results of operations in the year 2018, the Company had a net loss in the consolidated financial statements in the amount of 277 million baht, incurred from the loss in the business of personal loan, mobile phone, and hire purchase. The Company was therefore aware of the problem and decided to resolve so that the future performance returned to normal as soon as possible. Details of development and the direction of each business line's performance explained as follows.

1. Mobile phone distribution and its accessories

Jaymart Mobile Company Limited, the core company distributing mobile phone and its accessories was affected by competition from competitors in the industry. The sales in previous year were equivalent to 9,202 million baht. The number of mobile device sold last year was 1.07 million units with average selling price of 7,960 baht per device. In addition, the Company downsized of camera business then focused on mobile phone distribution instead as well as enhanced its sales channels.

The Company could well organized the inventory management, the inventory at the end of the year equal to 1,329 million baht, decrease by 677 million baht or 51 percent compared to the end of

2017. Furthermore, the Company considered to close the operating loss branches and turned to emphasize the other distribution channels where there were lower cost and higher margin.

Another important development of mobile phone distribution business in the previous year was being an exclusive business partnership with AIS, the No.1 mobile network operator in the country in order to sell SIM cards and mobile packages, has already cooperated since the fourth quarter of 2018. The sales of SIM card is continuously being good and shall reflect to the benefit from revenue of SIM distribution. Besides, under the aforementioned cooperation, the sales of mobile phone shall be increased if customers bought device with package.

	<i>Trend of AIS Sim subscribers increase in line with compensation package increase</i>			
	Oct 2018	Nov 2018	Dec 2018	Jan 2019
The number of SIM	9,053	11,228	15,280	13,789

2. Financial business and personal loans

J Fintech Company Limited (“JFintech”) conducts of loan business under the brand "J Money", the operating results in the 2018 was loss mainly due to the allowance for doubtful accounts from debtors. However, the Company has improved its operations as details below.

1. Quality customer selection, the Company has revised the credit approval considering income and ability to repay. After adjusting, there was an increase of quality customers as well as the average credit limit per person raised since the first quarter of 2018.

	1Q/2018	2Q/2018	3Q/2018	4Q/2018
Average credit limit of customer (Baht)	28,302	33,335	57,787	43,169

2. Effective debt collection, the Company has expedited to collect the principal debt to enhance its collecting amount, the collection rate has therefore clearly increased.

	1Q/2018	2Q/2018	3Q/2018	4Q/2018
Pass (Normal and X Day)	96.93%	96.68%	96.52%	96.94%

Remark: Debt collection rate (%) refers to the percentage of the Company ability to collect debt. In the case collection of 97.2% means debt 100 baht, the company can collect 97.2 baht, which another 2.8 baht shall be one overdue payment.

3. Revenue from write-off of NPLs (Write-back), is steadily increasing which JFintech developed a debt collection team and revenue from such collection has increased continuously throughout the 3rd quarter of the year 2018 until present.

	Oct 2018	Nov 2018	Dec 2018	Jan 2019
Revenue from write-off of NPLs	1.3	2.2	3.0	4.0

4. The expansion into business factoring loans, the Company has continuously grown in term of factoring loan. The credit approval is increasing and no non-performing loans due to the strict criteria of customer selection.

	2Q/2018	3Q/2018	4Q/2018
Total of Factoring Business	8.16	133.8	384.7

These factors, the company therefore ensures that the 2019 operating result of J Fintech Company Limited, the subsidiary will be better.

3. Financial Technology Business (Fintech)

J Ventures Company Limited ("JVC") conducts the business of software development and invests in Started-up companies, a subsidiary where enhances the technology of group companies. There is a clear development in term of the Decentralized Digital Lending Platform through hiring a global system developer to develop Blockchain Lending System and it is expected to complete as scheduled by White Paper. After the system has actually been used, JVC shall be able to recognize revenue in the financial statements by the year 2019.

4. Hire purchase business

Singer Thailand Public Company Limited operates the distribution of Singer brand products with hire-purchase services which there was a decrease of operating result due to the allowance for bad debts in the first quarter of 2018. However, SINGER has changed its business strategy by

developing a concise credit approval model through the dealer and there was the effective result. In addition, also expanded into auto loan which acquired very good feedback. According to the resolution of the Board of Directors of SINGER, approved the capital increase to support the business expansion which its turnover shall be improved in this 2019.

Summary of factors affect the Company's performance in 2019

Company	Key factor affect Jaymart Group's performance
Jaymart Mobile	<ul style="list-style-type: none"> • Exclusive partnership with No.1 Operator to distribute SIM and mobile phone package.
JMT	<ul style="list-style-type: none"> • JMT's performance continues to grow, higher cash collection and there is a fully amortized bad debt portfolio increase.
JAS Asset	<ul style="list-style-type: none"> • JAS Asset is expected to transfer property for sale, a condominium, in 2019 and expect to completely transfer in 2020.
J Fintech	<ul style="list-style-type: none"> • Better quality of borrower consider by increasing of average total credit limit. • Improve collection efficiency and high collection • Write back revenues continuously increase • Diversify its business toward a potential segment.
J Ventures	<ul style="list-style-type: none"> • Decentralized Digital Lending Platform expected to complete by scheduled and expect to realized its revenues in 2019 once the system commercial implement
Singer	<ul style="list-style-type: none"> • Capital increasing in SINGER will fuel auto loan business growth further and turnaround its performance in 2019

Overview of financial statements and results of operations

Financial statements and operating results of the company and its subsidiaries ended December 31, 2018, reviewed by the Company's auditor, the summary of revenue and profits detailed as follows.

	2017		2018		Change	
	Mio	%	Mio.	%	Mio.	%
Sale	10,073	80%	9,236	74%	-838	-8%
Service income from debts	1,842	15%	2,613	21%	771	42%

	2017		2018		Change	
	Mio	%	Mio.	%	Mio.	%
collections and others						
Rental and service income	719	6%	615	5%	-104	-14%
Insurance revenues	0	0%	98	1%	98	100%
Total Revenues	12,634	100%	12,562	100%	-72	-1%
Total Cost of Sales and Services	10,088	80%	9,677	77%	-411	-4%
Gross Profit	2,546	20%	2,885	23%	339	13%
Sale Promotion Income	511	4%	218	2%	-293	-57%
Other Revenues	92	1%	99	1%	7	7%
Profit before Expenses	3,148	25%	3,201	25%	53	2%
Selling Expenses	929	7%	1,036	8%	107	12%
Administrative Expenses	1,110	9%	1,730	14%	620	56%
Total Expenses	2,039	16%	2,766	22%	727	36%
Operating Profit	1,109	9%	435	3%	-674	-61%
Finance Cost	297	2%	458	4%	161	54%
Tax Expenses	134	1%	-49	0%	-183	-137%
Net Profit	490	4%	-277	-2%	-767	-157%

Revenues Analysis

Total revenue in 2018 was 12,562 million baht lower than the previous year of 72 million baht or 1% decrease with the following details.

1. Revenue of sales equaled 9,236 million baht, decreased 838 million bath or 8% from the same period of the previous year
2. Revenue of debt collection services and other services equaled 2,613 million baht, an increase of 771 million baht or 42% from the same period of the previous year as a result of success in the debt management business.
3. Revenue of rental and other services equaled 615 million baht, decrease by 104 million baht or 14 percent from the same period of the previous year.
4. Revenue from insurance service equaled to 98 million baht which stem from new business unit consolidated performance from subsidiary.

Considering the proportion of total revenue found that mobile phone distribution and its related equipment was the highest income, equivalent to 74 percent of total revenue. Most of the products selling by the Company are popular mobile phone brands.

Cost of Sales and Services Analysis and Gross Profit Analysis

In 2018, the Company's Cost of Sales and Services was 9,677 million baht, decreased from the previous of 411 million baht or 4 percent increase which caused by revenues declined.

The Company's gross profit margin of the consolidated financial statements in 2018 equaled 2,885 million baht, increased 13 percent from the same period of the previous year. This was because revenues from high gross profit margin increase such as personal loan business.

Selling and Administrative Expenses Analysis and Operating Profit

The Company's selling and administrative expenses was 2,766 million baht in 2018, increased 36 percent which resulted from the allowance for doubtful accounts of its subsidiaries considered as administrative expenses in the consolidated financial statements and employee compensation increased from the business expansion.

Operating profit in 2018 was 435 million baht, decreased 674 million baht or 61 percent from the same period of the previous year.

Finance Cost

The Company's finance cost in 2018 was 458 million baht, higher than previous year of 161 million baht which most of finance cost increasing mainly from the debentures and loans from financial institutions of the Company and its subsidiaries.

Net Profit

The Company's net loss in 2018 equaled to 277 million baht, or -2 percent, of earnings per share of -0.38 which resulted from loss of its subsidiaries operating of loan business, mobile distribution, and loss share from its associates.

Analysis of Financial Statement of Position

Assets

As of the period ending 31 December 2018, the Company had total assets equal to 19,444 million baht divided as current assets at 8,745 million baht or accounted 45% of total assets and non-current assets was 10,699 million baht accounted 55% of total assets compared to the ended of 2017. The Company's total assets increased 3,000 million baht or 18% from the previous year. Most of the increased assets were cash and cash equivalents, loans to customers (lending), additional assets in the insurance business (JMT's subsidiary) and loans from purchase of receivables (NPLs).

Liabilities and Shareholders' equity

As of the period ending 31 December 2018, the Company had total liabilities of 14,740 million baht, an increase of 2,960 million baht or 25 percent. The key increasing of liabilities item were liabilities from digital token issuance, short-term loan increase and liabilities related to insurance business.

The company also had shareholders' equity of 4,704 million baht, an increase of 40 million baht, a slightly increase from end of 2017.

The company therefore had the interest bearing debt to total equity of 2.64 times, which was increased from the end of 2017 which equaled to 2.31 times.

Please be informed accordingly.

- *Signed* -

(Ms. Ladda Waruntharakul)

Company Secretary

Group Investor Relations

Jaymart Public Company Limited

Tel. 02 308 8196 / email: panya@jaymart.co.th