



Re: IR64/009

10 August 2021

Subject Management Discussion and Analysis for the second quarter ended 30 June 2021
Attention President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors of JMT Network Services Public Company Limited (“the Company”) No.4/2021 on August 10, 2021. Resolved to approving the financial statements and operating results of the Company and subsidiaries for the second quarter ended June 30, 2021. This has been reviewed by the auditor of the company and with the following results

Performance Highlights and Overall Operating Results in the Second quarter of 2021

- Quarterly net profit continues to grow, with a net profit of 288.8 million baht in the second quarter of 2021, an increasing of 27.3 percent. For 6 months net profit was 571.6 million baht which increase 31.8 percent from the same period last year.
- The cash flow collected by the company in Q2/2021 was 970 million baht, an increase of 7 percent over the same period last year. While, 6 month period of 2021 showed 1,979 million baht in cash collection which increase 14 percent from the same period last year.
- In the last six months of 2021, the company has acquired total NPLs worth 3,336 million baht, and the total NPL portfolio at the end of Q2/21 was 215,557 million baht. The outstanding balance of fully amortization expands to reach 49,513 million baht or increase 6,255 million baht from the end of 2020. This made it to be the country's leader in terms of unsecured nonperforming loan outstanding balance under management.

Economic and industry Overview and Forward Looking

At the moment, it is known that the COVID-19 epidemic has spread throughout the country. The government has imposed lockdown procedures. This has an impact on the operations of many different types of businesses. Which of the company is impacted by the aforementioned

situation like other businesses, but with management focusing on cash flow collection and cost control, the company can continue to operate.

According to the Company's performance and its subsidiaries, the consolidated financial statements for the second quarter of 2021 had a net profit of 288.8 million baht, an increase of percent from the second quarter of 2020 27.3, representing a net profit margin of 35.4 percent. For the performance of the company and its subsidiaries according to the consolidated financial statements for the six-month period of 2021, the Company had a net profit of 571.6 million baht, an increase of percent 31.8 from the six-month period of 2020, representing a net profit margin of 35.2 percent. The result is elaborated as followings:

Performance Summary (Summary Table)

Unit: Million Baht

	Q2/2020	Q2/2021	%change	6M/2020	6M/2021	% change
Revenue from contracts with customers	87.0	75.3	-13.4%	184.1	166.4	-9.6%
Interest income	386.8	472.3	22.1%	749.6	940.9	25.5%
Dividend income	0.4	0.2	-50.0%	0.8	0.2	-75.0%
Profit from loans on purchase of receivables	221.8	227.8	2.7%	454.6	437.8	-3.7%
Income from insurance	66.4	40.7	-38.7%	137.8	79.9	-42.0%
Total income	762.4	816.3	7.1%	1,526.8	1,625.3	6.5%
Cost of service	209.8	186.9	-10.9%	426.4	397.8	-6.7%
Underwriting expenses	51.3	39.4	-23.2%	110.8	58.7	-47.0%
Gross profit	501.4	589.9	17.7%	989.7	1,168.8	18.1%
Administrative expenses	102.1	129.5	26.8%	207.2	268.2	29.4%
Reversal of credit losses	60.2	54.9	-8.8%	110.0	77.9	-29.2%
Operating profit	347.3	413.9	19.2%	665.2	842.3	26.6%
Financial cost	76.7	81.7	6.5%	145.0	160.3	10.6%
Income tax expenses	40.1	49.6	23.7%	93.0	115.2	23.9%
Net profit in equity	226.9	288.8	27.3%	433.8	571.6	31.8%

Total Revenues

The Company's total revenue for the second quarter of 2021 is 816.3 million baht, an increase from the same period last year of 53.9 million baht, or a percentage increase of 7.1 while total income for the six-month period of 2021 was 1,625.3 million baht, an increase from the same period of the previous year 98.5 million baht or a percent increase 6.5 details of the income change are as follows.

1. Revenue from customer contracts was 75.3 million baht in the second quarter, a decrease 11.7 million baht or a decrease by percentage 13.4 from the previous year, and 166.4 million baht for the six-month period 2021, a decrease 17.7 million baht or a decrease by percentage 9.6 from the previous year.
2. Interest income and profit from loans from receivables purchases equal to 700.1 million baht, an increase of 91.5 million baht or a percentage increase 15.0 and for the 6-month period of 2021 equal to 1,378.7 million baht, an increase of 174.5 million baht or a percentage increase 14.5 from the same period last year. This was due to the efficiency of collection process.

The interest income and profit from loans from receivables purchase totaled account 85% of total revenues of the Company.

3. Insurance income for the second quarter of 2021 was 40.7 million baht, a decrease of percent 38.7 from the same period the previous year, and the Company's income from insurance business for the six-month period of 2021 was 79.9 million baht, a decrease of percent 42 as a result of the company control insurance underwrite to reduce the loss ratio (Loss Ratio).

The challenging of the COVID 2019 pandemic remarked as a key factor that the Company cautiously managed the operation in order to achieve its target of 2021.

Cost of Services

The Company's cost of services for the second quarter of 2021 was 186.9 million baht, a decrease of 22.9 million baht or a percentage decrease of 10.9 compared to the same quarter last year. And the company's service cost for the first six months of 2021 is 397.8 million baht, which decrease from the same period of previous year. This is due to the Company's efficiency of collection process in combining with technology and cost control management.

Gross profit

The company turns a profit. According to the consolidated financial statements for the second quarter of 2021, the amount is equal to 589.9 million baht, an increase of 88.5 million baht, or a percentage increase of 17.7 percent. While gross profit for the six-month

period of 2021 is equal to 1,168.8 million baht, representing a gross profit margin of 71.9 percent, according to the consolidated financial statements equal to a percentage. If separate calculated only debt management business, the Company gross profit margin stood at 76 percent.

Administrative expenses

Administrative expenses for the second quarter of 2021 were 129.5 million baht, an increase of 24.7 million baht or percent 26.8. For the six-month period of 2021 were 268.2 million baht, an increase of 61.0 million baht or percent 29.4 due to computer software and management fee.

Statement of Financial Positions

Asset

The Company's total assets were 16,358.9 million baht as of June 30, 2021, an increase from the end of 2020 of 2,088.5 million baht or 14.6 percent because the company has purchased more non-performing debt in the first half of the year.

Liabilities and Shareholder's Equity

The Company had total liabilities of 8,537.9 million baht at the end of June 30, 2021, an increase of 22 million baht or 0.3 percent from the end of 2020. While shareholders' equity was 7,821.5 million baht, increased 2,066.5 million baht from the end of 2020, as a result of the company's increased net profit and share premium increase. It has a debt-to-equity ratio of 1.09 times and an interest-bearing debt-to-equity ratio of 0.93 times.

Guidelines for Coping with the COVID-19 situation

Due to the current circumstances some jobs at companies require you to work from home. To prevent the spread of COVID-19, the company prioritizes employee morale as follows:

Measures for the company's employees

1. The company has been purchased COVID-19 insurance for its employees. If an employee becomes infected with such a disease, he or she will incur medical expenses.
2. Encourage employees to get vaccinated in accordance with the government's voluntary registration program.
3. The company complies with government policies to work from home, where the company has developed an IT system that keeps track of making debt collection as efficient as working in a company.

Please be informed accordingly.

Yours faithfully,

- *Singed* -

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