

# JMART

## Management Discussion and Analysis Q2/2021



*Digital  
Transformation*

*Synergy  
DNA*

*e<sup>x</sup> Growth  
Business Model*

IR64/011

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 Jaymart Public Company Limited (“Company”) No. 7/2021 held 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.

### Overview of Jay Mart Business Group: **6M/2021 Net Profit 113% Growth**

As a holding company, the Company operates. Invest in retail and financial companies. The situation of the 2019 coronavirus epidemic has worsened in the first half of this year 2021. As a result, the government has announced lockdown measures for high-infectious areas such as Bangkok and its surrounding area, affecting the group's businesses due to shopping mall closures. The distribution of mobile products and the rental space business in Community Mall were both impacted. However, due to the circumstances, the Group has taken lessons from the 2020 lockdown and has prepared an action plan to deal with the situation. And make this quarter's results in 2/2564 profitable. And clearly shows the company's business model with investment risk diversification make COVID-19's impact as manageable as possible for the company.

Company performance and its subsidiaries Consolidated financial statements 6-month period 2021 The Company's net profit was 565.7 million baht, an increase of 300.2 million baht or 113.1 percent from the 6-month period of 2021. Details on each business line's operating results and the viewpoint for future earnings it is possible to explain it as follows:

**1.Mobile phone and accessories distribution business** Jay Mart Mobile Company Limited ("Jay Mart Mobile") operates a mobile phone and accessory distribution business. At the end of the

second quarter, the company was forced to close branches in department stores in the dark red control area in order to control the Covid-19 epidemic accounted for roughly half of the total

number of branches. Adjustments to support the lockdown, on the other hand, have been in place since last year. By establishing non-department store sub-branches known as Synergy Shops, which are located in various provinces across the country. Including branch distribution to sales channels within the Jay Mart Group, as well as collaboration with KB J Capital Company Limited in providing credit to consumers for the purchase of mobile phones

Jaymart Mobile's revenue from distribution business was 1,817 million baht in Q2/21, with a net profit of 53 million baht in Q2/21.

Jaymart Mobile's operating costs have been reduced and increase sales as much as possible through online channels and Jay Mart Group channels to offset revenue from the main store. It will mitigate the effects of the lockdown at the very least to the company's business

## 2. Personal loan business

At present, the personal loan business is operated by KBJ Capital Company Limited ("KBJ"), a joint venture company between the Company and KB Kookmin Card Company Limited. Which has previously been affected by the Covid-19 in terms of debt collection during the lockdown period but has still been able to maintain operating results to have a net profit by being cautious in lending, including debt collection management. The loan portfolio's value at the end of Q2/21 was 3,557 million baht,

an increase 198 million baht from Q1/21 due to the company's business plan to acquire more potential customer. The Company's overall NPL Ratio was 4.3 percent.

## 3. Non-performing debt management business

JMT Network Services Public Company Limited ("JMT") operates a non-performing debt management business. Even after the Covid-19 incident, JMT's operating results can continue to grow steadily. JMT's growth is expected to continue in the second half due to larger of fully amortization portfolio sizes.

## 4. Real estate development business

JAS Asset Public Company Limited ("JAS")'s real estate development business generated a net profit of 22.2 million baht in 2Q21. During the government's lockdown announcement, the company closed some shopping centers. During the shopping center's closure The Company has a solution for retail stores in the form of rental discounts or not collecting rent, which has resulted in a loss of some income. However, the company immediately reduced its expenses both in terms of rental and administrative costs, as well as employee cost adjustments and utility expenses. In the midst of such situations, this keeps the impact to a manageable level.

The company still intends to open a new shopping center, JAS Green Village, Khubon, in the fourth quarter of this year.

## 5. Electrical appliance distribution business line with hire purchase loan

Singer Thailand Public Company Limited (“Singer”) has been very successful in establishing seasonal sales history on a continuous basis while being under lockdown. As a result of increased sales and the expansion of car registration loans, the company's profit margin has increased. With a total loan portfolio of 4,725 million baht, Singer has increased interest income and has a lower NPL as a result of the loan portfolio being adjusted to be more

quality. The NPL in the category of car registration mortgage loans is less than 3.72%, allowing Singer to return to a stable performance. There was a profit of 322.8 million baht in the first half of the year.

## Performance summary

The overview of the operating results for the previous 2Q/21 has clearly confirmed Jaymart Group's growth. The following are the details of the Group's operating results:

### (Summary Table)

|  | Q2/2020        | Q2/2021        | Change       |              | 6M/2020        | 6M/2021        | Change       |              |
|--|----------------|----------------|--------------|--------------|----------------|----------------|--------------|--------------|
|  |                |                | THB          | %            |                |                | THB          | %            |
| Revenue from customer contracts            | 1,413.2        | 1,830.7        | 417.5        | 29.5%        | 3,127.1        | 3,884.7        | 757.6        | 24.2%        |
| Interest income from receivables purchases | 575.1          | 471.1          | -104.0       | -18.1%       | 1,127.7        | 1,000.1        | -127.6       | -11.3%       |
| Loan profit from receivables purchases     | 221.8          | 227.8          | 6.0          | 2.7%         | 454.6          | 437.8          | -16.8        | -3.7%        |
| Rental income                              | 49.7           | 78.3           | 28.6         | 57.5%        | 143.3          | 129.2          | -14.1        | -9.8%        |
| Income from insurance                      | 66.4           | 40.7           | -25.7        | -38.7%       | 137.8          | 79.9           | -57.9        | -42.0%       |
| <b>Total revenue by sales and services</b> | <b>2,326.2</b> | <b>2,648.6</b> | <b>322.4</b> | <b>13.9%</b> | <b>4,990.5</b> | <b>5,531.7</b> | <b>541.2</b> | <b>10.8%</b> |
| cost of sales                              | 1,211.4        | 1,550.0        | 338.6        | 28.0%        | 2,596.6        | 3,285.2        | 688.6        | 26.5%        |
| Cost of service                            | 222.3          | 176.3          | -46.0        | -20.7%       | 453.9          | 398.4          | -55.5        | -12.2%       |
| Rental cost                                | 7.9            | 26.7           | 18.8         | 238.0%       | 46.9           | 38.5           | -8.4         | -17.9%       |
| Underwriting expenses                      | 51.3           | 39.4           | -11.9        | -23.2%       | 110.7          | 58.6           | -52.1        | -47.1%       |
| <b>Total cost of sales and services</b>    | <b>1,492.9</b> | <b>1,792.4</b> | <b>299.5</b> | <b>20.1%</b> | <b>3,208.2</b> | <b>3,780.7</b> | <b>572.5</b> | <b>17.8%</b> |
| Gross profit                               | <b>833.1</b>   | <b>856.1</b>   | <b>23.0</b>  | <b>2.8%</b>  | <b>1,782.3</b> | <b>1,750.9</b> | <b>-31.4</b> | <b>-1.8%</b> |
| Profit from marketing campaigns            | 36.0           | 87.2           | 51.2         | 142.2%       | 105.3          | 166.7          | 61.4         | 58.3%        |
| Selling costs and amortization             | 114.3          | 194.3          | 80.0         | 70.0%        | 315.4          | 402.5          | 87.1         | 27.6%        |

|  | Q2/2020      | Q2/2021      | Change      |              | 6M/2020      | 6M/2021      | Change       |               |
|--|--------------|--------------|-------------|--------------|--------------|--------------|--------------|---------------|
|  |              |              | THB         | %            |              |              | THB          | %             |
| Administrative expenses                        | 369.4        | 234.0        | -135.4      | -36.7%       | 805.0        | 492.1        | -312.9       | -38.9%        |
| Profit from operations                         | 416.3        | 527.7        | 111.4       | 26.8%        | 773.0        | 1,117.9      | 344.9        | 44.6%         |
| Financial cost                                 | 147.0        | 169.7        | 22.7        | 15.4%        | 297.3        | 342.5        | 45.2         | 15.2%         |
| Profit share from joint venture investment     | 33.9         | 65.4         | 31.5        | 92.9%        | 59.4         | 134.5        | 75.1         | 126.4%        |
| Income tax expense                             | 36.6         | 59.2         | 22.6        | 61.7%        | 74.9         | 120.7        | 45.8         | 61.1%         |
| <b>Net profit attributable to shareholders</b> | <b>160.7</b> | <b>232.2</b> | <b>71.5</b> | <b>44.5%</b> | <b>265.5</b> | <b>565.7</b> | <b>300.2</b> | <b>113.1%</b> |

### Revenues analysis

The Company's total revenue for the second quarter of 2021 was 2,648.6 million baht, an increase of 322.4 million baht or 13.9 percent over the same period the previous year, and total income for the six-month period of 2021 was 5,531.7 million baht. An increase of 541.2 million baht, or 10.8 percent, due to the following:

1. In Q2/21, revenue from customer contracts totaled 1,830.7 million baht, a 29.5 percent increase over the same period the previous year. And the sales revenue for the first six months of 2021 was 3,884.7 million baht, a 24.2 percent increase due to a subsidiary have higher sales compared to the lockdown period in 2020 in the previous period
2. Interest income from purchases of receivables and profit from loans from purchases of receivables, which is income from debt management business, was 698.9 million baht in Q2/21, a decrease of 98 million baht or 12%, while income from debt collection and other services was 1,437.9 million baht for the six-month period of 202, a

9.1 percent decrease. Because interest income from KB J Capital Company Limited's (or J Fintech's) personal loan business was not included in the income of the Company's subsidiaries after the joint venture was completed in Q1/ 2021.

3. Rental and service income in the second quarter of 2021 was 78.3 million baht, a 57.5 percent increase, while rental and service income for the six-month period was 129.2 million baht, a 9.8 percent decrease. This was due to a reduction in the number of IT Junction locations.
4. Underwriting income in the second quarter of 2021 was 40.7 million baht, a -38.7 percent decrease, while income in the six-month period was 79.9 million baht, a 42.0 percent decrease, which decreased due to The company controls sales to keep the loss rate at an appropriate level.

### Gross profit

According to the consolidated financial statements for the second quarter of 2021, the company's gross profit was 856.1 million baht, an

increase of 23.0 million baht or 2.8 percent over the same period last year. The gross profit margin (including promotional income) was 34.5 percent, a decrease from the same period last year due to not preparing the consolidated financial statements with KBJ Capital Co., Ltd. having a high gross margin.

While gross profit for the first six months of 2021 was 1,750.9 million baht, a decrease of 31.4 million baht or 1.8 percent. Due to the Company's performance and subsidiaries increased in line with higher revenues, particularly in the non-performing debt collection business no need to prepare consolidated financial statements with KBJ Capital Company Limited, which has a high gross margin.

### **Selling and Administrative Expenses**

Selling and administrative costs are incurred by the company. According to the consolidated financial statements for the second quarter of 2021, it was 428.3 million baht, a decrease of 55.4 million baht or 11.4 percent from the previous year's same period. The Company had selling and administrative expenses of 894.6 million baht for the 6-month period, a decrease of 225.8 or 20% over the same period last year due

to a decrease in provision for non-performing debt from No need to prepare consolidated financial statements with KB J Capital Company Limited.

### **Summary of financial position**

#### **Assets**

The Company's total assets as of June 30, 2021 were 27,369 million baht, an increase of 1,467.9 million baht or 5.7 percent from the end of 2020 due to the purchase of more non-performing debts, as shown in the consolidated financial statements. JMT's investment and growth in investment properties in the subsidiary JAS Asset

#### **Liabilities and shareholders' equity**

The Company's total liabilities were 17,854.8 million baht at the end of June 30, 2021, a decrease of 1,280.1 million baht or 6.7 percent from the end of 2020. Because the company repaid its debts to financial institutions while increasing shareholders' equity by 9,514.2 million baht The Company's debt-to-equity ratio was 1.88 times and its interest-bearing debt-to-equity ratio was 1.52 times.

Please be informed accordingly.

Yours faithfully,

- *Singed* -

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Group Investor Relations

Investor Relations

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Jaymart, Business DNA to grow

Synergy + Technology

In addition to the Mobile Distribution Business (JMB), Jaymart has invested in and expects to grow the following businesses:

1. Non-performing debt management business

(JMT) It was a successful business during the recession. It is an opportunity to collect more debt in a good economy.

2. Personal Loan Business (KB J) and Hire

Purchase loan (Singer). It is an opportunity to develop utilising Fintech technology.

3. Retail, rental space and coffee shops (Beans

and Brown: BB), this will progressively pave the way for future expansion. Mobile Phone is still on demand for consumer during the COVID-19 situation.

4. Expanding distribution channels through Singer, an affiliated company with opportunities to create channels to reach consumers in all sub-districts and districts across the country.

Application development and the incorporation of Fintech into business Jaymart, which was created by “J Ventures,” a company that will prepare Digitization for the Group, believes that disruption will occur in business in the near future. Blockchain Shareholder Meeting and Digital Lending Platform (“PAH”)

JMART will indeed launch a number of digital projects this year, including e KYC, e Signature, and e Contract, in an effort to coordinate with authorities. Thailand must develop technology in order for this to happen.