

# JMART

Management Discussion and Analysis  
Q3/2021

“**J Curve:** Unlock and Transform”



IR64/022

12 November 2021

Subject Management Discussion and Analysis for the Third Quarter ended 30 September 2021  
Attention President  
The Stock Exchange of Thailand

According to the resolution of the Board of Directors of Jay Mart Public Company Limited (“Company”) No. 9/2021 held on November 12, 2021. Resolved to approving the financial statements and operating results of the Company and subsidiaries for the third quarter ended 30 September 2021. This has been reviewed by the auditor of the company and with the following results.

### **Overview of Jay Mart Business Group in Q3/2021**

The corporation functions as a holding company. It follows an Investment Holding Company (IHC) strategy, focusing on retail and financial sectors to establish an ecosystem and synergy in the group's operations.

Businesses in the retail sector (Jaymart Mobile, JAS Assets, Beans & Browns) were impacted by the COVID 2019 outbreak in the previous 3Q/2021. This prompted the authorities to declare a lockdown in the red zone as a result, the issue had an impact on the company group. However, because of the previous years' experience, the company has learnt to alter its operations. Allowing for the control of sales channels and resource management within the group of companies. Still the impact is minimal and sees it as a potential possibility for additional sales channels, both online and offline, including synergy channels inside the group of companies. And the financial group (JMT and its affiliates, Singer and KBJ) performed well. with a cautious company plan and cost management operating costs as a result, it might still create profits for the group of enterprises. In the previous 3Q/2021, the Company, its subsidiaries, and linked entities all generated strong net profits.

Furthermore, the Company is in the process of acquiring additional investment partners during the third quarter of the year. It is an investment from two potential companies in the BTS Group Holdings group, VGI Public Company Limited and U City Public Company Limited. Increase the funds by 2021 and be prepared to conduct business with a long-term business expansion partner.

## Highlights of the company's performance in the Q3/2021: **New Normal of Net Profit**

The company has a quarterly performance in Q3/21 with a net profit of 270 million baht, a 4 % increase from the same period last year and a 16% increase from the Q2/2021, which the 9 months net profit of 2021 is 836 million baht, which is more than the full-year profit of 2020.

**Net Profit for Q3/2021 and net profit for 9 months of 2021**

Unit: Million Baht	Quarter		Growth rate (%)	9 Months (YTD)		Growth rate (%)
	Q3/2020	Q3/2021		9M/2020	9M/2021	
JMART	261	270	4%	527	836	<b>59%</b>

For the Company's and its subsidiaries' performance Consolidated financial statements for the 9 months period ending September 30, 2021 The Company's net profit was 836 million baht, a 309 million baht increase over the 9 months period of 2020, or a 59% increase due to an improvement in operational results in the 9months period. Because of the expansion of the non-performing debt management industry and the growth of the Singer Thailand Associated Company. It has displayed remarkable growth success, including a restructured operational approach throughout the lockdown. JAS Asset's rental management company provides as a subsidiary in other essential industries, such as Jaymart Mobile's mobile distribution business. There is still a positive net profit from operation. The review performance and its forward looking can be described as following;

## Performance of each business and Forward Looking in Q4/2021

### 1. Mobile phone and accessories distribution business

Distribution of mobile phones and accessories Under the operation of Jay Mart Mobile Company Limited ("Jay Mart Mobile"), branches of some Jaymart Mobile cannot be established in the past Q3/2021 due to the government lockdown policy to decrease the Covid 2019 pandemic. It has an impact on the operation of sales channels However, the company has shifted its sales approach to outlets where there are still

prospects. Therefore, Jaymart Mobile sales were 1,620 million baht, an 11% reduction from the previous quarter.

The company is positive about the direction of its operational performance in the Q4/2021 of this year, expecting better revenues than in the third quarter and will be the highest season in this year. Because mobile items are essential to customers' lifestyles. And the government has

relaxed the lockdown policy, including a sales page vital to business in the Q4/2021.

## 2. Debt Collection and Management Biz

Non-performing debt management company JMT Network Services Public Company Limited ("JMT") is continuing track to deliver positive operational results in the third quarter of 2021. It achieved a record quarterly net profit. Due to the distress acquired in the previous quarter and the fully amortized portfolio expansion. As a result, the company's revenue is increasing and establishes a solid earnings basis in the future.

Moreover, JMT is on a process of right offering which expect to receive funding in Q4/2021. Therefore, this would make a readiness of JMT's capital to acquire more bad debt in nearly future.

## 3. Property Development business

Property development business is engages under JAS Asset Public Company Limited ("JAS") reported a net profit of 6.1 million baht in the third quarter of 2021, a decrease from the same period of previous year. This is because the lock down policy.

The company anticipates a positive fourth-quarter performance in 2021. JAS will have full income from the rented space due to the high season, and JAS is preparing to develop a new retail complex, Jas Green Village, Khubon, which will generate an income basis in late of Q4/2021.

## 4. Home and Commercial appliance distribution business with hire purchase loan and Car for Cash

Singer Thailand Public Company Limited ("Singer") made a conservatively of its lending policy. In accordance with the operational strategy, the loan portfolio has been increased to incorporate more car title loans. Even though the company's product sales decreased slightly in the most recent quarter (Q3/2021), however, the interest income base may continue to expand, while the NPL rate can be kept at 3.7 %.

Singer sales are expected to be up in Q4/2021, according to the company with effective product distribution channels. There are also sales units that go deep into the community. More high-quality agents have been chosen by the company. In addition, the C4C credit portfolio has grown. Singer is also during a process of equity fund raising through right offering and private placement. This will build a capital base to develop the loan portfolio and produce future profits for shareholders.

## 5. Technology business

J Ventures Company Limited ("J Ventures") is a Jay Mart subsidiary that has created new breakthroughs throughout the years by merging Fintech and Block Chain technologies into the group of companies and developing technological ecosystems for the company. The Digital Token concept has received a lot of

attention in the past. By J Ventures In 2018, the Digital Token "JFIN" was produced and made available for purchase. The value of such a Digital Token has recently risen according to

market demand and adoption in the group of companies' ecosystems.

## Performance Summary

The overall performance of the past Q3/2021 clearly confirms the potential growth of Jaymart Group. The details of the operating results of the group are as follows:

### Summary Table

Consolidated FS	Q3/2020	Q3/2021	Change		9M/2020	9M/2021	Change	
			value	%			value	%
Revenue from contracts with customers	1,944.6	1,644.5	-300.1	-15.4%	5,071.6	5,529.3	457.7	9.0%
Interest income from purchase receivables	604.5	509.0	-95.5	-15.8%	1,732.1	1,509.1	-223.0	-12.9%
Profit from loans on purchase of receivables	219.7	318.1	98.4	44.8%	674.3	755.9	81.6	12.1%
Rental income	71.1	49.1	-22.0	-30.9%	214.4	178.3	-36.1	-16.8%
Income from insurance	49.8	57.8	8.0	16.1%	187.6	137.7	-49.9	-26.6%
<b>TT Revenue</b>	<b>2,889.7</b>	<b>2,578.5</b>	<b>-311.2</b>	<b>-10.8%</b>	<b>7,880.0</b>	<b>8,110.3</b>	<b>230.3</b>	<b>2.9%</b>
Cost of sales	1,634.6	1,421.6	-213.0	-13.0%	4,231.2	4,706.8	475.6	11.2%
Cost of service	227.0	205.2	-21.8	-9.6%	681.0	603.6	-77.4	-11.4%
Rental cost	19.9	17.8	-2.1	-10.6%	66.8	56.4	-10.4	-15.6%
Underwriting expenses	30.1	53.6	23.5	78.1%	140.9	112.2	-28.7	-20.4%
<b>TT Cost of sales and services</b>	<b>1,911.6</b>	<b>1,698.2</b>	<b>-213.4</b>	<b>-11.2%</b>	<b>5,119.9</b>	<b>5,479.0</b>	<b>359.1</b>	<b>7.0%</b>
<b>Gross profit</b>	<b>977.9</b>	<b>880.3</b>	<b>-97.6</b>	<b>-10.0%</b>	<b>2,760.1</b>	<b>2,631.3</b>	<b>-128.8</b>	<b>-4.7%</b>
Promotional income	86.3	57.5	-28.8	-33.4%	191.7	224.2	32.5	17.0%
Selling and distribution expenses	202.0	182.7	-19.3	-9.6%	517.4	585.3	67.9	13.1%
Administrative expenses	326.3	242.1	-84.2	-25.8%	1,131.3	734.2	-397.1	-35.1%
Operating profit	582.2	542.8	-39.4	-6.8%	1,348.2	1,660.7	312.5	23.2%
Financial cost	154.5	169.5	15.0	9.7%	451.7	512.0	60.3	13.3%
Income tax expense	59.3	37.1	22.2	-37.4%	-134.2	-157.8	-23.6	17.6%
<b>Net Profit attributable to shareholders</b>	<b>261.3</b>	<b>269.9</b>	<b>8.6</b>	<b>3.3%</b>	<b>526.8</b>	<b>835.6</b>	<b>308.8</b>	<b>58.6%</b>

## Revenue's analysis

The Company's total revenue for the third quarter of 2021 was 2,578.5 million baht, an increase of 311.2 million baht or 10.8% over the same time the previous year, and it was 8,110.3 million baht for the 9 months of 2021. An increase of 230.3 million baht, or 2.9%, attributed to the following factors:

1. Revenue from customer contracts was 1,644.5 million baht in Q3/2021, a 15.4% decrease from the same time the previous year due to the lockdown scenario. The revenues from customer contract were 5,529.3 million baht for the 9 months of 2021, a 9.0 % increase.
2. Interest income from purchases of receivables and profit from loans from purchases of receivables, which is the revenue from debt management business, was 827.1 million baht in the third quarter of 2021, a rise of 2.9 million baht or 0.4 percent. Whereas income from debt collection and other services was 2,265.0 million baht for the 9 months of 2021, a 141.4 % decline because JMT subsidiary had a component of revenue from debt that had been written off investment value. as well as increasing income from interest income from receivables acquisitions from the purchase of more non-performing loan portfolios
3. In Q3/2021, rental and service income were 49.1 million baht, a 30.9% decrease.

whereas rental and service income for the 9 months was 178.3 million baht, a 16.8 % decrease. This is due to the reduction in the number of IT Junction branches as well as the lockdown scenario.

4. Insurance income in Q3/2021 was 57.8 million baht, an increase of 16.8 %, while income in the 9 months was 137.7 million baht, a decrease of 26.6 %, due to sales being managed to meet expenses.

## Gross profit

According to the consolidated financial statements for the third quarter of 2021, the Company's gross profit was 880.3 million baht, a decrease of 97.6 million baht or 10.0% as compared to the same period last year.

While the gross profit for the 9 months of 2021 was 2,631.3 million baht, an increase of 128.8 million baht or 4.7% was recorded since the company did not consolidated financial statements with KB J Capital in 2021.

## Selling and Administrative Expenses

Selling and administrative costs are incurred by the company. According to the consolidated financial statements for the third quarter of 2021, it was 424.8 million baht, a decrease of 103.5 million baht, or 19.6%, from the same time the previous year. The Company's total selling and administrative expenditures for the 9 months were 1,319.5 million baht, a decrease of 329.2 million baht or 20% as compared to the same

time the previous year. Because of the reduction in rental expenditures, employee expenses, promotional expenses, and the provision allowance for lending business due to we do not have to consolidate KB J Capital performance.

## Analysis of Financial Positions

### Assets

The total assets of the Company as of September 30, 2021 the amount presented in the consolidated financial statements was 30,271.3 million baht, an increase of 4,370.2 million baht or 7.2% from the end of 2020 due to an increase in cash. JMT non-performing debt investment and a growth in investment properties in subsidiary JAS Assets.

### Liabilities and Shareholders' Equity

The Company's total liabilities were 20,613.3 million baht at the end of September 30, 2021, an increase of 1,478.4 million baht or 16.9% from the end of 2019. It has increased leasing liabilities because of Financial Reporting Standard No. 16, while shareholders' equity was at 9,658.0 million baht. The debt-to-equity ratio of the company was 2.13 times, while the interest-bearing debt-to-equity ratio was 1.73.

### JMART: The DNA of Business fuels its Growth Synergy + Technology

In addition to the mobile distribution business of the subsidiary Jaymart Mobile (JMB), the businesses that Jaymart have invested in and are businesses that have continuous future growth opportunities are

1. The Non-Performing Debt Management (JMT) business, which has grown well during the economic recession, is an opportunity to buy debt. And good economy is an opportunity to collect more debts as well.
2. Personal Loan Business (KB J Capital) and Hire purchase (Singer) businesses are opportunities to develop fintech technology.
3. Retail, rental space of subsidiaries (J) and coffee shops (Beans and Brown: BB), which is a business that will gradually build a base for future growth.
4. Expanding distribution channels through Singer (an associated company) with opportunities to create channels to reach consumers in all sub-districts and districts in the country.

Application development and using Fintech into business developed by "J Ventures", a company that will prepare digitization for the group of companies. Because Jaymart believes that disruption will occur in business in the near term.

In the past we have tested the use of Blockchain for holding shareholders' meetings (AGM Blockchain) and digital lending already.

Jaymart still has a lot of digital projects to be released later this year such as developing e KYC, e Signature and e Contract by trying to coordinate with government agencies. To develop real technology in Thailand

Yours faithfully,

*- Singed -*

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