



Management Discussion and Analysis Q1/2022

JMT Network Services PLC

- Translation -

Ref: IR65/011

13 May 2022

Subject: Management Discussion and Analysis, 1st Quarter ending 31 March 2022.
 Attention: President
 The Stock Exchange of Thailand

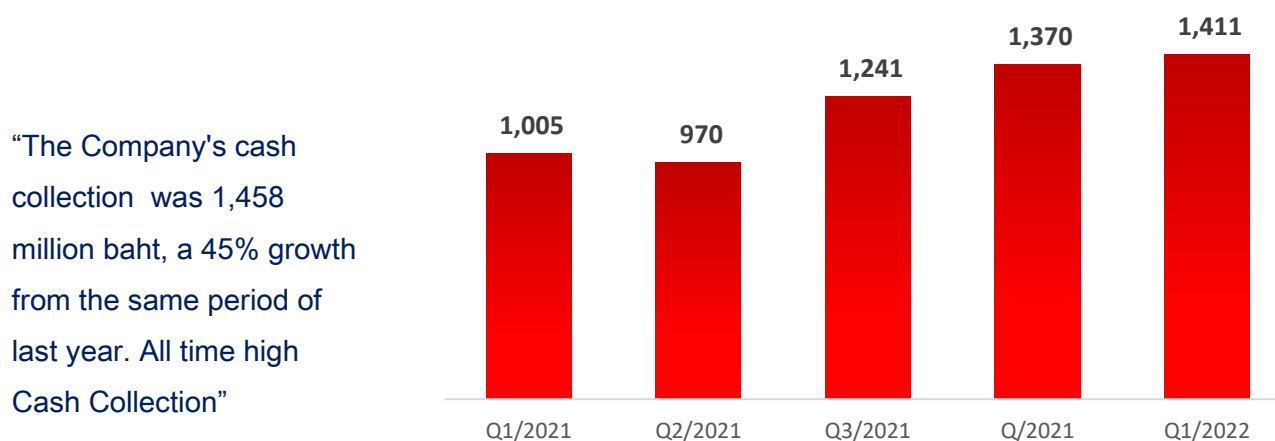
Regarding to JMT Network Services Public Company Limited (“the Company”) No.3/2022 on 13 May 2022, the resolution to certify the consolidated financial statements and performance of the Company and the Company’s subsidiaries for the first quarter ending 31 March 2022, which has already been reviewed by the Company’s auditor, the results can be summarized as follows;

Performance Highlights for Q1/2022

- Net profit attributable to shareholders was 367.0 million baht, an increase of 84.2 million baht or 29.8 percent growth from the same quarter of last year. And the net profit margin stood at 31.5% percent.
- Cash Collection was 1,458 million Baht, increased 45% from the same period last year. This was increase from Q4/2021 at 6.4 %. This was remarked as an all-time high level of cash collection.
- Acquiring distress debt equal 737 million Baht in Q1/2022

Cash Collection Trend

(Unit: MB.)



Summary of Revenues and Net Profit

Consolidated financial statements	Q1/2021		Q1/2022		Change	
	MB.	%	MB.	%	MB.	%
Revenue from contracts with customers	91.1	11.3%	68.9	6.4%	(22.2)	-24.4%
Interest and dividend income	468.7	57.9%	638.9	59.2%	170.2	36.3%
Profit from loans on purchase of receivables	210.0	26.0%	312.0	28.9%	102.0	48.6%
Income from insurance	39.1	4.8%	58.9	5.5%	19.8	50.6%
Total income	808.9	100.0%	1,078.7	100.0%	269.8	33.4%
Cost of service	210.9	26.1%	240.1	22.3%	29.2	13.8%
Underwriting expenses	19.2	2.4%	106.5	9.9%	87.3	454.7%
Gross profit	578.8	71.6%	732.1	67.9%	153.3	26.5%
Gain (Loss) from Debt Instrument measured at Fair Value	5.6	0.7%	9.6	0.9%	4.0	71.4%
Other income	5.9	0.7%	20.4	1.9%	14.5	245.8%
Profit before expenses	590.3	73.0%	762.1	70.6%	171.8	29.1%
Administrative expenses	138.7	17.1%	176.0	16.3%	37.3	26.9%
Expected credit losses	23.0	2.8%	110.8	10.3%	87.8	381.7%
Bad debts and doubtful accounts	0.2	0.0%	0.9	0.1%	0.7	350.0%
Total expenses	161.9	20.0%	287.7	26.7%	125.8	77.7%
Operating profit	428.4	53.0%	474.4	44.0%	46.0	10.7%
Financial capital	78.6	9.7%	71.4	6.6%	(7.2)	-9.2%
Income tax expenses	65.6	8.1%	63.3	5.9%	(2.3)	-3.5%
Net profit attributable to shareholders of the Company	282.8	35.0%	367.0	34.0%	84.2	29.8%

Revenues Analysis

The Company's total revenue for the first quarter of 2022 was 1,078.7 million baht, which was an increase 33.4 percent from the same period last year. The reasons for an increasing of revenues can be explained as following;

1. Interest and Dividend Income and Gain on Loan from Acquisition of debtor from the purchase of non-performing debt to manage in the first quarter of 2022, a total of

950.9 million baht, an increase from the first quarter of 2021 by 272.2 million baht or equal to 40.1 percent as a result of an increase in interest and dividend income as a result of being able to collect acquired non-performing debt during the year 2022 and collected non-performing debt that deducted the investment value by 48.6 percent.

2. Revenue from a contract with customers from debt collection business with financial institutions in the first quarter of 2022 was 68.9 million baht, a 24.4 percent decrease from quarter 1/2021.
3. Underwriting income in the first quarter of 2022 was 58.9 million baht, an increase of 19.8 million baht from the same quarter of the previous year or 50.6 percent due to expansion of insurance business in the business segment of Jay Mart Group through the synergy channels.

Cost analysis of services and gross profit

In the first quarter of 2022, the company had service cost of 240.1 million baht, increased from the previous quarter of 2021 by 13.8 percent due to the management of employee and personnel expenses. Furthermore, an increasing came from the insurance subsidiary's one-time expenses, which is the expenses associated to the COVID insurance claim, which grows depending on the epidemic scenario.

For gross profit from the consolidated financial statements in Q1/2022 equal to 732.1 million baht or gross profit margin of 67.9 %, a decrease from the same period last year. However, if considering the gross profit margin for only one debt management business will have a gross margin of 77 %. This demonstrates the potential of the non-performing debt management industry.

Total expenses

In the first quarter of 2022, the company had total expenses of 287.7 million baht, an increase of 125.8 million baht or an increase of 77.7 %. This is related to the expected credit loss (ECL) associated with secured non-performing debt purchases.

Financial cost

The company had finance costs in Q1/2022 equal to 71.4 million baht, decreasing from Q1/2021 equal to 7.2 million baht or a decrease of 9.2 percent as a result of debentures repayment in this period.

Net profit

The company has a net profit. Consolidated financial statements in Q1 / 2022 was 367 million baht, an increase from Q1/2021 equal to 84.2 million or an increase of 29.8 percent due to an increase from the management of a good non-performing debt portfolio.

Analysis of financial positions

Asset

As of March 31, 2022 according to the consolidated financial statements The Company has total assets of 29,568.1 million baht, an increase from the end of 2021 by 1,531.9 million baht or an increase of 5.5 percent. The majority of the added assets are current assets, which are in the form of cash and cash equivalents resulting from the cash flow received from capital increase.

Liabilities and equity

As of March 31, 2022 according to the consolidated financial statements The Company had debt of 7,495.6 million baht, a decrease from the end of 2021 by 1,462.9 million baht or 16.3 percent. Due to the company has reduced short-term loans and trade officers in the purchase of non-performing debt decreased.

The Company's total shareholders' equity as of March 31, 2022 was 22,072.5 million baht, an increase of 2,994.8 million baht, increasing from received in advance of the increase in shares.

The company has a debt-bearing ratio of interest to equity. Quarter end 1/2022 was 0.29 times, a decrease from the end of 2021 that was 0.39 times due to the company raised funds from the conversion of warrants from shareholders.

Factors and operational plans that will affect the operations in the future

The operating results during the first quarter of 2022 are considered that the company has performed according to the plan that has been set. Although through a period of economic slowdown but the amount of non-performing debt collection of the company did not agree. from last quarter and increased by more than 40 percent from last year, proving the company's ability to grow.

The company is confident that it will continue to grow in the next 9 months of 2022 to reach the goals that have been set. The following things will contribute to such growth:

1. Non-performing debt portfolio that the company has bought in the past year There is a quality that can generate cash flow for the company quite well.
2. Joint venture in debt collection business and non-performing debt management together with KASIKORNBANK Financial Group continues to move forward. At present, the company has established a company JK Asset Management Co., Ltd. has been completed. The paid-up capital has been increased to 200 million baht.

Yours faithfully,

- *Signed* -

Mr. Wongsakorn Kittitrakulkarn
Company Secretary

Mr. Panya Chutisiriwong
Group Investor Relations