

# อยู่เคียงข้าง ทุกใจสู้



ที่อยากให้คุณมีโอกาส  
ทางการเงินได้อีกครั้ง



**MD&A 2022**

**JMT Network Services**

Ref: IR66/004

February 13, 2023

**Subject** Management Discussion and Analysis Ending December 31, 2022  
**To** President  
The Stock Exchange of Thailand

According to the resolution of the Board of Directors' Meeting of JMT Network Services Public Company Limited (the "Company") No. 2/2023 held on February 13, 2023, resolved to approve the financial statements and operating results of the Company and its subsidiaries for the year 2022 ending December 31, 2022, which the Company's auditor audited. Accordingly, the results can be summarized as follows:

## **Overview and Key Factors Affecting Performance**

### **Thailand's Economy Overview**

In the past year, 2022, the epidemic situation of COVID 2019 had been clearly relaxed after more people were vaccinated. The government did not announce the lockdown measures, making travel and coming out to work typically. It resulted in the overall economy improving and an increase in spending. According to the estimates of the NESDB, the country's gross domestic product would grow by 3.2 percent in 2022, up from 2021, which rose only 1.5 percent.

### **Industry Situation and the Amount of Non-Performing Loans in the Market**

Over the past several years, household debt in Thailand has grown steadily. According to data from the Bank of Thailand, it was found that at the end of the second quarter of 2022, total household debt amounted to 14.76 million baht or approximately 88.2% of GDP. It has been slowed down for several quarters in the past. However, there is still another amount of debt that has been restructured during the severe COVID-19 situation. Therefore, it is considered a challenge for the financial industry in the country and government policy to solve this problem in the future. In the past, various regulatory agencies have issued measures to help debtors. An important one is to allow commercial banks and asset management companies to set up joint venture companies to become asset management companies in which JMT Network Services Public Company Limited has agreed with Kasikorn Bank Business Group to jointly establish JK Asset Management Co., Ltd.

### **Strategic Move toward next J Curve**

The company's historical business expansion is seen as an era of increasing growth. Which is the period of non-performing debt purchase to manage. The growth is reflected in the continued growth in cash collection capacity as well as financial restructuring that strengthens the company's capital base. This led the company to enter the distressed debt market with collateral (Secure Loan) since 2017. Throughout the period of operation, both JMT Network Services Public Company Limited ("JMT") has primarily purchased unsecured distressed debt. There is a system for debt collection. Have a team to follow up on non-performing debt. As for J Asset Management Co., Ltd. ("JAM"), currently a subsidiary of the Company, it is an asset management

company under the supervision of the Bank of Thailand. Has bought non-performing debt to manage as well. By purchasing non-performing debts that are mainly collateral assets (Secure Loan). Previously, unsecured debts were also purchased. However, in order to fully generate future growth, the company has begun to analyze funding for JAM in order to compete with market-leading secured asset management companies. As a result, the group of companies can compete with collateral assets in both the unsecured distressed debt market and the non-performing debt market.

The JMT Group's growth is largely driven by the expansion of Thailand's non-performing debt market as well as the company's capability to manage costs and retain cash flow. As a result, the company believes that as long as financial institutions continue to provide credit, the company will be in an industry that can continue to grow in the long run. With the situation of non-performing debt resulting from the COVID-19 situation in the last three years, the company is confident that the company's performance will continue to grow and generate good performance in the future.

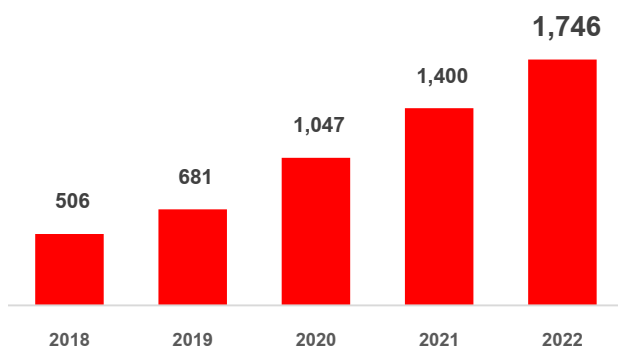
### Overview of 2022 Performance and Highlights

In 2022, the Company still had an outstanding performance. It also was regarded as the country's number one non-performing debt management company in terms of performance in the debt management business for unsecured loans.

### Net Profit 2017 - 2022 (Million Baht)

#### Growth from the Last Year

**25%**



For the past year, 2022 was considered the year that the Company's performance was good and reached the highest record for the seventh consecutive year, both in terms of the collection with cash flow collection of 5,548 million baht, growing 21% from the previous year. If include

### Summary of Revenue and Profit Performance

cash flow from JK Asset Management Company amounting to 797 million baht, the collection of cash flow will equal to 6,346 million baht. In 2022, the Company had a net profit of 1,746 million baht, growing from 2021 25%, which was the highest net profit record of the Company since its establishment for the 7th consecutive year.

In terms of operations in 2022 for the non-performing loans management business, the Company bought non-performing loans with an investment budget of 4,582 million baht. The Company used the investment to buy both secured and unsecured non-performing loans. The Company selectively considered the purchase of distressed debt by mainly considering the return on investment to generate returns for shareholders and to be the country's number one private unsecured non-performing loan management

	2021		2022		YoY	
	MB.	%	MB.	%	MB.	%
Revenue from Contracts with Customers	300.6	8.3%	327.5	7.4%	26.9	8.9%
Interest and Dividend Income	2,073.8	57.2%	2,616.2	59.3%	542.4	26.2%
Profit from Loans on Purchase of Receivables	1,056.4	29.1%	1,187.1	26.9%	130.7	12.4%
Insurance Income	194.2	5.4%	278.8	6.3%	84.6	43.6%
<b>Total Revenues</b>	<b>3,624.9</b>	<b>100.0%</b>	<b>4,409.5</b>	<b>100.0%</b>	<b>784.6</b>	<b>21.6%</b>
Cost of Services	865.3	23.9%	1,098.1	24.9%	232.8	26.9%
<b>Gross Profit</b>	<b>2,591.0</b>	<b>71.5%</b>	<b>2,950.6</b>	<b>66.9%</b>	<b>359.6</b>	<b>13.9%</b>
Other Revenues	31.3	0.9%	58.90	1.3%	27.6	88.2%
Administrative Expenses	601.1	16.6%	789.5	17.9%	188.4	31.3%
Credit Loss	62.2	1.7%	144.3	3.3%	82.1	132.0%
Operating Profit	1,965.2	54.2%	2,075.3	47.1%	110.1	5.6%
Financial Cost	345.0	9.5%	282.9	6.4%	(62.1)	-18.0%
<b>Profit attributable to Equity holders of the Company</b>	<b>1,400.4</b>	<b>38.6%</b>	<b>1,745.6</b>	<b>39.6%</b>	<b>345.2</b>	<b>24.7%</b>

### Revenue Analysis

The Company's total revenue in 2022 was 4,409.5 million baht, an increase of 21.6 percent. It was due to the changes in revenue as follows:

1. Interest and dividend income and gains from loans from the purchase of receivables in 2022 were 3,803.3 million baht, an increase from 2021 by 673.1 million baht or equivalent to 21.5 percent, as a result of collection efficiency and quality of non-performing debt that the Company acquired more during the past year. Interest, dividend income, and gains from loans from receivables purchase represented 86.3 percent of total revenue. It resulted from the expansion of investment to buy more distressed debt, causing the proportion of income from purchasing debt to manage to increase obviously.
2. Revenue from contracts made with customers (Income from debt collection business) in 2022 was 327.5 million baht, an increase from 2021 by 26.9 million baht or 8.9 percent. The income from debt collection services was 7.4 percent of total income, close to last year.
3. Insurance income in 2022 was 278.8 million baht, a decrease from the previous year due to insurance control, focusing on the Company's performance.

### Cost of Service Analysis and Gross Profit

In 2022, the Company had the cost of services 1,098.1 million baht, increased from the year 2021 by 232.8 million baht or decreased by 26.9 percent. It is an expense related to personnel that increases according to the expansion of the business and expenses related to legal and litigation approximately 60 million baht (in quarter 4 approximately 31 million baht). Both of which are expenses that the company has invested in order to obtain collection of cash flow and good performance in the future in 2023. In addition, in 2022 the company increased expenses related to the insurance business as a result of insurance claims arising from the COVID

situation. This is a one-time item in 2022, amounting to 161 million baht, because the COVID insurance has ended.

As for the gross profit margin in the consolidated financial statements, it was found that in 2022, the Company's gross profit was 2,950.6 million baht, which the Company was able to make a gross profit margin from the consolidated financial statements equal to 66.9 percent, decreased from the year 2021, if excluding this one-time item ratio of gross margin will be at the level of 71 percent, which is slightly lower compared to the year 2021.

### Administrative Expenses and Credit Losses

In 2022, the Company had administrative expenses and credit losses totaling 933.8 million baht, which slightly increased 40.8 compared to the previous year. With costs associated with computer equipment and increasing software Including the increase in office rents. Because of the company's growth and in line with the company's goal of becoming a Digital AMC.

### Financial Cost

The Company had financial costs in 2022 equal to 282.9 million baht, a decrease from the previous year of 2021 equivalent to 62.1 million baht or a decrease of 18 percent, which decreased from repayment of long-term loans and debentures during the year.

### Net Profit

The Company's net profit, according to the consolidated financial statements in 2022, was 1,745.6 million baht, an increase from 2021 by 345.2 million baht or increased by 24.7 percent. It represented a net profit margin of 39.6 percent, the highest net profit in the history of the Company for seven consecutive years. However, if not included Increased insurance-related costs resulting from insurance claims arising from the COVID situation which is a one-time transaction in 2022, which, excluding such items The company will have net profit growth of 32%.

### Statement of Financial Position Analysis (Summary)

	As of 31 DEC 21		As of 31 DEC 22		YoY	
	MB.	%	MB.	%	MB.	%
Cash and Cash Equivalents	2,076.0	7.4%	2,797.1	8.3%	721.1	34.7%
Reinsurance Assets	131.0	0.5%	201.0	0.6%	70.0	53.4%
Loans for Purchase of Accounts Receivable Expected to be paid within 1 year	552.4	2.0%	744.2	2.2%	191.8	34.7%
Other Current Financial Assets	6,357.8	22.7%	2,698.5	8.0%	(3,659.3)	-57.6%
Other Current Assets	160.7	0.6%	166.1	0.5%	5.4	3.4%
<b>Total Current Assets</b>	<b>11,085.0</b>	<b>39.5%</b>	<b>9,772.1</b>	<b>28.9%</b>	<b>(1,312.9)</b>	<b>-11.8%</b>
Loans for Purchase of Accounts Receivable Expected to be paid over 1 year	15,829.1	56.5%	17,577.3	51.9%	1,748.2	11.0%
Investments in joint ventures	-	0.0%	5,097.9	15.1%	5,097.9	100.0%
Goodwill	273.8	1.0%	284.8	0.8%	11.0	4.0%

	As of 31 DEC 21		As of 31 DEC 22		YoY	
	MB.	%	MB.	%	MB.	%
Other Non-Current Assets	17.3	0.1%	9.9	0.0%	(7.4)	-42.8%
<b>Total Other Non-Current Assets</b>	<b>16,951.2</b>	<b>60.5%</b>	<b>24,089.5</b>	<b>71.1%</b>	<b>7,138.3</b>	<b>42.1%</b>
<b>Total Assets</b>	<b>28,036.2</b>	<b>100.0%</b>	<b>33,861.6</b>	<b>100.0%</b>	<b>5,825.4</b>	<b>20.8%</b>
Current Liabilities	3,931.0	14.0%	4,233.5	12.5%	302.5	7.7%
Non-Current Liabilities	5,027.6	17.9%	6,540.0	19.3%	1,512.4	30.1%
<b>Total Liabilities</b>	<b>8,958.6</b>	<b>32.0%</b>	<b>10,773.5</b>	<b>31.8%</b>	<b>1,814.9</b>	<b>20.3%</b>
<b>Total Equity</b>	<b>19,077.7</b>	<b>68.0%</b>	<b>23,088.2</b>	<b>68.2%</b>	<b>4,010.5</b>	<b>21.0%</b>

### Assets

As of December 31, 2022, the Company had total assets 33,861.6 million baht, divided into current assets 9,772.1 million baht, representing 28.9 percent of total assets. The increasing items of current assets were cash and other current financial assets, which decreased in current assets is other financial assets which consists of funds and instruments that invested by the Company.

Regarding non-current assets, the Company invested in non-performing loans, resulting in a significant increase in loans to purchase accounts receivable, expected to be paid over one year. In addition, it indicated the Company's potential to invest more in non-performing loans. As a result, the Company's total assets increased 5,825.4 million baht or 20.8 percent.

### Liabilities

As of December 31, 2022, the Company had total liabilities 10,773.5 million baht, compared to 2021, increased 1,814.9 million baht or 20.3%. The significant change in 2022 was the increase in debentures amount of 2,302 million baht.

As a result, debt to equity ratio and interest-bearing debt-to-equity ratio as of December 31, 2022, were 0.47 and 0.41 times, respectively.

### Liquidity

In 2022, the Company had a net increase in cash and cash equivalents 721.1 million baht. Separate details of cash flows for each activity were as follows:

	2021	2022
Cash flows from operating activities	(11,061.6)	2,206.9
Cash flows from investing activities	119.5	(5,619.9)
Cash flows from financing activities	12,050.0	4,134.2
<b>Net increase in cash and cash equivalents</b>	<b>1,108.9</b>	<b>721.1</b>

Cash flow from operating activities in 2022, the Company had net cash from operating activities 2,206.9 million baht, from debt collection and interest income.

Cash flow from investing activities in 2022, the Company had cash used in investing activities of 5,619.9 million baht, most of which was cash from investments in joint ventures 5,000.

Cash flow from financing activities in 2022, the Company had net cash from financing activities 4,134.2 million baht, which was mainly due to issue debentures in quarter 3 and 4.

### Factors and Operational Plans Affecting Future Performance

The Company still aims to continuously grow its operating results in 2023 with the following factors affecting future performance.

External Factors	Internal Factors
<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>• Non-performing loan market conditions from financial institutions have a chance to increase as a result of the COVID-19 situation.</li> <li>• Synergy operations together with companies in the Jaymart group</li> </ul>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>• The readiness of investment funds that have been prepared for investment in non-performing loans that will increase in the future.</li> <li>• Readiness in work systems and employees and more than 30 branches nationwide.</li> <li>• The use of technology and more analysis of data from the debtor database in the process of collecting</li> <li>• Availability of funds to purchase non-performing loans</li> <li>• Earnings growth of the joint venture companies.</li> </ul>
<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>• The economic slowdown may cause the Company to have a slow cash flow in some industries.</li> </ul>	

### Sustainable Development

The Company gives importance to and is aware of sustainable development and encourages companies that invest to use technology to improve the quality of life, communities, society, and environment and encourages investing companies in striving to develop sustainability management. In addition, the Company is committed to creating corporate sustainability for all groups of stakeholders, such as shareholders, employees, partners, and regulators, for mutual benefit in the long run by adhering to the principles of sustainable development in 3 areas: environment, society, and good governance to meet the Sustainable Development Goals: SDGs. In 2022, the following important operations were carried out.

#### 1. Environment

- JMT Network Services uses paper to support many business activities, including procurement, personnel recruitment, contract documents, accounting documents, issuing debt repayment reminder letters, and documents used in the legal process. They all use paper. The overall effect is to reduce the number of trees needed to absorb greenhouse gases. It also contributes to an increase in the use of electricity and water used in producing paper, which increases greenhouse gases. The Company, therefore, uses technology and systems that support business activities to help by developing Application Jaii – Dee to be a consultant and help manage debt problems in

many aspects. Also, it is a channel for requesting debt-free or various debt documents, including checking past payment history through the application. Moreover, it is a cash payment channel by scanning a QR Code to reduce the process of requesting documents and traveling.

- For the personnel of the Company to reduce waste generation, know how to use resources wisely, and separate waste before discarding under the concept of "invisible waste" in conjunction with the "Care The Bear" project by the Stock Exchange of Thailand, from the implementation of waste management within the organization; as a result, up to 1,655.20 kg of waste can be sorted into the recycling process, reducing greenhouse gas emissions by 3,673 kgCO<sub>2</sub>eq, equivalent to planting 403 trees.

## 2. Social

- Employees are the main driving force of the organization. The Company, therefore, places importance on human capital development. In 2022, the average training hours for employees were 24 hours per person, and the average cost of training was 1,051.52 baht per person.
- Since the outbreak of Coronavirus has spread throughout the world. Thailand has also been affected by the virus outbreak for the past three years, causing many agencies, both government and private sectors, to take various measures to deal with the coronavirus outbreak. Therefore, JMT Network Services and affiliates donated 250 doses of the Moderna vaccine to Chularat 3 International Hospital for public use to help society.

## 3. Governance

- The Company respects the rights of data subjects under relevant laws. For requesting rights, including the right to request access, request a copy, request to update information, request an objection to the processing of personal data, request for data transfer, request to delete or destroy data when it is no longer necessary, request to delete or destroy customer data when it is legally required, and to prepare for the care and responsibility for customers, including to comply with Personal Data Protection Act B.E. 2562 which came into effect on June 1, 2022, the Company has announced the privacy policy on the website [www.jmntnetwork.co.th](http://www.jmntnetwork.co.th). You can contact the Personal Data Protection Officer at 028387650, 028387710, or email: [DPO\\_JMT@jmntnetwork.co.th](mailto:DPO_JMT@jmntnetwork.co.th). In the past year, JMT Network Services had not got any incidents of customer data leakage, and there were no complaints about violations of consumer rights.
- The Company emphasizes conducting business under the supervision of honesty, correctness, and freedom from corruption. The Company, therefore, has expressed its intention to fight against corruption by joining the Thai Private Sector Collective Action Coalition against Corruption (CAC) on June 24, 2022.



Please be informed accordingly.

Yours sincerely

(Mr. Wongsakorn Kittitrakulkarn)

Company Secretary

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