

Management Discussion and Analysis Q2/2023

Jaymart Group Holdings



เป็นได้มากกว่าที่คุณคิด



Jaymart
GROUP

IR66/013

10 August 2023

Subject Management Discussion and Analysis Q2/2023, End of June 30, 2023
Attention President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors of Jaymart Group Holdings Public Company Limited (“Company”) NO. 7/2023 on 10 August 2023. Resolved to approving the financial statements and operating results of the Company for the second quarter ended 30 June 2023 This has been reviewed by the auditor of the company and with the following results.

Overview of the Jaymart group:

The consolidated financial statements of the Company and its subsidiaries have a net loss of 611.2 million baht for the second quarter of 2023 and the first half of 2023 shows operating results as a net loss of 906 million baht. The following explanation provides information on the operating performance of each business line and the prospects for future performance.

1. Distribution of mobile phones and accessories

Distributor of mobile phones and accessories under the operation of Jaymart Mobile Co., Ltd. (“Jaymart Mobile”), in the 2nd quarter of 2023, Jaymart Mobile had revenue from distribution business equal to 2,038 million baht and net profit for the 2nd quarter of 2023 equal to 44 million baht, with 6-month net profit of mobile distribution business equal to 99 million baht, which decreased by 49 percent from the same period previous year due to a declining sales trend across key channels such as Singer.

2. Non-performing debt management business

Distressed debt management business which is under the operation of JMT Network Services Public Company Limited (“JMT”) continues to grow well continuously. By considering the performance in terms of collection and net profit growth still in the direction that meets the goal. This is an all-time high quarterly profit. The net profit of JMT in

the past 6 months has a net profit of 1,004.1 million baht, growing from the same period of the previous year by 25.5 percent. This was due to JMT being able to collect higher cash flow than during the same period the prior year. Profit sharing from the joint venture JK AMC was increased.

3. Real estate development business

Real estate development business under the operation of JAS Asset Public Company Limited (“JAS”), JAS had net profit equal to 5.4 million baht for the past 6 months, which decreased due to net loss from fair value adjustment of investment properties. JAS remains to opening the JAS Green Village Bang-Bua-Thong project within September 2023 in order to gradually generate revenue for the company in the future.

4. Electrical appliances distribution business line with hire-purchase credit



Singer Thailand Public Company Limited (“Singer”) Singer's performance in the six-months period 2023 was the main reason for the company's performance to have a net loss. In the 2nd quarter of 2023, Singer reported a net loss of 2,392 million baht. That credit arising from the end of the COVID-affected debtor relief program at Singer's subsidiary, the Company expects that Singer has estimated such provisions to be sufficient to meet the debtor's exposure affected by COVID and does not yet have the ability to pay back debt which will be a one-time item.

5. Technology Business

J Ventures Company Limited (“J Ventures”), a subsidiary that operates in technology and application software development have a net profit got the goal The net profit for the last 6 months was 2 million baht. In this regard, J Ventures has developed digitization work for companies in the Jaymart group, which has been developed and used in concrete in various projects such as Pah Advance program that allows employees to use their salary in advance under specified conditions. Development of Jaii-Dee application to enable JMT's non-performing debtors to register and update their status with NCB, including knowing the amount of debt payments, etc.

6. Group companies that Jaymart has invested in new (New Investment)

#	Company	%	Development
1	BNN Restaurant Group Company Limited (Suki Tee Noi or Teenoi) Type of investment: Associated company, realized 30% share of profit from shareholding.	30.0	Currently, two branches have been opened as of the first quarter of 2023. As a result, there currently exist a total of 48 branches (as of July 2023). Currently, the group companies have additional business operations, such as bringing the group's products to customers to promote new products, such as bringing the Singer smoothie machine. To be utilized in Suki Tee Noi's restaurant and collaborating to produce new items Teenoi Pop Up Café, etc., which is a collaboration between Casa Lapin and Teenoi, which has already opened at Srinakarin Branch and plans to establish more branches in the future. In the 2nd quarter of 2023, Teenoi reported a net profit of 212 million baht.

#	Company	%	Development
			 
2	Buriram Sugar Public Company Limited("BRR") Type of Investments: Fair Value Through the Income Statement	9.45	The company invested in BRR in anticipation of the chance to collaborate on the economy by establishing economic prospects for farmers, such as opening a small petrol station and distributing credit facilities to farmer (Ngern Kioa) totaling more than 223 million baht.
3	PRTR Group Public Company Limited("PRTR") Type of Investment : Fair Value Through Equity	15.0	In collaborative business operations, the Company has collaborated with PRTR. Currently, the company is developing an advance salary project with PRTR under the Pah Advance project, which is expected to begin in the fourth quarter of 2023 this year, and the company has sold mobile phones to PRTR employees with total sales of more than 1.6 million baht in the second quarter of 2023.
4	Super Turtle Public Company Limited ("TURTLE") Type of Investments: Fair Value Through Equity	9.82	The company has partnered with TURTLE to expand branches on BTS stations, which presently have 11 branches open and consistently high sales.
5	SG Capital Public Company Limited ("SGC") Type of Investments: Fair Value Through the Income Statement	4.46	Previous occurrences The COVID crisis has obviously had an impact on SGC. SGC has a credit loss as a result of the debt relief program's termination due to the COVID scenario. However, the company considers that the provision is sufficient to cover any potential risks. and has altered the lending procedure to be concise in the future, which will progressively improve the situation beginning in the third quarter of 2023.
6	Bangkok Decon Public Company Limited ("BKD") Type of Investments: Fair Value Through Equity	9.29	The company has invested in BKD in the past quarter 1/2023. BKD and JAS Asset are presently collaborating together on the Senior Smart Living project, which will improve an elderly person's home and will launch in August.

Cash Flow Analysis (consolidated financial statements)

The company has sufficient cash flow to operate and settle its debts. The company has already reserved cash flow to pay out the debentures of 1 billion baht in September 2023.

For the past 6 months 2023, the Company had a net decrease in cash and cash equivalents of 2,619.6 million baht, separated by cash flow details for each activity as follows:

Unit : Million Baht	6M 2022	6M 2023
Cash flows from (used in) operating activities	(402.0)	(981.0)
Cash flows from (used in) investing activities	(56.2)	(6,913.0)
Cash flows from (used in) financing activities	(852.6)	5,274.4
Net increase (decrease) in cash and cash equivalents	(1,310.8)	(2,619.6)

Cash flows from operating activities in the six-months period of 2023, the Company had net cash used in operating activities 981.0 million baht, decreased due to the Company increased purchases of account receivables.

Cash flows from investing activities in the six-months period of 2023, the Company had net cash used in investing activities 6,913.0 million baht, decreased due to an increasing of loan to related party for capital in JK Asset Management Ltd. and investing in other financial assets.

Cash flow from financing activities in the six-months period of 2023, the Company had net cash from financing activities 5,274.4 million baht, increased due to cash received from capital increase in subsidiary and new issue debenture.

Performance Summary

The overview of the operating results in the past quarter 2/2023 continued to grow as expected. Details of the operating results of the Group are as follows:

Unit: Million Baht	Q2/2022	Q2/2023	Change		6M/2022	6M/2023	Change	
			Value	%			Value	%
Revenue from contracts made with customers	2,187.2	2,067.6	(119.6)	-5.5%	4,618.4	4,312.5	(305.9)	-6.6%
Interest income from purchase of accounts receivable	647.9	792.4	144.5	22.3%	1,286.3	1,505.0	218.7	17.0%
Gain on credit from purchase of accounts receivable	305.8	237.9	(67.9)	-22.2%	619.3	495.1	(124.2)	-20.1%
Rental income	73.4	91.1	17.7	24.1%	144.1	179.2	35.1	24.4%
Insurance income	57.2	75.9	18.7	32.7%	115.9	150.6	34.7	29.9%
Total income from sales and services	3,271.5	3,264.9	(6.6)	-0.2%	6,784.0	6,642.4	(141.6)	-2.1%

Unit: Million Baht	Q2/2022	Q2/2023	Change		6M/2022	6M/2023	Change	
			Value	%			Value	%
Cost of sales	1,814.6	1,747.8	(66.8)	-3.7%	3,905.4	3,621.0	(284.4)	-7.3%
Service cost	256.3	297.7	41.4	16.2%	488.5	596.7	108.2	22.1%
Rental cost	23.7	24.8	1.1	4.6%	44.1	50.4	6.3	14.3%
Underwriting expenses	104.8	57.8	(47.0)	-44.8%	208.0	115.0	(93.0)	-44.7%
Total cost of sales and services	2,199.4	2,128.1	(71.3)	-3.2%	4,646.0	4,383.0	(263.0)	-5.7%
Gross profit	1,072.1	1,136.9	64.8	6.0%	2,138.1	2,259.3	121.2	5.7%
Promotional income	110.0	89.0	(21.0)	-19.1%	233.7	172.9	(60.8)	-26.0%
Gain (loss) on FV adjustment of investment properties	8.2	(38.8)	(47.0)	-573.2%	(20.6)	(40.4)	(19.8)	96.1%
Unrealized loss on other financial assets	(1.9)	(285.0)	(283.1)	14900.0%	2.4	(744.7)	(747.1)	-31129.2%
Selling and distribution expenses	260.5	274.4	13.9	5.3%	523.5	563.6	40.1	7.7%
Administrative expenses	244.4	333.3	88.9	36.4%	562.0	693.6	131.6	23.4%
Operating profit	758.6	411.3	(347.3)	-45.8%	1,438.8	591.9	(846.9)	-58.9%
Financial income	2.8	62.7	59.9	2139.3%	4.9	78.6	73.7	1504.1%
Financial cost	(168.1)	(262.5)	(94.4)	56.2%	(328.4)	(489.2)	(160.8)	49.0%
Profit share (loss) from investments in joint ventures	(0.4)	125.9	126.3	-31575.0%	(0.4)	257.9	258.3	-64575.0%
Profit share (loss) from investments in associates	67.7	(556.2)	(623.9)	-921.6%	109.9	(731.1)	(841.0)	-765.2%
Income tax expense	82.8	122.5	39.7	47.9%	174.5	123.0	(51.5)	-29.5%
Net Profit attributable to shareholders	389.4	(611.2)	(1,000.6)	-257.0%	714.5	(906.0)	(1,620.5)	-226.8%

Revenue Analysis

The Company has total income for the second quarter of 2023 equal to 3,264.9 million baht, slightly decreasing from the same period of the previous year 6.6 million baht or decreasing at a rate of 0.2 percent and for the 6-month period of 2023, equaling 6,642.4 million baht, decreasing 141.6 million baht or decreasing at 2.1 percent due to the following reasons:

1. Revenue from contracts with customers in Q2/2023 was 2,067.6 million baht, decreasing by

5.5 percent from the same period of the previous year. And for the sales revenue for the six-month period of 2023, it was 4,312.5 million baht, a decrease of 6.6 percent as a result of mobile distribution's revenue has decreased.

2. Interest income from purchase of accounts receivable and gains from loans from purchase of receivables. Which is revenue from debt management business in the 2nd quarter of 2023 equals to 1,030.3 million baht, an increase of

76.6 million baht or a percentage of 8 percent, while income from debt collection and other services for the 6-month period of 2023 equals 2,000.1 million baht or an increase of 94.5 million baht of 5 percent as a result of better debt collection continuously.

3. Rental and service income for the 2nd quarter of 2023 was 91.1 million baht, increased 17.7 million or 24.1 percent while rental and service income for the six-month period was 179.2 million baht, increased 35.1 million baht or 24.4 percent due to an increase in rental income from JAS's Senera Senior Wellness and community mall.
4. Insurance income in the 2nd quarter of 2023 was 75.9 million baht, increased 18.7 million baht or 32.7 percent while the income for the six-month period was 150.6 million baht.

Gross profit

The company has gross profit according to the consolidated financial statements for the second quarter of 2023, it was 1,136.9 million baht, an increase of 64.8 million baht or an increase of 6 percent when compared to the same period of the previous year.

While gross profit for the six-month period of 2023 was 2,259.3 million baht, an increase of 121.2 million baht or an increase of 5.7 percent as a result of the company's revenue growth from business segments with good profit margins such as debt settlement business. and real estate development business.

Selling and administrative expenses

The Company has selling and administrative expenses from the consolidated financial statements for the second

quarter of 2023 equal to 607.7 million baht, an increase of 102.8 million baht or an increase of 20.4 percent compared to the same period of the previous year. For the six-month period, the Company's selling and administrative expenses were 1,257.2 million baht, an increase of 171.7 million baht or 15.8 percent compared to the same period last year. As a result of Increased cost of employees of subsidiaries from the expansion of the business and increased marketing expenses in subsidiaries.

Summary of Financial Position

Asset

As of June 30, 2023, the Company has total assets shown in the consolidated financial statements equal to 60,744.3 million baht, an increase from the end of 2022 equal to 5,343.2 million baht or 9.6 percent due to an increase in loan from a related party for capital in JK Asset Management Ltd., purchases of account receivables of JMT and investment properties in JAS.

Liabilities and Equity

As of June 30, 2023, the Company has total liabilities of 29,020.6 million baht, a decrease from the end of 2022 by 4,400.9 million baht or 17.9 percent due to the Company and its subsidiaries issued debenture for business expansion. While the shareholders' equity was equal to 31,723.7 million baht, increased by 942.3 million baht, the company's debt to equity ratio was 0.91 times and the interest-bearing debt to equity ratio was 0.78 times, which is considered to have a strong capital structure.

Forward Looking

In the second half of 2023, the company is still determined to generate net profits. The reason is that in the past quarter 2/2023, the company was affected by the provision of debtors affected by the COVID situation. From the joint company Singer Thailand, which the company expects that the impact will be a one-time impact in the second quarter of 2023. The company expects that in the third and fourth quarters of this year 2023, the situation of Singer Thailand will return to normal. by businesses in other sectors of the group still has the direction of business growth as planned with the following important factors.

1. Distressed debt collection business under the operations of its subsidiaries, JMT remains the group's core profit base with good growth prospects and potential earnings growth from the newly invested distressed debt in the Q2/2023, and there is also a growth in the share of profits in joint venture companies that have opportunities for further growth in the future.
2. Real estate development business Under the operations of its subsidiary, JAS Asset prepares to open a new shopping center, JAS Green Village, Khubon, which will open in the third quarter of 2023, thus creating an opportunity to create a new revenue base this year and in the future.
3. Mobile phone distribution business will enter the High Season in operation due to Have a new mobile phone which will be gradually launched from the third quarter of 2023 onwards, both in terms of Samsung and iPhone, which are Jaymart Mobile's primary product portfolio
4. The company's investment is in the BNN Restaurant or Suki Teenoi. According to the business plan, there is a chance that performance will improve as a result of branch expansion in the provinces.

Please be informed accordingly.

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