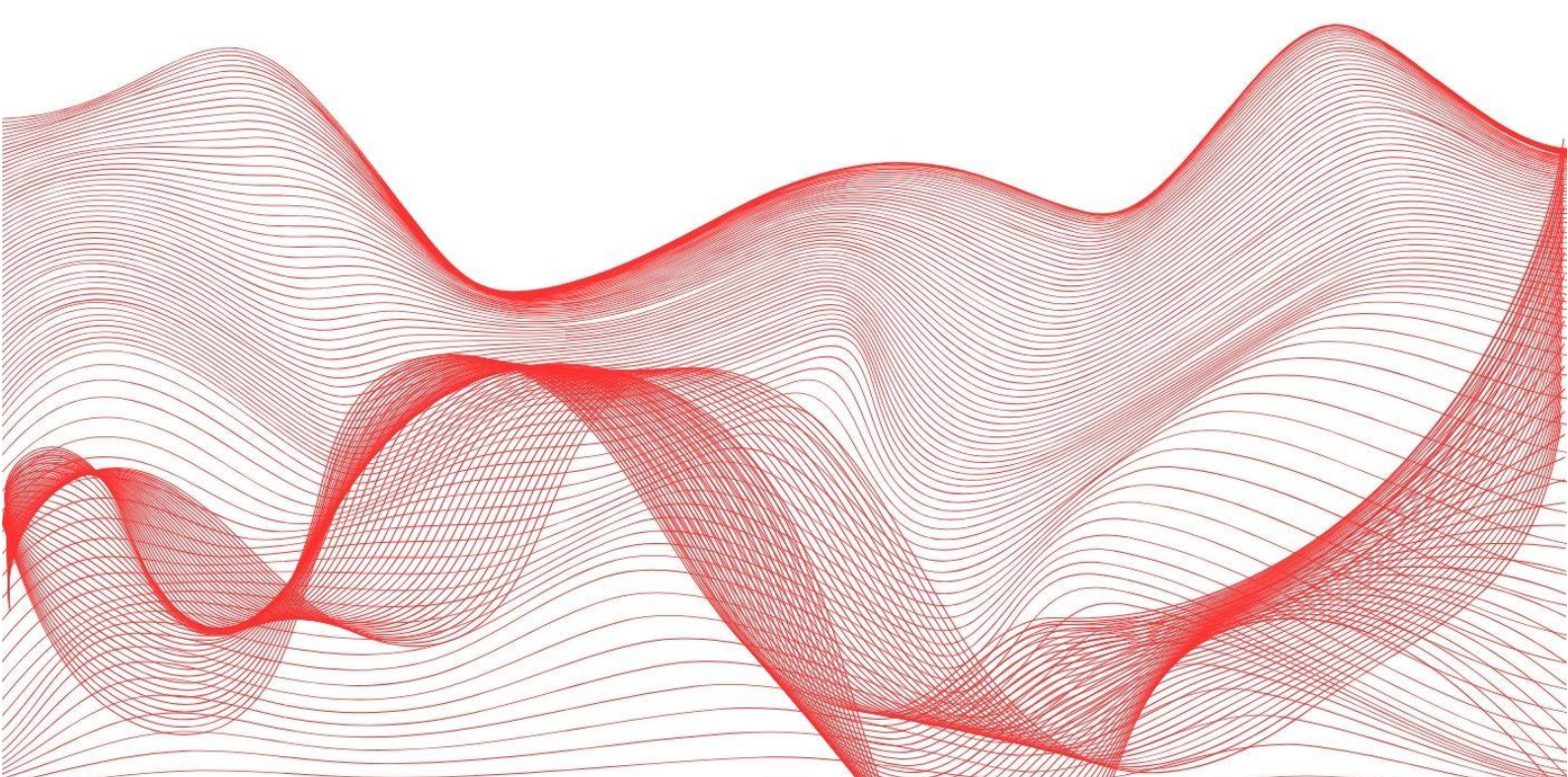


J. AI

J M T

MD & A 2023



Ref IR67/001

12 February 2024

Subject Management Discussion and Analysis for the year 2023
 Attention President
 The Stock Exchange of Thailand

According to Resolution No. 1/2024, dated 12 February 2024, of the Board of Directors of JMT Network Services Public Company Limited ("**the Company**"), it is resolved to approve the financial statements and operating results of the Company and its subsidiaries for the year 2023. These have been audited by the company's auditor and yield the following results:

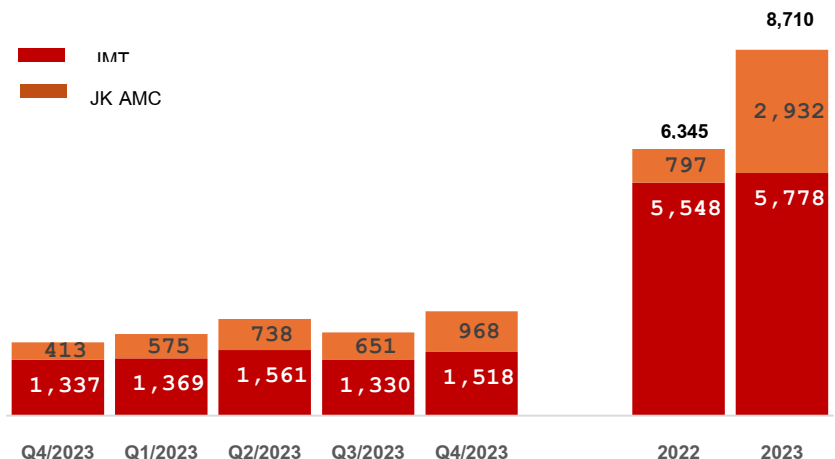
Performance Highlights in 2023: Consistently achieving historic highs in profitability.

- In the 4th quarter of 2023, the Company recorded a net profit of 540 million baht, marking a 16 percent increase from the previous quarter, and 2,011 million baht, reflecting a 15.2 percent increase from the previous year.
- Throughout the year 2023, the Company acquired the highest level of debt in its history. A total amount of investment 7,311 million baht of non-performing loans was purchased, with over 99% of the debt categorized as unsecured non-performing loans (Unsecured Debt). The Company will gradually initiate cash flow collection from the acquired debt, starting immediately upon purchase and continuing in the future.
- In 2023, the Company achieved a cash flow collection amount of 5,778 million baht. Including the cash flow from JK AMC, the total cash flow collection amounted to 8,710 million baht, marking a 37 percent increase compared to the previous year. The Company perceives the joint venture with Kasikorn Bank to establish AMC as highly beneficial for both parties involved.

Cash collection overview:

Unit: million baht

“JMT's growth stems from the management of its own operations and strategic collaborations with joint venture entities. This management approach entails leveraging available resources to optimize returns for the entire group over the long term, guided by a comprehensive overview of the business landscape.”



Overview of economic conditions and Forward Looking:

According to data from the Bank of Thailand in 2023, as of the 3rd quarter, Thai household debt stood at 91 percent, a slight decrease from 91.4 percent in 2022. This persistent level underscores the fragility of household debt, necessitating urgent action from government sector and financial institutions to mitigate future risks. Key measures adopted by the Bank of Thailand include sustainable debt resolution strategies and the enforcement of Responsible Lending principles among various financial institutions in early 2024. These measures aim to further enhance debt resolution sustainability, benefiting creditors, debtors, and the overall economy in the long term.

These initiatives are expected to temporary reduce distressed debt sales. However, the Company has proactively accounted for this possibility. In 2023, we strategically invested in acquiring distressed debt, marking a historic peak in our debt acquisition efforts. Consequently, while short-term distressed debt levels may decline, the company has amassed a substantial portfolio of high-quality debt, ensuring resilience and stability moving forward.

Performance Summary

(Summary Table)

	2022		2023		Change	
	MB.	%	MB.	%	MB	%
Revenue from contracts with customers	327.5	7.4%	355.3	7.0%	27.8	8.5%
Interest income and Dividend income	2,616.2	59.3%	3,500.5	68.8%	884.3	33.8%
Gains on loans receivable from purchase of accounts receivable	1,187.1	26.9%	914.4	18.0%	(272.7)	-23.0%
Insurance income	278.8	6.3%	316.3	6.2%	37.5	13.5%
Total revenues	4,409.5	100.0%	5,086.6	100.0%	677.1	15.4%
Cost of services	1,098.1	24.9%	1,307.3	25.7%	209.2	19.1%
Insurance expenses	360.8	8.2%	259.7	5.1%	(101.1)	-28.0%
Gross profit	2,950.6	66.9%	3,519.6	69.2%	569.0	19.3%
Other income	58.9	1.3%	71.0	1.4%	12.1	20.5%
Administrative expenses	789.5	17.9%	793.2	15.6%	3.7	0.5%
Expected credit losses	144.3	3.3%	462.4	9.1%	318.1	220.4%
Operating profit	2,075.3	47.1%	2,364.9	46.5%	289.6	14.0%
Finance cost	282.9	6.4%	(466.1)	-9.2%	(183.2)	64.8%
Share of profit from investments in JV	97.9	2.2%	537.9	10.6%	440.0	449.4%
Tax expenses	(208.7)	-4.7%	(363.1)	-7.1%	(154.4)	74.0%
Profit attributable to the Company	1,745.6	39.6%	2,010.7	39.5%	265.1	15.2%

Total Revenues

The company had total income for 2023 amounting to 5,086.6 million baht, marking an increase of 677.1 million baht from the previous year, or a growth of 15.4 percent. Details of the income change are as follows.

1. Revenue from contracts with customers amounted to 355.3 million baht, representing growth of 8.5 percent from the previous year.
2. Interest income and Dividend income, along with Gains on loans receivable from purchase of accounts receivable, totaled 4,414.9 million baht, marking an increase of 611.6 million baht or a growth of 16.1 percent from the previous year. Income from the collection of purchased debts accounted for 86.8 percent of the Company's total revenue.
3. Insurance income amounted to 316.3 million baht, reflecting an increase of 37.5 million baht or a growth of 13.5 percent from the previous year.

The total revenue growth achieved in 2023 is deemed to be consistent with the predetermined revenue growth target.

Cost of Services

In 2023, the Company incurred cost of services amounting to 1,307.3 million baht, reflecting a 19.1 percent increase compared to the previous year. The majority of the increase can be attributed to expenses associated with debt collection staff.

Insurance expenses

In 2023, the Company recorded insurance expenses totaling 259.7 million baht, indicating a decrease of 28 percent compared to the previous year. A portion of the Company's insurance portfolio mitigates risks by engaging reinsurance companies, resulting in

compensation receipts from reinsurance to mitigate losses in high-risk insurance portfolios.

Gross Profit

The Company had a gross profit of 3,519.6 million baht, as per the consolidated financial statements for 2023. This reflects an increase of 569 million baht, or a growth of 19.3 percent. The rise in gross profit can be attributed to the increased income generated from both the purchased debt collection and insurance businesses.

Administrative expenses

In 2023, the Company recorded administrative expenses totaling 793.2 million baht, representing a marginal increase of 3.7 million baht or 0.5 percent compared to the previous year. This modest uptick can be attributed to the Company's effective management of employee expenses and other related costs.

Expected Credit Loss: ECL

The Company incurred expenses related to expected credit losses (ECL), with ECL amounting to 462.4 million baht in 2023. This represents an increase of 318.1 million baht or 220.4 percent compared to the previous year. This was partly caused by a decrease in debt collection from the group of secured loans business, and part of this stems from the Company's practice of estimating and reserving allowances for credit losses on loans acquired through purchasing secured loan receivables on a conservative basis. This practice ensures alignment between accrued interest and estimated reserve allowances for credit losses (Refer to revenue recognition according to Cash Basis criteria).

Share of profit from investments in joint ventures

The Company had a share of profit from investments in joint venture of 537.9 million baht for the year 2023. This recognition represents revenue from JK Asset Management Company Limited, which had a total profit of 1,096 million baht in 2023.

Statement of Financial Positions

Assets

As at 31 December 2023, the Company had total assets of 42,444.4 million baht, an increase from the end of 2022 equal to 8,582.8 million baht or an increase of 25.3 percent, which increased from the

purchase of additional non-performing loans (NPLs) to manage.

Liabilities and Shareholder's Equity

As at 31 December 2023, the Company had total liabilities of 15,137 million baht, an increase from the end of 2022 equal to 4,363.5 million baht or 40.5% due to the Company issued debentures in the second quarter of 2023 while the shareholders' equity was 27,307.4 million baht, an increase of 4,219.2 million baht from the end of 2022 because of the change in the value of investments in J Asset Management Company Limited and profit for the period. The company's debt-to-equity ratio was 0.55 times, while the interest-bearing debt to equity ratio was 0.47 times.

Liquidity analysis and the adequacy of the Company's capital

For the year 2023, the Company had a net decrease in cash and cash equivalents 1,011.0 million baht, separated by cash flow details for each activity as follows:

Unit: million baht	2022	2023
Cash flows from (used in) operating activities	2,206.9	(2,182.3)
Cash flows from (used in) investing activities	(5,619.9)	(4,536.5)
Cash flows from financing activities	4,134.2	5,707.8
Net increase (decrease) in cash and cash equivalents	721.1	(1,011.0)

Cash flows from operating activities in the year 2023, the Company had net cash used in operating activities 2,182.3 million baht. The primary reason for this increase is attributable to the company's heightened activity in acquiring the loans receivable from purchase of accounts receivable, totaling 5,158.5 million baht during the year.

Cash flows from investing activities in the year 2023, the Company had net cash used in investing activities 4,536.5 million baht. Mainly due to increasing of loan to JK Asset Management Ltd for working capital amounting to 4,900 million baht.

Cash flows from financing activities in the year 2023, the Company had net cash from financing activities 5,707.8 million baht. The Company's bonds issued, net of bond repayments amounted to 2,954.3 million baht during the year, and the Company received 3,500 million baht in cash from capital increases in subsidiaries.

The Company has scheduled loan repayments totaling 1,859 million baht in March 2024, for which adequate cash flow preparations have already been made. Furthermore, the Company is scheduled to repay an additional 1,639

million baht in bonds in the second half of 2024. Plans for cash flow management regarding this repayment have already been finalized.

Sustainable Development

JMT Network Services Public Company Limited is aware of the importance of sustainable development for all stakeholder groups, economic, social and environmental dimensions. In 2023, JMT operated by the linkage of performance in response to the United Nations Sustainable Development Goals (SDGS). There are important operations as follows.

Environment

1. Continuously collaborating with Care the Whale network and the Stock Exchange in managing corporate waste, the Company is engaged in campaigns aimed at reducing waste generation at its source. This includes promoting the practice of sorting waste before disposal and ensuring proper waste management based on waste type. Moreover, the Company is committed to maximizing waste reuse through recycling and upcycling efforts. The results of the "Invisible Garbage" operation conducted from 1 January to 31 December 2023, spanning a total of 365 days, revealed significant progress. Employees within the organization collectively separated a total of 49,912.70 kilograms of waste. This effort has the potential to reduce greenhouse gas emissions by 17,042.26 kgCO₂eq, which is equivalent to planting 1,894 large trees aged 10 years.
2. On 20 October 2023, JMT Network Services Public Company Limited was awarded the Greenhouse Gas Reduction Coalition Organization Award by the Stock Exchange of Thailand in collaboration with the Greenhouse Gas Management Organization (Public Organization) during the Climate Care Forum 2023: "Time to Reduce for the World" event. This event was held under the auspices of the "Climate Care Platform" initiative, which aims to encourage all sectors to recognize the importance of timely action in reducing and managing valuable resources. During the event, certificates of honor were presented, including recognition for the Project to Support Greenhouse Gas Reduction Activities (LESS Project) by the TGO. Additionally, a special lecture titled "Climate Crisis: Time to Reduce" was delivered, accompanied by the symbol of the "Climate Clock." This symbol signifies the urgency of the situation, emphasizing that time is running out and underscoring the imperative to act promptly to reduce greenhouse gas emissions. This initiative aligns with Thailand's goal of achieving carbon neutrality by 2050 and attaining net zero greenhouse gas emissions by 2065.

Social

1. The Company is committed to human resource management and has thus implemented labor practices to attract and retain employees possessing the requisite skills and abilities for long-term engagement with the organization. These efforts aim to mitigate personnel shortages while continually enhancing the human resource system to augment employee capabilities. Additionally, the Company remains steadfast in its commitment to ethical principles, ensuring compliance and preventing all forms of human rights violations.

2. The Company offers a diverse range of skill development programs and comprehensively promotes the advancement of both personal skills and career paths for its employees. This process begins with identifying skill gaps, providing training to enhance existing skills (Upskilling), and introducing new skills (Reskilling). This ensures that all employees possess key skill sets relevant to the Company's business strategy and vision.
3. The Company focuses on enabling its business operations to coexist harmoniously and sustainably with the community, society, and environment by strengthening good relationships with the community, throughout its business activities in 2023, JMT has not encountered any disputes with the community or society. Additionally, the Company prioritizes compliance with laws related to human rights and strict environmental regulations.

Governance

1. JMT is committed to operating according to the principles of good governance, which form an essential foundation for sustainable business growth. With the objective of running business operations efficiently, the Company has established guidelines for corporate governance based on the principles of good corporate governance. These guidelines adhere to various laws and regulations issued by government agencies and related regulatory bodies. Additionally, the Company has implemented measures to prevent and address potential incidents, while effectively managing associated risks to maintain them at an acceptable level.
2. To underscore the commitment to combating corruption and fraud, the Company has conducted training sessions on the topic "The Role of Executives and Employees in Combating Corruption and Fraud" (Anti-Corruption). Additionally, a signing ceremony declaring the collective intention to prevent corruption was held by executives and employees on 19 October 2023 together with subsidiaries and associates at Jaymart building (Head Office), and broadcast live nationwide via ZOOM program to all employees within Jaymart group. The objective of organizing this event is to raise awareness about the importance of combating corruption and fostering an organizational culture that does not condone, tolerate, or engage in any form of corruption. These initiatives are crucial for enhancing trustworthiness among society, investors, and all stakeholders of the Company towards the organization.

Please be informed accordingly.

Yours faithfully,

- Signed -

(Mr. Wongsakorn Kittitrakulkarn)

Company Secretary

Mr. Panya Chutisiriwong

Group Investor Relations

JMT Network Services Public Company Limited

Email: panya@jaymart.co.th

Tel: 02 308 8196

Jaymart Group IR