

- Translation -

IR62/007

9 August 2019

Re: Management Discussion and Analysis (MD&A) for Q2/2019 ended 31 June 2019
To: The President
The Stock Exchange of Thailand

According to the resolution of the Board of Directors Meeting of Jaymart Public Company Limited ("the Company") No. 3/2019, held on 9 August 2019, has approved the financial statements and the operating results of the Company and its subsidiaries in the second quarter of 2019 ended 30 June 2019, which was reviewed by the Company's auditor. The conclusion was as follows:

Overview of the business group in Q2/2019

The Company operates as a holding company and invests in businesses related to the retail and consumer finance, which have a variety of distribution channels and nationwide coverage. Whereby Jaymart Mobile Co., Ltd operated the distribution of mobile phones and its accessories is a core company. Non-performing loans management business is operated under the management of JMT Network Services Public Co., Ltd., Property development is performed under the operation of JAS Asset Public Co., Ltd., Personal loan business is operated under the J Fintech Co., Ltd., J Ventures Co., Ltd operates the technology business and FinTech that supports future technology disruptions as well as an associated company which operates the electrical appliance distribution with the hire purchase system and car title loan under the operation of Singer Thailand Public Co., Ltd.

With the diversity of Jaymart's investment in a potential retail business has built the operating basis by working together in the synergy business and creating the performance of Jaymart Group to grow firmly in the future.

Performance Highlights in Q2/2019

- **The operating results increased as the target and the direction in the third and fourth quarters still support the growth of businesses**

The Company performance and its subsidiaries for the second quarter of 2019 from the consolidated financial statements with the net profit of 137.0 million Baht, increased from the second quarter of 2018 which equaled to 92.5 million Baht or 207.7 percent, as well as increased from the first quarter of 2019 equivalent to 19.0 million Baht or 16.1 percent.

According to the consolidated financial statements for six-month of 2019, the Company's net profit and its subsidiaries equaled to 255.3 million Baht, which increased from the year 2018 278.9 percent. The operating results in the second quarter of the year 2019 were mainly due to the growth of the non-performing loan management business, as well as the performance of other businesses in the group such as the personal loans of J Fintech and the mobile phone distribution of Jaymart Mobile which its profit has been continuing to grow from Q1/2019. The performance details of each business segment and its direction can be explained as follows:

1. Mobile phone and accessories distribution business

Mobile phone and accessories distribution remain the core business of the group in terms of the proportion of total revenues. In the first half of the year, Jaymart Mobile had controlled the level of inventory to suit the business operations and focused on net profit management. During the second quarter, the sales were decreased due to the raising of competition, including the impact of the trade war, which caused sales to slow down in some brands. However, the current situation has been resolved and returned to normal. Whereby in the second quarter of 2019, Jaymart mobile sales decreased by 28%. Although the sales were decreased, the Company could maintain profit growth from the previous quarter of 2019, as well as has been continuing to work with AIS, the partner to operate SIM business.

For Q3 and Q4 of this year, there will be still the high season of sales. Besides, the Company has launched the 30th-anniversary promotion of Jaymart in order to stimulate sales continuously. As well as according to the plans of most suppliers, there will be new product launched such as Samsung, Huawei, and iPhone, which it is expected to receive good feedback from consumers. In addition, the direction of technology in the long-term that will change into the 5G might increase the sales growth in the future.

2. Personal Loans Business

The growth of personal loan business under the operation of J FinTech Company Limited clearly reflects that such a business is able to generate good performance for the group in the future. Whereby the Company's operational strategy is to control the quality and qualifications of the

borrower by considering the ability to re-pay, which might cause the growth rate of the loan portfolio to not grow as much. The value of the loan portfolio at the end of the second quarter of 2019 was equivalent to 3,726 million Baht. Although the portfolio would not grow much, the income from the interest was at a level that could generate profit for the Company.

In addition, J Fintech is still able to maintain a good debt collection rate, which the debt collection (Normal + Xday) could be equal to 97.25 in the second quarter of 2019 which was an average closed to the previous quarter. The collection of bad debt recovery in the second quarter of 2019 had clearly increased, with the amount collected from bad debt written off which was recorded as revenue of 20 million Baht. The overall NPL ratio of the Company was 4.44% in Q2 of 2019.

In the operational direction for the third and fourth quarters, the Company continues to maintain quality in lending to customers who have the potential to re-pay, as well as there is continual growth of factoring loan.

3. Non-performing Debt management Business

The growth of JMT's performance, the leader in Non-performing loan management, causes the group's operating results to grow continuously and is considered as the core of the group's profits. The direction of operating results for Q3 and Q4 will be the highest growth period of the year. The trend of JMT's revenue will increase due to the income generated from the fully-amortized collection, which will obviously grow in the third and fourth quarter this year.

4. Property development Business

Although the real estate development business under the operation of JAS Asset had the operating loss in the second quarter, it would be considered as a period of adjustment for an operating strategy to normalcy. However, the group continues to support JAS Asset due to its business still has projects that are awaiting revenue recognition in the fourth quarter of 2019, namely Condominium projects under the brand Newera, which are developed and almost completed. It is expected to transfer rooms to some customers in the fourth quarter this year. Whereby the sales of such projects have already subscribed over 60% of the total sales.

Furthermore, the Company expects to launch a new community mall project with a new model focusing on the customers who are close to the industrial estate in Chonburi, which it is under construction and will be completed in the first quarter of 2019.

5. Electrical appliance distribution with the hire purchase and Car for Cash

After Singer increased the shareholding proportion by the end of April 2019, Jaymart had exercised the right according to its shareholding proportion to the capital increase which made the Company's proportion of Singer increased to 30.3 percent since Q2/2019. Therefore, Singer has the financial ability to grow its performance in the 3rd and 4th quarter. The main business being the major driving force of Singer's performance is the increase of Car for Cash under the brand "Rot Tham Ngoen", which currently has the loan portfolio as at the end of Q2/2019 more than 1,200 million Baht. Singer will have the potential to release car title loans from the end of Q3/2019 onwards, resulting in the revenue from Singer's interest income in this business to gradually increase in the future.

Overall operating results

Overview of operating results in Q2/2019 has clearly confirmed the growth of Jaymart Group. The details are as follows:

	Q2/2018	Q2/2019	YOY		6M/2018	6M/2019	YOY	
			Value	%			Value	%
Sales	2,378.9	1,720.6	-658.3	-27.7%	4,774.0	3,549.4	-1,224.62	-25.7%
Service income from debts collections	617.1	752.4	135.3	21.9%	1,173.9	1,476.4	302.5	25.8%
Rental and service income	155.1	138.1	-17.0	-10.9%	316.0	291.0	-25.0	-7.9%
Insurance income	32.6	45.1	12.5	38.5%	32.6	82.4	49.8	152.9%
Total Revenues from sales and services	3,151.1	2,656.3	-494.8	-15.7%	6,296.5	5,399.2	-897.3	-14.3%
Cost of Sales	2,047.3	1,449.7	-597.6	-29.2%	4,158.8	3,024.8	-1,134.0	-27.3%
Cost of Services	187.7	240.5	52.8	28.2%	377.2	448.8	71.6	19.0%
Cost of Rental and Services	159.7	143.9	-15.8	-9.9%	313.3	292.7	-20.6	-6.6%
Cost of Insurance	22.2	59.6	37.4	168.2%	22.2	92.2	70.0	314.6%
Total Cost	2,416.9	1,893.7	-523.2	-21.6%	4,871.6	3,858.5	-1,013.1	-20.8%
Gross profit	766.8	762.6	-4.2	0.5%	1,424.9	1,540.7	115.8	8.1%
Sales promotion income	54.6	80.6	26.0	47.7%	144.6	142.4	-2.2	-1.5%
Selling Expenses	251.4	235.8	-15.6	-6.2%	489.0	458.2	-30.8	-6.3%
Administrative Expenses	378.6	321.0	-57.6	-15.2%	896.6	662.9	-233.7	-26.1%

	Q2/2018	Q2/2019	YOY		6M/2018	6M/2019	YOY	
			Value	%			Value	%
Operating profit	215.6	336.8	121.2	56.2%	239.3	681.3	442.0	184.7%
Financial expenses	111.9	130.1	18.2	16.3%	210.9	250.3	39.3	18.7%
Income tax expenses	19.4	39.0	19.6	100.8%	36.6	92.5	55.9	152.6%
Net Profit Attributable to Equity Holders	44.5	137.0	92.5	207.7%	(142.7)	255.3	398.0	278.9%

Revenues Analysis

The Company's total revenue for the second quarter of 2019 was 2,656.3 million Baht, a decrease of 494.8 million Baht from the same period last year or a decrease of 15.7 percent. The total income for the six-month of 2019, the amount was 5,399.2 million Baht, a decrease of 897.3 million Baht or 14.3 percent, with the following reasons:

1. Sales revenue in Q2/2019 was 1,720.6 million Baht, a decrease of 27.7% from the same period of the previous year as well as sales revenue for the six-month was 3,549.4 million Baht, a decrease of 25.7 percent. It was partly due to the competitive environment and the effects of commercial wars. However, such a situation has already returned to normal
2. Revenue from debt collection and other services in the second quarter of 2019 was 752.4 million Baht, an increase of 135.3 million Baht or 21.9 percent, while debt collection and other services for the six-month of 2019 were equal to 1,476.4 million Baht or 25.8% increase due to JMT's subsidiary has succeeded in generating revenue from collecting of the purchased receivables.
3. Rental and service income in the second quarter of 2019 was equal to 138.1 million Baht or decreased by 10.9 percent, while rental and service income for the six-month period was 291.0 million Baht, a decrease in percentage 7.9, which was the result of some branches of IT Junction could not achieve the target.
4. Underwriting income in the second quarter of 2019 was 45.1 million Baht or 38.5 percent growth, while revenue in the six-month period was 82.4 million Baht or increased 152.9 percent. It was due to more proactive marketing, as well as consumers knew more about the insurance brand.

Gross Profit

The Company had a gross profit, according to the consolidated financial statements for the second quarter of 2019, the amount was 762.6 million Baht, a slight decrease of 4.2 million Baht or 0.5 percent comparing the same period of the previous year. Thus, the gross profit margin

(included sales promotion income) was equivalent to 31%, which increased by 5.1% compared to the same period last year.

While the gross profit for the six-month period of 2019 was 1,540.7 million Baht, an increase of 115.8 million Baht or 8.1 percent due to the Company's operating results and its subsidiaries increased, especially in the non-performing loan collection and personal loan, including the higher profit margins of mobile phone distribution.

Selling and Administrative Expenses

The Company had selling and administrative expenses from the consolidated financial statements for Q2/2019, equal to 556.8 million Baht, a decrease of 73.2 million Baht or 13.2 percent compared to the same period of the previous year. For the six-month period, the Company had selling and administrative expenses of 1,121.0 million Baht, a decrease of 264.5 million Baht or 23.6 percent compared to the same period last year. It was due to a decrease in expenses relating to loan loss reserves for personal loans of the subsidiaries.

Summary of Financial Statements

Assets

As at the end of 30 June 2019, the Company had total assets as shown in the consolidated financial statements equal to 20,629.081 million Baht, increased from the end of the previous year of 1,185.1 million Baht or 6.1 percent due to there was more cash in the Company's group and invested more in distressed debt purchasing. JMT has increased investment in Singer, an associate, as well as an increase of real estate development costs in JAS Asset, a subsidiary.

Liabilities and Shareholders' equity

As at the end of 30 June 2019, the Company had total liabilities of 15,712.9 million Baht, an increase from the end of 2018, equal to 973.4 million Baht or 6.6 percent, due to the increase in debentures issued by companies in the group, while shareholders' equity increased to 4,916.8 million Baht. Whereby the Company had the debt-to-equity ratio of 3.20 times and the interest-bearing debt to equity ratio of 2.65 times.

Please be informed accordingly.

Sincerely yours,

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