

- Translation -

J63/002

25 February 2020

Re: Management Discussion and Analysis (MD&A) for 2019

To: President

The Stock Exchange of Thailand

According to the resolution of the Board of Directors Meeting of JAS Asset Public Company Limited ("the Company") No. 1/2020, held on 25 February 2020, had approved the audited financial statements and the operating results of the Company for the year ended 31 December 2019. The conclusion was detailed as follows:

The Company's operating results for the year 2019, had a net profit of 17.2 million Baht according to the consolidated financial statements. The Company could return to having net profit due to be able to transfer the condominium units under the Newera Condominium project as targeted in 2019 as well as having the enhancing cost control measures. The details of the Company's performance were as follows:

	2018		2019		YoY	
	Mio.	%	Mio.	%	Mio.	%
Rental and Service Income	534.1	58.3%	465.9	50.2%	-68.2	-12.8%
Sales Revenue	345.5	37.7%	424.6	45.7%	79.1	22.9%
Other Income	36.1	3.9%	38.1	4.1%	2.00	5.5%
Total Revenues	915.7	100.0%	928.6	100.0%	12.9	1.4%
Cost of Rental and Services	485.2	53.0%	429.2	46.2%	-56.0	-11.5%
Cost of Sales	238.2	26.0%	291.8	31.4%	53.6	22.5%
Gross profit	156.2	17.1%	169.5	18.3%	13.3	8.5%
Profit (loss) Fair value adjustment of investment property	-3.6	-0.4%	6.1	0.7%	9.7	269.4%
Reversal of Impairment of Assets	-3.6	-0.4%	0.2	0.0%	3.8	105.6%
Profit from Dispose Investment in	0	0.0%	27.3	2.9%	27.3	n.a.

	2018		2019		YoY	
	Mio.	%	Mio.	%	Mio.	%
Subsidiary						
Profit before Expenses	185.1	20.2%	241.1	26.0%	56.0	30.3%
Selling Expenses	96.5	10.5%	107.6	11.6%	11.1	11.5%
Administrative Expenses	65	7.1%	88.4	9.5%	23.4	36.0%
EBIT	23.6	2.6%	45.1	4.9%	21.5	91.1%
Financial Expenses	63	6.9%	54.3	5.8%	-8.7	-13.8%
Net Profit Attributable to Major Shareholders	-17.4	-1.9%	17.2	1.9%	34.6	198.9%

Overview of the Retail Industry and the Company's operations

Overview of the retail industry in 2019, the growth rate was not very high at approximately 2.6 percent resulting from consumer buying power was slow due to economic conditions. In which the Company is in the group of the retail industry that focuses on the rental space for retailers selling mobile phones and accessories along with Community Mall development. However, the growth rate in the said rental space business did not grow much compared to the market growth. Therefore, the Company has focused on cost reduction as well as diversifying the business groups of the Company to increase revenue from real estate sales, which was the main source of income for 2019.

In this regard, the analysis of the operating results of the Company could be explained as follows:

Rental and Service Income and Other Income

Rental and service income in 2019 was 465.9 million Baht, which decreased from the previous year of 68.2 million Baht. The reduction of the rental income was due to the closing of the IT Junction branches that could not achieve its target performance. In the past year, the Company closed a total of 5 branches. However, the Company has adjusted its operating strategies by increasing sales from the development in the business for sale, especially condominium projects, which the Company had completed construction since the Q3/2019 of last year. In Q4/2019, the Company delivered the condominium unit under the New Era Project of 90 rooms from 177 rooms, allowing the Company could recognize revenue and achieve the target profit.

Cost of Rental and Services, Cost of Sales, and Gross Profit

The cost of rental and services and the cost of sales in 2019 equaled 721.0 million Baht and a slightly decrease 0.34% from 2018 due to the decrease in rental space from the closed down IT Junction Branches. Resulting in gross profit was equal to 169.5 million Baht, increasing by 8.5% percent, representing a gross margin at 18.2% from total revenues.

Selling Expenses and Administrative Expenses

The Company had selling and administrative expenses in 2019 totaling 196 million Baht, an increase of 34.6 million Baht from 2018 or an increase of 21.4 percent. The increase in selling and administrative expenses as a result of selling expense in relation to Condominium Project such as transfer fee and specific business tax and remuneration for employee expenses.

Profit from Operation

The Company's profit before interest and tax in 2019 was equal to 45.1 million Baht, an increase of 91.1 by 2018 due to the increase in revenue from transferring condominiums as targeted.

Financial Costs

The Company's total financial cost in 2019 was 54.3 million Baht, which decreased from 2018 by 8.7 million Baht or 13.8 percent due to the Company repaid loans to the financial institutions and issuance of the debenture.

Condensed Financial Statements

	31 Dec 2018		31 Dec 2019		YoY	
	Mio.	%	Mio.	%	Mio.	%
Assets						
Cash and Cash Equivalent	21.4	0.9%	2.6	0.1%	-18.8	-87.9%
Trade and Other Receivables	56.0	2.3%	61.8	2.7%	5.8	10.4%
Real Estate Development Costs	156.7	6.5%	165.6	7.2%	8.9	5.7%
Investment Property	518.8	21.5%	525.0	22.7%	6.2	1.2%
Land and Equipment	130.8	5.4%	65.9	2.9%	-64.9	-49.6%
Leasehold Rights and Buildings	1,284.4	53.3%	1,288.5	55.8%	4.1	0.3%

	31 Dec 2018		31 Dec 2019		YoY	
	Mio.	%	Mio.	%	Mio.	%
Deposit	132.5	5.5%	111.3	4.8%	-21.2	-16.0%
Total Assets	2,409.5	100.0%	2,310.3	100.0%	-99.2	-4.1%
Liabilities and Stockholders' Equity						
Bank Overdrafts and Short-Term Loans	60.0	2.5%	96.5	4.2%	36.5	60.8%
Trade and Other Payables	102.7	4.3%	119.5	5.2%	16.8	16.4%
Long-term Debt due within a year	122.4	5.1%	126.2	5.5%	3.8	3.1%
Long-Term Loans, Net	562.7	23.4%	402.0	17.4%	-160.7	-28.6%
Debenture	467.0	19.4%	99.0	4.3%	-368.0	-78.8%
Tenancy Deposit	125.7	5.2%	103.5	4.5%	-22.2	-17.7%
Total Liabilities	1,464.6	60.8%	1,027.1	44.5%	-437.5	-29.9%
Total Shareholders' Equity	944.9	39.2%	1283.2	55.5%	338.3	35.8%

Assets

At the end of 31 December 2019, the Company had total assets of 2,310.3 million Baht, which decreased from the end of 2018 equal to 99.2 million Baht or 4.12 percent. It was due to the decrease in cash and deposit and the asset transfer from dispose the subsidiaries to Jaymart.

Liabilities and Stockholders' Equity

At the end of 31 December 2019, the Company had total liabilities of 1,027.1 million Baht, which decreased from the end of 2018 equal to 437.5 million Baht or 29.9 percent. Since the Company repaid the loan for financial institution, causing the Company having the debt to equity ratio equal to 0.80 times.

Looking Forward

In 2019, the Company was able to generate revenue from business expansion quite well, which could be achieved according to the target. The Company still emphasizes on business operations in the retail group by focusing on the development of rental space in the form of the mobile shop under the IT Junction brand, including the rental area for large stores of the community mall project as well as the development of projects for sale in potential locations in the future. Besides, the Company aims to be the real estate development to create the retail ecosystem under the Jaymart Group. In which in 2020 some factors shall affect the operation in the future as follows:

1. Rooms are expecting to be sold and transferred to customers by the year 2020, which is an additional revenue waiting for recognition.
2. The Company is currently developing a new shopping center project "The Jas Village", is located near the Amata Industrial Estate, Chonburi. It is expected to be completed and commenced commercial operations with tenants by the end of the 1st quarter of 2020.

Regarding accounting standards that have changed and became effective since 2020, the IAS 16 Property, Plant and Equipment considered an issue affecting the Company's financial statements due to the Company has long-term lease agreements for shopping center development. However, under the management's analysis, the said standard shall cause the financial ratio in terms of capital structure, the Debt to Equity Ratio, to change in an increased direction. Since the Company has to estimate the rental throughout the contract period to turn to be a liability and record asset from right of use of assets in the financial statements. However, the aforementioned increase still be lower the covenant ratio of the Company.

Please be informed accordingly.

Sincerely yours,

(Mr. Suphot Sirikulapas)

Chief Executive Officer