

Key Performance Highlights

“In 2019, which was considered the highest net profit in 30 years since the Company was established”

Nature of Business:

Jmart is Holding Company engages in retail business with Core Company is Jaymart Mobile and investing in other potential subsidiaries such as JMT, JAS Asset, J Fintech and associated company namely Singer Thailand. Moreover, the Company prepare for disruption of technology by set up J Ventures for development of technology for Group of companies.

Performance Highlights of 2020

- 1.) All key subsidiaries had a net profit for 2019 which consolidated the Jmart Group net profit of 533.8 million Baht
- 2.) Net Profit proportion for JMT Network Services is the most contribute to Group Net Profit. However, there are a potential to grow other subsidiaries net profit.
- 3.) The Synergy Strategies will lead the group of companies to grow its performance in the future.

Management Discussion and Analysis (MD&A) 2019

Overview and Factors Affecting Future Performance

2019 was considered a challenging year for the performance of Jaymart Public Company Limited ("the Company") due to the Board and Management realized that 2018 was the year that the Company had a net loss. As a result, the Company and its subsidiaries have adjusted administration and operation strategies to create turnover to return profits to shareholders as soon as possible.

In 2019, it perceived clearly that with the effort of the committee, executives and staff causing the Company had a net profit of 533.8 million Baht, which was considered the highest net profit in 30 years since the Company was established. Moreover, its subsidiaries and associates in which the Company holding shares in each core business, there was the business net profit in the previous year.

The Company realized that although the turnover has been improved, it still has various challenging factors for future performance in 2020 whether the economic volatility and other challenges, which shall impact the Company's performance. The management, therefore, remains committed to the operation to create better-operating results continuously in the future.

Jaymart Group continues the businesses by the joint operations of its subsidiaries and associates, with 6 core business lines, which focuses on retail business as the main business under the concept of "The Power of Synergy", an important strategy to create the operating ecosystem generating a return for shareholders. In the past year, the joint operating strategy was considered an important part that the subsidiaries and associates could generate profits from the operating result. The details of the development and the direction of the performance in each business line were explained as follows:

1. Mobile Phone Distribution and its Accessories

Jaymart Mobile Company Limited, the Company's core business, conducting in the business of mobile phone distribution and its accessories, has adjusted the operational strategy to focus on creating operating profits under the competitive situation and the impact of the global trade war. Resulting in the Company had to accelerate the management of the inventory levels to be suitable for sales volume. If comparing the inventory from the beginning to the end of 2019, the Company had the inventory decreased by 322.7 million Baht to the level of 1,006.4 million Baht at the end of 2019.

Besides, being a trading partner with AIS, the number one network provider in the country, by engaging in SIM distribution and mobile phone packages, allowing the Company has been generating sales together with AIS quite well, and could offer the mobile phones with packages at a competitive price in the market. In 2019, the Company had sold AIS SIMs in a total of 178,718.

Jaymart Mobile had sales equal to 7,441 million Baht by selling 889,725 million devices in 2019, which decreased from the previous year resulting from the competition and the impact of the trade war. Although the sales volume was reduced due to the said situation, the Company could still maintain the profit levels as targeted by increasing sales of good margin products and controlling operating costs, causing Jaymart Mobile had a net profit of 90 million Baht in 2019.

2. Non-Performing Debt Management Business

JMT Network Services Public Company Limited ("JMT"), a subsidiary of the Company representing 52.6%, operating in the business of non-performing debt management, was able to reach the business profits as targeted in which it was the highest earnings growth for the third consecutive year. It was due to the condition of the business supporting the Company's growth and the non-performing debt that had bought, could still generate cash flow from debt collection as targeted. In 2019, the collected cash flow was 3,204 million Baht, increased from the previous year by 33.5%. In 2020, the condition of the NPL market shall continue to support JMT's growth in the future.

3. Personal Loan Business

J Fintech Company Limited ("J Fintech"), engaging in the business of lending money under the brand "J Money", in 2019 it could provide the highest net profit since the Company was established with a net

profit equal to 67 million Baht. It was due to a result of the strict credit control by the Company, causing an increase in revenue from collecting (Bad Debt Recovery), including controlling debt collection to achieve its goals. In which J Fintech was able to maintain the debt collection according to the target.

	1Q / 2019	2Q / 2019	3Q / 2019	4Q / 2019
Pass (Normal and X Day)	97.56%	97.25%	97.07%	96.55%

Remark: Debt collection rate (%) refers to the percentage of the Company's ability to collect the debt. In case a collection of 97.2% means debt 100 Baht, the Company can collect 97.2 Baht, which another 2.8 Baht shall be one overdue payment.

Revenue from the write-off of non-performing loans steadily increased in which J Fintech had the amount of debt collection increasing quarterly.

	1Q / 2019	2Q / 2019	3Q / 2019	4Q / 2019
Revenue from write-off of NPLs	13.9	19.8	23.2	20.7

4. Financial Technology Business (Fintech)

J Ventures Company Limited ("JVC"), has been conducting the business of software development and investing in the potential started-up companies, which its progress could be seen in the system development of the Decentralized Digital Lending Platform: DDLP. In which the development of the said system had been completed according to the operational plan and the schedule specified in the White Paper as proposed to the ICO. The Company was able to recognize revenue from the said project while simultaneously cutting the cost of system development at the same time since 3Q / 2019.

5. Hire Purchase Business

In 2019, Singer Thailand Public Company Limited ("Singer"), an associate that the Company holding 30.3%, engaging in the business of product distribution under the brand SINGER with hire-purchase services, had a net profit of 165 million Baht, which was due to the Company being able to maintain the profit margins from sales and tightening of hire purchase loans as well as increasing in the proportion of Auto Loan (Car4Cash). After the capital increase in the middle of 2019, the Company had sufficient funds to expand the said loan portfolio quite well.

6. Property Development Business and Retail Rental Space

JAS Asset Public Company Limited ("J"), a company considered as the property developer, conducting in the business of property development for sale and rent. In the previous year, the Company completed the Newera Condominium project at the end of the 3rd quarter of 2019 and was able to transfer and deliver condominium units to customers as targeted by transferring more than half of the total units in the project. With the success of the development of real estate for sale in the past year, the Company could make a net profit of 17.2 million Baht.

The performance in 2019 of each business has demonstrated the potential of the group in creating good operating results stability. Nevertheless, there would be factors relating to economic, political, and any situations in foreign countries that had a significant impact on overall operations. Therefore, to maintain the growth performance, the Company has planned operations to reduce costs efficiently by sharing resources in the group, integration of distribution channels that reach consumers with the operating channels of the group, including the use of technology in the operations in which allowing the Company still have good operating results in the future.

The Company is aware of the important accounting standards that have changed and been effective since the beginning of 2020. The standard affecting the group's operations is IFRS 9 Financial Instruments in which influenced the financial business as well as Thai Financial Reporting Standard 16 Leases that affect the shopping center development business of its subsidiary. However, the Company has been already prepared for the said issue and has reviewed the operational strategies. Therefore, the impact is within the scope of the Company's management to be able to administrate.

Overview of Financial Statements and Operating Results

The audited financial statements and operating results of the Company and its subsidiaries ending December 31, 2019, the summary of revenue and profits detailed as follows:

	2018		2019		YOY	
	Mio.	%	Mio.	%	ล้านบาท	%
Income from contracts with customers	9,609.6	76.5%	7,894.9	69.7%	-1,714.7	-17.8%
Interest income from loans from the purchase of receivables and loans	2,067.5	16.5%	2,115.9	18.7%	48.4	2.3%
Gain from loans from purchase of receivables	268.0	2.1%	657.1	5.8%	389.1	145.2%
Rental income	518.8	4.1%	456.2	4.0%	-62.6	-12.1%
Insurance income	98.3	0.8%	210.6	1.9%	112.3	114.2%
Total revenue	12,562.2	100.0%	11,334.8	100.0%	-1,227.4	-9.8%
Cost of sales	8,164.4	65.0%	6,374.6	56.2%	-1,789.8	-21.9%
Cost of service	779.5	6.2%	920.6	8.1%	141.1	18.1%
Rental cost	623.1	5.0%	563.7	5.0%	-59.4	-9.5%
Underwriting expenses	110.0	0.9%	233.6	2.1%	123.6	112.4%
Gross Profit	2,885.0	23.0%	3,242.3	28.6%	357.3	12.4%
Sales promotion income	217.8	1.7%	331.7	2.9%	113.9	52.3%
Management fee income	3.6	0.0%	4.1	0.0%	0.5	13.9%
Profit from investment	-	0.0%	15.8	0.1%	n.a.	n.a.
Interest income	6.9	0.1%	12.3	0.1%	5.4	78.3%
Other Revenues	105.1	0.8%	167.5	1.5%	62.4	59.4%
Gain (loss) from fair value adjustments of investment properties	-3.5	0.0%	6.1	0.1%	9.6	-274.3%
Reversal (loss) from impairment of assets	-13.3	-0.1%	9.9	0.1%	23.2	-174.4%
Profit before Expenses	3,201.4	25.5%	3,789.7	33.4%	588.3	18.4%
Selling and distribution expenses	1,035.9	8.2%	935.6	8.3%	-100.3	-9.7%
Administrative Expenses	1,730.1	13.8%	1,397.9	12.3%	-332.2	-19.2%
Total Expenses	2,766.0	95.9%	2,333.5	20.6%	-432.5	-15.6%
Operating Profit	435.4	3.5%	1,456.1	12.8%	1,020.7	234.4%
Financial Expenses	457.7	-3.6%	530.1	4.7%	72.4	15.8%
Income Tax Expenses	-49.3	-0.4%	-177.6	-1.6%	-128.3	260.2%
Net Profit	-277.1	-9.6%	533.8	4.7%	810.9	292.6%

Revenues Analysis

The total revenue of the Company in 2019 was 11,334.8 million Baht, decreased from the same period 1,227.4 million Baht or decreased by 9.8 percent. Details of the revenue in the consolidated financial statements were as follows:

1. Revenue from contracts with customers was 7,894.9 million Baht, a decrease of 1,711.7 million Baht or 17.8 percent from the same period last year. This was due to a decreasing in the revenues from Mobile Phone and Accessories sales.
2. Interest income from loans from the purchase of receivables and loans and Gain from loans from purchase of receivables, which is the revenues from JMT and J Fintech, was 2,773.0 million Baht, an increase of 437.5 million Baht or 18.7 percent from the same period last year. Due to an increasing of revenues from fully amortized bad debt portfolio in JMT as noticed from the revenues from Gain from loans from purchase of receivables has been substantial increase.
3. Revenue for rental and other services was 456.2 million Baht, a decrease of 62.6 million Baht or 12.5 percent from the same period last year. This was due to the closedown of IT Junction branches which was not achieve in JAS Asset.
4. Underwriting income equaled 210.6 million Baht, which was the income generated from the preparation of the consolidated financial statements of the subsidiaries in the insurance business.

Cost of Sales and Services Analysis and Gross Profit Analysis

In 2019, the Company had a total cost of sales and services of 6,374.6 million Baht, a decrease of 1,789.8 million Baht or a decrease of 21.9 percent from the previous year, which was a result of a decrease in sales.

The Company had a gross profit margin from the consolidated financial statements of 2019, it was equal to 3,242.3 million Baht, an increase of 12.4 percent from the previous year, which was a result of increased income from the businesses with higher gross profits such as personal loan and non-performing debt tracking.

Selling and Administrative Expenses Analysis and Operating Profit

In 2019, the Company had the selling and administrative expenses of 2,333.5 million Baht, a decrease of 432.5 percent, mainly due to a decrease in allowance for doubtful accounts from creditors of subsidiaries, which was considered as administrative expenses in the consolidated financial statements.

For the operating profit in 2019, it was 1,456.1 million Baht, increased by 1,020.7 million Baht or 234.4 percent from the same period of the previous year.

Finance Cost

The Company's total financial costs in 2019 were 530.1 million Baht, an increase of 72.4 million Baht from the previous year. Most of the increase in financial costs was due to the Company's financial costs and its subsidiaries using for debentures including loans from financial institutions.

Net Profit

The Company had a net loss in 2019 equal to 533.8 million Baht, representing a net profit margin of 4.7 percent and a margin per share of 0.59, which was regarded as the highest profit in the Company's history. In this regard, the proportion of the Company's profits was derived from the growth of its subsidiary's performance in the debt management business and the profits from other businesses of the group.

Analysis of Financial Statement of Positions

Assets

As of 31 December 2019, the Company had total assets of 20,372.8 million Baht, divided into current assets of 7,271.0 million Baht, representing 35.7 percent of total assets and non-current assets of 13,101.7 million Baht, representing 64.3 percent of total assets compared to the end of 2018. The Company had total assets increased by 928.8 million Baht or 4.8 percent. Most of the increased assets were credit from the purchase of receivables (purchase non-performing loans) and investment in associated Singer Thailand.

Liabilities and Shareholders' equity

As of 31 December 2019, the Company had total liabilities of 15,410.3 million Baht, an increase of 670.8 million Baht or 4.5 percent. The significant increase in liabilities was a burden from the issuance and

offering of digital tokens, the increase in short-term loans, and liabilities arising from the insurance business.

Besides, the Company had total shareholders' equity of 5,232.4 million Baht, an increase of 528.0 million Baht or 11.2 percent a slight increase when compared to the end of 2018.

Anyhow, the Company had a debt-to-equity ratio of 2.50 times, an increase from the end of 2018 at 2.64 times.

Please be informed accordingly.

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