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Ref: IR63/009

13 May 2020

Subject: Management Discussion and Analysis, 1st Quarter ending 31 March 2020.
 Attention: President
 The Stock Exchange of Thailand

Regarding to JMT Network Services Public Company Limited (“the Company”) No.4/2020 on 13 May 2020, the resolution to certify the financial statements and performance of the Company and the Company’s for the first quarter ending 31 March 2020, which has already been examined by the Company’s auditor, the results can be summarized as follows;

Performance Highlights for Q1/2020

- Net profit attributable to shareholders was 206.8 million baht, an increase of 62.3 million baht or 43.1% growth from the same quarter of last year. And the net profit margin stood at 27.1%. Compared to the previous quarter, the company has increased the net profit by 3.9%, which is considered the company’s highest quarterly net profit statistics continuously.
- Cash Collection was 815 million Baht, increased 15.0 from the same period last year. This was slightly decline from Q4/2019 at 5.2% which usually is the highest season for cash collection.

Summary of Revenues and Net Profit

Consolidated FS	Q1/2019		Q1/2020		Change	
	MB.	%	MB.	%	MB.	%
Revenue from contracts with customers	89.9	16.3%	97.1	12.7%	7.1	7.9%
Interest income and dividend income	336.4	60.9%	362.8	47.5%	26.4	7.9%
Gain on loans receivable from purchase of accounts receivable	88.3	16.0%	232.8	30.5%	144.5	163.6%
Insurance Income	37.3	6.8%	71.4	9.3%	34.1	91.4%
Total Revenues	552.4	100.0%	764.4	100.0%	212.0	38.4%
Cost of Services	-197.3	-35.7%	-216.6	-28.3%	-19.4	9.8%
Insurance Expenses	-32.6	-5.9%	-59.5	-7.8%	-26.9	82.5%
Gross Profit	322.6	58.4%	488.3	63.9%	165.7	51.4%
Loss from other financial assets	0.0	0.0%	-17.5	-2.3%	-17.5	n.a.
Gain on Investment	5.0	0.9%	0.0	0.0%	-5.0	-100.0%
Other income	1.4	0.2%	1.9	0.2%	0.5	40.0%
Profit before expenses	329.0	59.5%	472.8	61.8%	143.8	43.7%

Consolidated FS	Q1/2019		Q1/2020		Change	
	MB.	%	MB.	%	MB.	%
Administrative expenses	-92.3	-16.7%	-105.1	-13.7%	12.7	-13.8%
Anticipated credit losses	0.0	0.0%	-49.8	6.5%	49.8	n.a.
Total Expenses	94.4	17.1%	154.8	20.3%	60.4	64.0%
Operating Profit	234.5	42.5%	317.9	41.6%	83.4	35.6%
Finance Cost	-41.1	-7.4%	-68.2	-8.9%	-27.1	65.8%
Tax Income	-51.7	-9.4%	-52.8	-6.9%	-1.1	2.1%
Net Profit attributed to Equity Shareholders	144.5	26.0%	206.8	27.1%	63.3	43.1%

Revenues Analysis

The Company's total revenue for the first quarter of 2020 was 764.4 million Baht, which was an increase 38.4% from the same period last year. The reasons for an increasing of revenues can be explained as following;

1. Interest income and dividend and Gain on loans receivable from purchase of accounts receivable from the business of purchasing non-performing loans to manage in the first quarter of 2020, a total of 595.6 million Baht, an increase from the first quarter of 2019 equal to 170.9 million baht or 40.2% due to The increase in profit from loans from the purchase of receivables (Income from non-performing loans that have been fully amortized the investment value) which increased to 144.5 million baht.
2. Income from debt collection services and other income was 97.1million Baht or increase from the same period last year of 7.9 %.
3. Insurance income in the first quarter of 2020 was 71.4 million baht due to the income from the insurance business of JP Insurance Company Limited, a subsidiary company. As a result of the increased insurance portfolio in the first quarter of 2020 especially insurance income from non-motor insurance.

Cost of Services and Gross Profit

The Company incurred cost of services for the first quarter of 2020 equal to 216.6 million Baht higher than the first quarter of 2019 19.4%. This was because of an increase in employee expenses and expenses related to the insurance business.

The Company's gross profit for the first quarter of 2020 equal to 488.3 million Baht or represent gross profit margin at 63.9, increases from the same period last year. Which is a result of the increased income from the purchase of non-performing loans to manage which is a portion with good gross margin.

Administrative Expenses

The Company had administrative expenses for the first quarter of 2020 equal to 154.8 million Baht, which was increase by 60.4 million Baht or 64.0. The major reason was the provision for anticipated credit losses.

Finance Cost

The Company's finance cost for the first quarter of 2020 equal to 207.1 million Baht, which was increase 27.1 million Baht or 65.8 % increase. The major reason was issued debentures for the additional non-performing loans during the past year.

Net Profit

The Company's net profit from consolidated financial statement for the 1st quarter was 206.8 million Baht, increase 43.1% from the same period last year. The net profit is higher than Q4/2019 7.8 million Baht or increase 3.9%. An improvement of net profit form the same period last year is contributed from efficiency of debt collection and expenses control.

Summary of Financial Statement Positions

Assets

As of the period ending 31 March 2020, the Company has total assets equal to 12,089.1 million Baht higher than the ending of the year 2019 equal to 1,948 million Baht or 19.2 % increase. The majority of assets increased were current assets which is in the form of cash and cash equivalents As a result of the issuance and offering of corporate debentures and increase in non-current assets. In the category of loans from the purchase of receivables which are expected to be received for more than 1 year or as investments of non-performing loans that the company bought in the first quarter of 2020.

Liabilities and Shareholder's Equity

The Company's total liabilities as of the period ending 31 March 2020 was 8,772.5 million Baht higher than the same period last year 2,064 million Baht or 30.8% increase. As a result of the issuance and offering of debentures at the end of the first quarter of 2020, worth 2,000 billion baht, in which the company received full funding as planned.

The Company's shareholder's equity as of the period ending 31 March 2020 was 3,316.6 million Baht, increase 116.7 million Baht. Due to an increasing retain earnings increase due to the Company's net profit increase.

The Company's Interest Bearing Debt to Equity Ratio was 2.20 times decreased from the ending of 2019 which equal to 1.68 times. This was a result of debenture issuance on 5 March 2020 amount 2,000 million baht for the bad debt acquisition in the year of 2020.

Management Looking Forward

According to the outbreak of Covid 19 at the end of the first quarter of 2020, it was found that the company affected by the situation but was at a manageable level.

However, the company anticipates factors that may affect the collection of cash collection from receivables in the 2nd quarter of 2020 such as employment conditions or the effect of reducing compensation. Which may cause some impact on cash flow collection. However, the Company has managed the effects by:

1. Reducing the monthly debt burden on the debtors, which the company considered to be affected by the situation of Covid 19.
2. Managing the portfolio of non-performing loans to client or portfolio that are not much affected by the situation. The company expects that the cash flow may decrease somewhat due to the economic downturn.

However, cash flow can still be collected as the Company continuously acquired more distress debt. In the quarter 3-4 of the year 2019. In the past, the Company had bought non-performing loans from financial institutions. Especially those with unsecured debt which the said purchase of non-performing debt. In the late period, JMT will begin to collect cash flow from the new portfolio acquired at the beginning of the year of 2020. In addition, throughout the first quarter of 2020, the company purchased additional non-performing loans. With the value of contractual value of bad debt of more than 5.8 billion baht which will be able to start collecting from the end of the 2nd quarter of 2020 onwards.

Yours faithfully,

- *Singed* -

Mr. Wongsakorn Kittitrakulkarn
Company Secretary

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