

- Translation -

IR63/009

15 May 2020

Subject: Management Discussion and Analysis, 1<sup>st</sup> Quarter Ending 31 March 2020  
 Attention: President  
 The Stock Exchange of Thailand

Regarding to JAS Asset Public Company Limited (“the Company”) Board of Meeting No.4/2020 on 15 May 2020, the resolution to certify the Company’s financial statement and performance for the first quarter ending 31 March 2020 which has already been examined by the Company’s auditor can be summarized as follows:

The Company’s performance for the first quarter in 2020, from separate financial statement, reported a net profit of 16.6 million baht, an increase of 16.1 million baht compared to the first quarter of 2019. Thus, the details of the Company’s performance are explained as follows;

| Separate Financial Statement                              | Q1/2019      |               | Q1/2020      |               | Change      |               |
|---|--------------|---------------|--------------|---------------|-------------|---------------|
|   | MB           | %             | MB           | %             | MB          | %             |
| Rental Income   | 126.9        | 81.2%         | 97.7         | 59.2%         | -29.1       | -23.0%        |
| Revenue from contracts with customers                     | 29.4         | 18.8%         | 67.4         | 40.8%         | 38.0        | 129.4%        |
| <b>Total revenues from sales and services</b>             | <b>156.3</b> | <b>100.0%</b> | <b>165.1</b> | <b>100.0%</b> | <b>8.9</b>  | <b>5.7%</b>   |
| Cost of Rental  | 115.2        | 73.7%         | 8.7          | 5.3%          | -106.5      | -92.5%        |
| Cost of Sales   | 19.8         | 12.7%         | 45.0         | 27.2%         | 25.1        | 126.7%        |
| Total cost of sales and services                          | 135.1        | 86.4%         | 53.7         | 32.5%         | -81.4       | -60.3%        |
| <b>Gross Profit</b>                                       | <b>21.2</b>  | <b>13.6%</b>  | <b>111.5</b> | <b>67.5%</b>  | <b>90.3</b> | <b>426.0%</b> |
| Loss from fair value adjustment for investment properties | -            | -             | -55.0        | 33.3%         | -55.0       | 100.0%        |
| Other Income  | 22.0         | 14.1%         | 4.0          | 2.4%          | -18.0       | -81.9%        |
| Profit Before Expenses                                    | 45.2         | 28.9%         | 60.9         | 36.9%         | 15.6        | 34.6%         |
| Selling and distribution expenses                         | 14.5         | 9.3%          | 14.7         | 8.9%          | 0.2         | 1.2%          |
| Administrative Expenses                                   | 13.5         | 8.7%          | 12.4         | 7.5%          | -1.1        | -8.2%         |
| <b>Total Expenses</b>                                     | <b>28.1</b>  | <b>18.0%</b>  | <b>27.1</b>  | <b>16.4%</b>  | <b>-0.9</b> | <b>-3.3%</b>  |
| EBIT  | 17.2         | 11.0%         | 33.7         | 20.4%         | 16.6        | 96.4%         |

| Separate Financial Statement                                  | Q1/2019    |             | Q1/2020     |              | Change      |                 |
|---|------------|-------------|-------------|--------------|-------------|-----------------|
|   | MB         | %           | MB          | %            | MB          | %               |
| Financial Cost  | 14.7       | 9.4%        | 15.6        | 9.4%         | 0.9         | 6.2%            |
| Income Tax  | 1.6        | 1.1%        | -1.5        | -0.9%        | 3.2         | -192.3%         |
| <b>Net Profit Attributed to Equity holders of the Company</b> | <b>0.5</b> | <b>0.3%</b> | <b>16.6</b> | <b>10.1%</b> | <b>16.1</b> | <b>3,202.8%</b> |

### Rental and Service Income and Other Income

A total revenue from sales and services for the first quarter in 2020 was 165.1 million Baht higher than the first quarter of 2019 at 5.7%. However, there was a decline in rental income due to the company close down the branches of IT Junction which did not met with the business target. The company owned 36 branch of IT Junction at the end of 1<sup>st</sup> quarter of 2020.

In addition, the Company has other income amount 4 million baht which mainly from marketing support from suppliers and engaged in sale contract and transfer the unit of condominium totaling 70% of total number of condominium unit in Newera Condominium.

### Cost of Rental and Services

The Company's rental and services costs for the first quarter in 2020 was 53.7 million Baht less than the first quarter of 2019 at 60.3%. The decreasing of cost of rental and services was mainly from the adoption of TFRS16 which require the Company record the lease agreement with lease term more than 1 year to be asset and liabilities from every lease contract. And the Company will record depreciation and interest from the lease agreement.

### Gross Profit

The Company had gross profit for the first quarter of 2020 111.5 million Baht which was higher than the same period last year 426.0% due to the reduction of rental cost from the adoption of TFRS16. The Company recorded a gain in from fair vale adjustment for investment properties during the first period of 2020 due to the 1<sup>st</sup> adoption of Thailand Financial Reporting Standard 16 ("IFRS16") amount -55.0 million baht.

### Service and Administrative Expenses

The Company had service and administrative expenses for the first quarter of 2020 equal to 27.1 million baht, a decreasing from the first quarter in 2019 3.3%.

## Summary of Financial Statement of Positions

### Assets

As for the period ending 31 March 2020, the Company had total assets equal to 3,098.0 million Baht more than the end of 2019 equal to 787.8 million Baht or 34.1%. An increasing of asset was due to the Company's adjustment of lease for properties as required by the TFRS16 which caused the value of investment properties increase 2,145.4 million baht.

### Liabilities and Shareholder's Equity

As for the period ending 31 March 2020, the Company had total liabilities equal to 1,797.7 million Baht increasing from the ending 2019 equal to 770.5 million Baht as a result of an adoption of TFRS 16. While the Company's shareholder's equity stood at 1,300.4 million Baht, an increase from the end of 2019. The Company's debt to equity ratio was 1.38 times while the interest bearing debt to equity ratio was 0.86 times.

### Forward Looking

For the 2<sup>nd</sup> quarter of 2020, it is well known that due to the impact of the Covid-19 situation, which the government announced the closing of shopping centers and shopping centers to reduce the spread of the epidemic. The company's business in terms of leased space for retail traders, IT Junction and shopping centers of the 3 companies must be closed in accordance with the government's policy. This affects the company's revenue in April 2020 since the company has given rental discounts to partners who are affected by the closing of department stores.

However, in order to maintain the operating results to be least affected by the situation. The company would like to explain the measures that have been helped. And measures that the company has implemented as follows

### Measures to reduce the company's operating costs

1. The company receives rental discounts from lessors such as Big C during the period that the shopping center is closed. Which is the company's main expense in operating the rental space business of IT Junction
2. The company receives a rental discount from the land owner for both shopping centers that are leasehold rights during April.
3. The company has reduced operating costs. In terms of utility bills involved in the company's operations in the shopping center. And reduction of compensation for executives and

employees during the time the company was affected by the shopping center closing situation.

In which the rent reduction makes the total rental cost The Company has decreased significantly when compared to the normal period. Therefore, the main expenses of the company decreased according to the condition of the decrease of income.

In addition, the company is better aware during times of crisis. Cash flow in operations is important to business operations. The Company has negotiated with financial institutions in order to find a way to maintain the best liquidity and to reduce the burden of credit facilities with reasons due to being affected by the situation that must comply with government policies by receiving the payment of the principal for 6 months. Moreover, The Company has requested loans from financial institutions under the government's soft loan measures with low interest rates.

With both measures, the company can maintain the operating liquidity well. The company still has cash flow from operations in terms of rental fees in shopping centers that have not yet closed in accordance with government policies. And have some cash flow from condominiums (30% of from total unit) and the commencement of operation of a new shopping center project in Chonburi Province.

Therefore, as mentioned above, the company will be affected by the Covid-19 situation. However, the company has accelerated the measures to quickly reduce the impact. Therefore the impact of the situation is contained and can be managed.

Thus, you have been informed for your acknowledgment.

Sincerely Yours,

*-Singed -*

(Mr. Suphot Sirikulapas)

Chief Executive Officer

Investor Relations Department

JAS Asset Public Company Limited