



No. ASN.0056/2021

August 11, 2021

Subject Management's discussion and analysis on consolidated financial statements for the Q2/2021 period ended June 30, 2021

To President

The Stock Exchange of Thailand

ASN Broker Public Company Limited ("the Company") would like to inform you of our consolidated operating results for the Q2/2021 period ended June 30, 2021, as follows:

- Operating results for the three-month period ended June 30, 2021 (Q2/2021)

	Q2/2021		Q2/2020		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total revenues	35,995	100.0%	35,551	100.0%	444	1.2%
Operating income	34,771	96.6%	34,221	96.3%	550	1.6%
Less: Cost and expenses of services	15,264	42.4%	16,014	45.0%	(750)	-4.7%
Gross profit	19,507	56.1%	18,207	53.2%	1,300	7.1%
Other revenues <sup>1/</sup>	1,224	3.4%	1,330	3.7%	(106)	-8.0%
Less: Administrative expenses	15,263	42.4%	12,786	36.0%	2,477	19.4%
Profit from operating activities	5,468	15.2%	6,751	19.0%	(1,283)	-19.0%
Less: Finance cost	281	0.8%	265	0.7%	16	6.0%
Less: Expected credit losses	2,593	7.2%	336	0.9%	2,257	671.7%
Less: Income tax expenses	528	1.5%	991	2.8%	(463)	-46.7%
Net profit	2,066	5.7%	5,159	14.5%	(3,093)	-60.0%

<sup>1/</sup> Other revenues consisted of fee and service income from personal loans, fee and service income from investment in peer-to-peer lending transactions, income from policy cancellation fees, interest income, miscellaneous income, etc.

The Company and our subsidiaries recorded total revenues of THB 35.99 million for the second quarter of 2021 ("Q2/2021"), increasing by THB 0.44 million or 1.2% year-on-year. The operating results, classified by business, are as follows:

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388 อาคารไอบีเอ็ม ชั้น 16 บี ถนนพหลโยธิน แขวงสามเสนใน เขตพญาไท กรุงเทพมหานคร 10400 โทรศัพท์ 0-2494-8388

	Q2/2021		Q2/2020		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total revenues	35,995	100.0%	35,551	100.0%	444	1.2%
Non-life insurance broker business	23,187	64.4%	24,296	68.3%	(1,109)	-4.6%
Life insurance broker business	1,120	3.1%	1,595	4.5%	(475)	-29.8%
Platform service business	2,710	7.5%	4,548	12.8%	(1,838)	-40.4%
Personal loan business	6,220	26.8%	-	0.0%	6,220	100.0%
Investment in peer-to-peer lending transactions	1,960	5.4%	4,248	11.9%	(2,288)	-53.9%
Other revenues <sup>1/</sup>	798	2.2%	864	2.4%	(66)	-7.6%

<sup>1/</sup> Other revenues consisted of interest income, income from policy cancellation fees, interest receivable, miscellaneous income, etc.

- Income from non-life insurance broker business went down by THB 1.11 million or 4.6% year-on-year to THB 23.19 million, mainly due to a decrease in sales of non-life insurance of THB 7.89 million.
- Income from life insurance broker business accounted for THB 1.12 million, falling by THB 0.48 million or 4.6% year-on-year owing to a decrease in sales of renewed life insurance of THB 6.47 million.
- Platform service fee income amounted to THB 2.71 million, plummeting by THB 1.84 million or 40.4% year-on-year. This stemmed mainly from a drop in monthly service and fee income as the Company has ceased providing the Daingern platform matching services since January 27, 2020.
- Income from personal loan business under supervision was THB 6.22 million, representing a 100% increase because the Company started providing personal loans to its borrowers in Q3/2020 after obtaining permission from the Ministry of Finance on June 11, 2020.
- Investment in peer-to-peer lending transactions plunged by THB 2.29 million or 53.9% year-on-year to THB 1.96 million, resulting from the Company having ceased its investment in the Daingern Dotcom platform service since August 2019.
- Other revenues totaled THB 0.80 million, decreasing by THB 0.07 million or 7.6% year-on-year.

Cost and expenses of services amounted to THB 15.26 million, going down from the same period in 2020 by THB 0.75 million or 4.7% due mainly to a decrease in cost of platform service of THB 0.44 million, following the cessation of the Daingern platform service, and a decrease in cost of life insurance broker business of THB 0.23 million.



Therefore, the Company posted a gross profit of THB 19.51 million with a gross profit margin of 56.1%, a year-on-year increase of Baht 1.30 million or 7.1%.

Administrative expenses totaled THB 15.26 million, which rose by THB 2.48 million or 19.4% year-on-year due to administrative cost in the personal loan business of THB 2.28 million and employee-related expenses of THB 0.30 million, but with a drop in administrative cost from bad debts in the investment in peer-to-peer lending transactions of THB 0.06 million.

Finance cost amounted to THB 0.28 million, a year-on-year increase of THB 0.02 million or 6.0% owing to recognition of the item in accordance with TAS16 Property, Plant and Equipment.

Expected credit losses accounted for THB 2.59 million, rocketing by THB 2.26 million or 671.7% year-on-year. This stemmed largely from an increase in allowance for doubtful accounts from loans receivable in the personal loan business of THB 3.08 million, but with a decrease in allowance for doubtful accounts from loans receivable in the investment in peer-to-peer lending transactions of THB 0.77 million and allowance set aside for the non-life insurance business of THB 0.03 million, which were calculated in line with TFRS9 Financial Instruments.

The Company reported a net profit of THB 2.07 million with a net profit margin of 5.7%, dropping by THB 3.09 million or 60% year-on-year.

- Summary of operating results for the six-month period (Q2/2021) ended June 30, 2021

	Q2/2021		Q2/2020		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total revenues	73,388	100.0%	73,845	100.0%	(457)	-0.6%
Operating income	70,837	96.5%	71,890	97.4%	(1,053)	-1.5%
Less: Cost and expenses of services	31,283	42.6%	33,510	45.4%	(2,227)	-6.6%
Gross profit	39,554	55.8%	38,380	53.4%	1,174	3.1%
Other revenues <sup>1/</sup>	2,551	3.5%	1,955	2.6%	596	30.5%
Less: Administrative expenses	31,933	43.5%	27,372	37.1%	4,561	16.7%
Profit from operating activities	10,172	13.9%	12,963	17.6%	(2,791)	-21.5%
Less: Finance cost	521	0.7%	538	0.7%	(17)	-3.2%
Less: Expected credit losses	1,784	2.4%	1,134	1.5%	650	57.3%
Less: Income tax expenses	1,684	2.3%	2,170	2.9%	(486)	-22.4%
Net profit	6,183	8.4%	9,121	12.4%	(2,938)	-32.2%

<sup>1/</sup> Other revenues consisted of fee and service income from personal loans, fee and service income from investment in peer-to-peer lending transactions, income from policy cancellation fees, interest income, miscellaneous income, etc.



The Company and our subsidiaries recorded total revenues of THB 73.39 million for the six-month period (as at the end of “Q2/2021”), declining by THB 0.46 million or 0.6% year-on-year. The operating results, classified by business, are as follows:

	Q2/2021		Q2/2020		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total revenues	73,388	100.0%	73,846	100.0%	(458)	-0.6%
Non-life insurance broker business	48,695	66.4%	50,066	67.8%	(1,371)	-2.7%
Life insurance broker business	2,411	3.3%	3,290	4.5%	(879)	-26.7%
Platform service business	5,994	8.2%	10,018	13.6%	(4,024)	-40.2%
Personal loan business	10,129	20.8%	-	0.0%	10,129	100.0%
Investment in peer-to-peer lending transactions	4,498	6.1%	9,451	12.8%	(4,953)	-52.4%
Other revenues <sup>1/</sup>	1,661	2.3%	1,021	1.4%	640	62.7%

<sup>1/</sup> Other revenues consisted of interest income, income from policy cancellation fees, interest receivable, miscellaneous income, etc.

- Income from non-life insurance broker business went down by THB 0.46 million or 0.6% year-on-year to THB 73.39 million, with a decrease in sales of non-life insurance of THB 7.57 million.
- Income from life insurance broker business accounted for THB 48.70 million, dropping year-on-year by THB 1.37 million or 2.7% due partly to the cessation of sales of first-year life insurance which relatively drove first-year life insurance premium down by THB 7.24 million, and partly to a decrease in sales of renewed life insurance of THB 13.68 million.
- Platform service fee income amounted to THB 5.99 million, plummeting by THB 4.02 million or 40.2% year-on-year. This stemmed mainly from a decrease in revenue from the lender-borrower matching services of THB 0.74 million and a drop in monthly service and fee income of THB 3.28 million caused by the Company having ceased provision of the Daingern platform matching services since January 27, 2020. The remaining lending amount was THB 217.26 million and NPLs stood at 1.38%. The Company is in the process of preparing documents to apply for permission to participate in the Bank of Thailand's regulatory sandbox.
- Income from personal loan business under supervision was THB 10.13 million, representing a 100% increase because the Company started providing personal loans to its borrowers in Q3/2020 after obtaining permission from the Ministry of Finance on June 11, 2020. As at the end of Q2/2021, the remaining lending amount was THB 158.58 million and NPLs stood at 0.27%.

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- Investment in peer-to-peer lending transactions plunged by THB 4.95 million or 52.4% year-on-year to THB 4.50 million, resulting from the Company having ceased its investment in the Daingern Dotcom platform service since August 2019.
- Other revenues totaled THB 1.66 million, a surge of THB 0.64 million or 62.7% year-on-year, derived mainly from income from policy cancellation fees.

Cost and expenses of services amounted to THB 31.28 million, going down from the same period in 2020 by THB 2.23 million or 6.6% due mainly to a decrease in cost of platform service of THB 1.51 million, following the cessation of the Daingern platform service, and a decrease in cost of life insurance broker business of THB 0.71 million.

Therefore, the Company posted a gross profit of THB 39.55 million with a gross profit margin of 55.8%.

Administrative expenses totaled THB 31.93 million, which rose by THB 4.56 million or 16.7% year-on-year due to administrative cost in the personal loan business of THB 4.45 million and employee-related expenses of THB 0.60 million, but with a drop in administrative cost from bad debts in the investment in peer-to-peer lending transactions of THB 0.48 million.

Finance cost amounted to THB 0.52 million, a year-on-year decrease of THB 0.02 million or 3.2% owing to recognition of the item in accordance with TAS16 Property, Plant and Equipment.

Expected credit losses accounted for THB 1.78 million, soaring by THB 0.65 million or 57.3% year-on-year. This stemmed largely from an increase in allowance for doubtful accounts from loans receivable in the personal loan business of THB 3.19 million, but with a decrease in allowance for doubtful accounts from loans receivable in the investment in peer-to-peer lending transactions of THB 2.42 million and allowance set aside for the non-life insurance business of THB 0.12 million, which were calculated in line with TFRS9 Financial Instruments.

The Company reported a net profit of THB 6.18 million with a net profit margin of 8.4%, dropping by THB 2.94 million or 32.2% year-on-year.

- Analysis of the statement of financial position

	As at Jun 30, 2021		As at Dec 31, 2020		Increase	
	THB 000's	%	THB 000's	%	THB 000's	%
Total assets	400,939	100.00%	389,568	100.00%	11,371	2.92%
Total liabilities	104,181	25.98%	97,261	25.00%	6,920	7.11%
Shareholders' equity	296,758	74.02%	292,307	75.00%	4,451	1.52%

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**Assets:** The Company and our subsidiaries had total assets as at June 30, 2021 of THB 400.94 million, which grew from year-end 2020 by THB 11.37 million or 2.92%. This resulted mainly from an increase in loans receivable from personal loans under supervision of THB 99.07 million, but with a decrease in cash and cash equivalents of THB 53.35 million, a decrease in long-term loans due to receipt of principal repayment of THB 29.08 million, and a decrease in accrued brokerage income and other receivables of THB 4.77 million.

**Liabilities:** The Company and our subsidiaries had total liabilities as at June 30, 2021 of THB 104.18 million, rising from the end of 2020 by THB 6.92 million or 7.11%. This was ascribed to an increase in long-term loans from related companies of THB 20 million, a decrease in insurance premium payables and other payables of THB 10.64 million, and a decrease in lease liabilities in accordance with TAS16 Property, Plant and Equipment of THB 2.03 million.

**Shareholders' equity:** The Company and our subsidiaries had total shareholders' equity as at June 30, 2021 of THB 296.76 million, growing by THB 4.45 million or 1.5% due to the net profit earned in 2021 of THB 6.18 million. On April 7, 2021, the shareholders' meeting passed a resolution approving stock dividend payment at a rate of 5 existing shares to 1 new share, with the fraction of shares, if any, to be paid in cash, making up a total value of THB 1.73 million.

Please be informed accordingly.

Yours sincerely,

-Signed-

Mr. Thawatchai Lertrungruang

Chief Executive Officer