



No. ASN.0018/2022

February 23, 2022

Subject Management's discussion and analysis on consolidated financial statements for the year ended December 31, 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 year ended December 31, 2021, as follows:

- Summary of operating results for the year ended December 31, 2021

	2021		2020		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total revenues	149,751	100.0%	145,723	100.0%	4,028	2.8%
Operating income	143,555	95.9%	141,869	97.4%	1,686	1.2%
Less: Cost and expenses of services	60,794	40.6%	66,341	45.5%	(5,547)	-8.4%
Gross profit	82,761	57.7%	75,528	53.2%	7,233	9.6%
Other revenues ^{1/}	6,196	4.1%	3,854	2.6%	2,342	60.8%
Less: Administrative expenses	61,877	41.3%	59,151	40.6%	2,726	4.6%
Profit from operating activities	26,890	18.1%	20,231	13.9%	6,849	33.9%
Less: Finance cost	3,230	2.2%	1,045	0.7%	2,185	209.1%
Credit loss/allowance for doubtful accounts	5,159	3.4%	3,056	2.1%	2,103	68.8%
Less: Income tax expenses	3,889	2.6%	1,473	1.0%	2,416	164.0%
Net profit	14,802	9.9%	14,657	10.1%	145	1.0%

^{1/} Other revenues consisted of income from policy cancellation fees, interest income, miscellaneous income, etc.

The Company recorded total revenues of THB 149.75 million for the year ended December 31, 2021, growing by THB 4.03 million or 2.8% year-on-year. The operating results, classified by business, are as follows:

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	2021		2020		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total operating income	149,751	100.0%	145,723	100.0%	4,028	2.8%
Non-life insurance broker business	94,085	63.5%	101,408	69.6%	(6,323)	-6.2%
Life insurance broker business	4,297	2.9%	6,079	4.2%	(1,782)	-29.3%
Platform service business	9,808	6.5%	18,007	12.4%	(8,199)	-45.5%
Personal loan business	29,198	30.7%	1,570	1.5%	27,628	1759.7%
Investment in peer-to-peer lending transactions	6,732	4.5%	16,675	11.4%	(9,943)	-59.6%
Other revenues ^{1/}	4,631	3.1%	1,984	1.4%	2,647	133.4%

^{1/} Other revenues consisted of income from policy cancellation fees, interest income, miscellaneous income, etc.

- Income from non-life insurance broker business went down by THB 6.32 million or 6.2% year-on-year to THB 95.09 million amid the Covid-19 situation which has dampened customers' purchasing power along with a decrease in number of telemarketing staffs and inability of direct sales agents to visit customers for products offering.
- Income from life insurance broker business accounted for THB 4.30 million, falling from 2020 by THB 1.78 million or 29.3%. This chiefly resulted from the cessation of sales of first-year life insurance due to a drop in yields on competitive products and a higher cost of purchase of database, thus causing sales to new customers to become no longer worthwhile.
- Daingern platform service fee income amounted to THB 9.81 million, plunging from 2020 by THB 8.20 million or 45.5%. This stemmed mainly from a decrease of THB 0.74 million in revenue from the lender-borrower matching services and a decrease of THB 7.46 million in the monthly service income, fees and service income as the Company has ceased providing the Daingern platform matching services since January 27, 2020. As at December 31, 2021, the Company still has the outstanding loans available of THB 140.98 million with NPLs of 1.46%. However, on February 11, 2022, the Company received a letter notifying that the Company has been permitted to participate and test its services on the P2P Lending Platform in the regulatory sandbox of the Bank of Thailand.
- Income from personal loan business under supervision was THB 29.20 million, skyrocketing by THB 27.63 million or 1,759.7% year-on-year because in 2020 the Company could start providing personal loans to its borrowers in Q3/2020. As at December 31, 2021, the remaining lending amount was THB 239.852 million and NPLs stood at 1.25%.

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- Investment in peer-to-peer lending transactions plunged by THB 9.94 million or 59.6% year-on-year to THB 6.73 million, resulting from the Company having ceased its investment in the Daingern Dotcom platform service since August 2019. As at December 31, 2021, there was the remaining lending amount of THB 22.57 million.
- Other revenues totaled THB 4.63 million, rocketing by THB 2.65 million or 133.4% year-on-year, chiefly attributed to income from policy cancellation fees.

Cost and expenses of services amounted to THB 60.79 million, going down from 2020 by THB 5.55 million or 8.4% due mainly to a decrease in cost of services of non-life insurance broker business of THB 3.42 million, cost of platform service of THB 1.43 million following the cessation of the Daingern platform service, and a decrease in cost of life insurance broker business of THB 0.70 million.

Therefore, the Company posted a gross profit of THB 82.76 million with a gross profit margin of 57.7%.

Administrative expenses totaled THB 61.88 million, which rose by THB 2.73 million or 4.6% year-on-year due to administrative cost in the personal loan business of THB 3.67 million and employee-related expenses of THB 2.46 million, but with a drop in administrative cost of bad debts of THB 3.56 million.

Finance cost amounted to THB 3.23 million, a year-on-year surge of THB 2.19 million or 209.1% resulting chiefly from interest expenses on borrowing from connected persons of THB 2.36 million and a decrease of THB 0.17 million in interest expenses under lease agreements from recognition of the item in accordance with TAS16 Property, Plant and Equipment.

Expected credit losses (allowance for doubtful accounts) accounted for THB 5.16 million, rising by THB 2.10 million from 2020. They were broken down into an increase in allowance for doubtful accounts from the personal loan business of THB 5.80 million, but with a decrease in allowance for doubtful accounts from loans receivable in the investment in peer-to-peer lending transactions of THB 3.65 million, and allowance set aside for the non-life insurance business of THB 0.05 million, which were calculated in line with TFRS9 Financial Instruments.

The Company reported a net profit of THB 14.80 million with a net profit margin of 9.9%, growing from 2020 by THB 0.15 million or 1.0%.

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- Analysis of the statement of financial position

	As at Dec 31, 2021		As at Dec 31, 2020		Increase	
	THB 000's	%	THB 000's	%	THB 000's	%
Total assets	597,921	100.00%	389,568	100.00%	208,353	53.48%
Total liabilities	292,545	48.93%	97,261	24.97%	195,284	200.78%
Shareholders' equity	305,376	51.07%	292,307	75.03%	13,069	4.47%

Assets: The Company and subsidiaries had total assets as at December 31, 2021 of THB 597.92 million, which soared from 2020 by THB 208.35 million or 53.5%. This resulted mainly from an increase in loans receivable from personal loans under supervision of THB 177.24 million, an increase in cash and cash equivalents of THB 87.52 million, a decrease in long-term loans due to receipt of principal repayment of THB 49.79 million, a decrease in accrued brokerage income and other receivables of THB 3.03 million, and a decrease in right-of-use assets of THB 4.41 million.

Liabilities: The Company and subsidiaries had total liabilities as at December 31, 2021 of THB 292.55 million, jumping from 2020 by THB 195.28 million or 200.8%. This was ascribed to an increase in long-term loans from connected persons of THB 200 million, a decrease in insurance premium payables and other payables of THB 1.32 million, and a decrease in lease liabilities in accordance with TAS16 Property, Plant and Equipment of THB 4.10 million.

Shareholders' equity: The Company and subsidiaries had total shareholders' equity as at December 31, 2021 of THB 305.38 million, growing by THB 13.07 million or 4.5% due to the net profit earned in 2021 of THB 14.80 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 Lertrunguang

Chief Executive Officer

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