



No. ASN.0069/2022

August 10, 2022

Subject Management's discussion and analysis on consolidated financial statements for the Q2/2022 period ended June 30, 2022

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 Q2/2022 period ended June 30, 2022, as follows:

- Operating results for the three-month period ended June 30, 2022 (Q2/2022)

	Q2/2021		Q2/2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	(%)
Total revenues	35,995	100.0%	36,047	100.0%	52	0.1%
Operating income	34,770	96.6%	34,912	96.9%	142	0.4%
Less: Cost and expenses of services	15,264	42.4%	15,466	42.9%	202	1.3%
Gross profit	19,506	56.1%	19,446	55.7%	(60)	-0.3%
Other revenues <sup>1/</sup>	1,225	3.4%	1,135	3.1%	(90)	-7.3%
Less: Administrative expenses	15,263	42.4%	17,684	49.1%	2,421	15.9%
Profit from operating activities	5,468	15.2%	2,897	8.0%	(2,571)	-47.0%
Less: Finance cost	281	0.8%	3,025	8.4%	2,744	976.5%
Credit losses/Allowance for doubtful accounts	2,593	7.2%	2,028	5.6%	(565)	-21.8%
Less: Income tax expenses	528	1.5%	(521)	-1.4%	(1,049)	-198.7%
Net profit	2,066	5.7%	(1,635)	-4.5%	(3,701)	-179.1%

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

ASN Group recorded total revenues of THB 36.05 million for the second-quarter period ended June 30, 2022 ("Q2/2022"), increasing by THB 0.52 million or 0.1% year-on-year. The operating results, classified by core business lines, are as follows:

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	Q2/2021		Q2/2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	(%)
1. Insurance broker business						
- Non-life insurance broker	23,187	64.4%	19,878	55.1%	(3,309)	-14.3%
- Life insurance broker	1,119	3.1%	764	2.1%	(355)	-31.7%
2. Lending business						
- Investment in peer to peer lending platform	1,693	4.7%	371	1.0%	(1,322)	-78.1%
- Personal loan	6,061	16.8%	12,665	35.1%	6,604	109.0%
3. Peer to peer lending platform service business	2,710	7.5%	1,234	3.4%	(1,476)	-54.5%
Other revenues <sup>1/</sup>	1,225	3.4%	1,135	3.1%	(90)	-7.3%
<b>Total</b>	<b>35,995</b>	<b>100.0%</b>	<b>36,047</b>	<b>100.0%</b>	<b>52</b>	<b>0.1%</b>

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

#### 1. Insurance broker business

##### - Non-life insurance broker

Income from non-life insurance broker business was recorded at THB 19.88 million, representing 55.1% of total revenues and dropping by THB 3.31 million or 14.3% year-on-year caused mainly by the closure of three Covid-hit insurance companies, which led to a decrease in non-life insurance premiums for the renewal year. Such impact is anticipated to continue over Q3/2022.

##### - Life insurance broker

Income from life insurance broker business accounted for THB 0.76 million, representing 2.1% of total revenues and plummeting by THB 0.36 million or 31.7% year-on-year. This resulted chiefly from the cessation of sales of first-year life insurance since Q3/2019 due to a drop in yields on competitive products, and also from the Company's policy to concentrate mainly on sales of non-life insurance.

#### 2. Lending business

##### - Investment in peer to peer lending platform

From the investment in the peer to peer lending business through Daingern.com platform, ASN Group generated interest income of THB 0.37 million, representing 1.0% of total revenues and plunging by THB 1.32 million or 78.1% year-on-year due to the Company having ceased its investment in the Daingern.com platform service since August 2019. After the issuance of the Bank of Thailand's Notification Re: Determination of Rules, Procedures, and Conditions for Electronic System or Network for Operation of the Peer-to-Peer Lending Business, the Company has since been unable to make the investment through Daingern.com platform.

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- Personal loan

ASN Group recorded interest income of THB 12.67 million, representing 35.1% of total revenues and mounting by THB 6.60 million or 109.0% year-on-year thanks largely to growth in the personal loan business, as illustrated in Figure 1: Growth in ASN Finance Business.

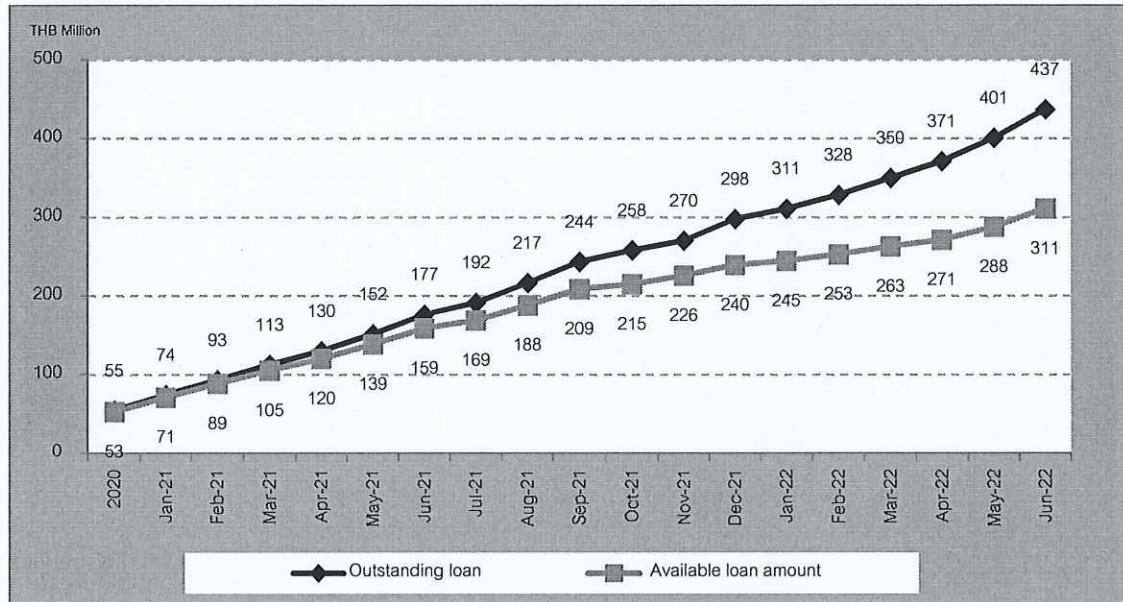


Figure 1: Growth in ASN Finance Business

3. Peer to peer lending platform service business

ASN Group provides the peer to peer lending platform service through Daingern Dotcom Co., Ltd. on Daingern.com platform. Revenues from this service were THB 1.23 million, representing 3.4% of total revenues and shrinking by THB 1.48 million or 54.5% year-on-year, which resulted from the Company having ceased the P2P service on Daingern.com platform since January 27, 2020 to prepare for participation in testing of the electronic system or network service provision in the Bank of Thailand's regulatory sandbox. The Company was accepted to join in experimenting the electronic system or network service provision for peer to peer lending business on February 11, 2022, and has been able to provide such service under the regulatory sandbox since March 1, 2022.

- Other revenues

Other revenues totaled THB 1.14 million, representing 3.1% of total revenues and falling by THB 0.09 million or 7.3% year-on-year, which was chiefly attributed to income from policy cancellation fees. However, the Company could increase other revenues from the reduction of rented building space and the recovered bad debts.

Cost and expenses of services amounted to THB 15.47 million, rising by THB 0.20 million or 1.3% year-on-year which resulted mainly from employee-related expenses to prepare for the platform service provision.

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Therefore, the Company posted a gross profit of THB 19.45 million with a gross profit margin of 55.7%.

Administrative expenses totaled THB 17.68 million, which increased by THB 2.42 million or 15.9% year-on-year due to employee-related expenses and an increase in bad debt write-off.

Finance cost amounted to THB 3.03 million, rocketing by THB 2.74 million or 976.5% year-on-year resulting chiefly from interest expenses on borrowing from connected persons of THB 2.94 million and a decrease of THB 0.20 million in interest expenses under lease agreements from recognition of the item in accordance with TAS16 Property, Plant and Equipment.

Reversal of expected credit losses accounted for THB 2.03 million, decreasing by THB 0.57 million year-on-year. This consisted of a decrease in allowance for doubtful accounts from the personal loan business of THB 1.04 million, an increase in loans receivable in the platform business of THB 0.39 million, and an increase in allowance set aside for the non-life insurance business of THB 0.05 million, which was calculated in line with TFRS9 Financial Instruments.

ASN Group reported a net loss of THB 1.64 million with a negative net profit margin of -4.5%, plunging by THB 3.70 million or 179.1% year-on-year.

- Summary of operating results for the six-month period ended June 30, 2022 (Q2/2022)

	Q2/2021		Q2/2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	(%)
Total revenues	73,388	100.0%	74,274	100.0%	886	1.2%
Operating income	70,837	96.5%	71,459	96.2%	622	0.9%
Less: Cost and expenses of services	30,276	41.3%	31,127	41.9%	851	2.8%
Gross profit	40,561	57.3%	40,332	56.4%	(229)	-0.6%
Other revenues <sup>1/</sup>	2,551	3.5%	2,815	3.8%	264	10.3%
Less: Administrative expenses	31,148	42.4%	36,282	48.8%	5,134	16.5%
Profit from operating activities	11,964	16.3%	6,865	9.2%	(5,099)	-42.6%
Less: Finance cost	521	0.7%	6,178	8.3%	5,657	1085.8%
Credit losses/Allowance for doubtful accounts	1,784	2.4%	(4,132)	-5.6%	(5,916)	-331.6%
Less: Income tax expenses	1,953	2.7%	722	1.0%	(1,231)	-63.0%
Net profit	7,706	10.5%	4,097	5.5%	(3,609)	-46.8%

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

ASN Group recorded total revenues of THB 74.27 million for the six-month period ended June 30, 2022 (Q2/2022), growing by THB 0.87 million or 1.2% year-on-year. The operating results, classified by core business lines, are as follows:

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	Q2/2021		Q2/2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	(%)
1. Insurance broker business						
- Non-life insurance broker	48,695	66.4%	42,457	57.2%	(6,238)	-12.8%
- Life insurance broker	2,410	3.3%	1,592	2.1%	(818)	-33.9%
2. Lending business						
- Investment in peer to peer lending platform	3,887	5.3%	1,145	1.5%	(2,742)	-70.5%
- Personal loan	9,851	13.4%	23,828	32.1%	13,977	141.9%
3. Peer to peer lending platform service business	5,994	8.2%	2,437	3.3%	(3,557)	-59.3%
Other revenues <sup>1/</sup>	2,551	3.5%	2,815	3.8%	264	10.3%
Total	73,388	100.0%	74,274	100.0%	886	1.2%

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

1. Insurance broker business

- Non-life insurance broker

Income from non-life insurance broker business was recorded at THB 42.46 million, representing 57.2% of total revenues and dropping by THB 6.24 million or 12.8% year-on-year caused mainly by the closure of three Covid-hit insurance companies, which led to a decrease in non-life insurance premiums for the renewal year. Such impact is anticipated to continue over Q3/2022. Such income drop was also ascribed to a decrease in number of telemarketing staff. The Company has adjusted the plan by increasing the number of newly recruited staff and increasing the average of sales volume to number of telemarketing staff.

- Life insurance broker

Income from life insurance broker business accounted for THB 1.59 million, representing 2.1 % of total revenues and dipping by THB 0.82 million or 33.9% year-on-year. This resulted chiefly from the cessation of sales of first-year life insurance since Q3/2019 due to a drop in yields on competitive products, and also from the Company's policy to concentrate mainly on sales of non-life insurance.

2. Lending business

- Investment in peer to peer lending platform

From the investment in the peer to peer lending business through Daingern.com platform, ASN Group generated interest income of THB 1.15 million, representing 1.5% of total revenues and plunging by THB 2.74 million or 70.5% year-on-year due to the Company having ceased its investment in the Daingern.com platform service since August 2019. After the issuance of the Bank of Thailand's Notification Re: Determination of Rules, Procedures, and Conditions for Electronic System or Network

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for Operation of the Peer-to-Peer Lending Business, the Company has since been unable to make the investment through Daingern.com platform.

- Personal loan

ASN Group provides personal loan under supervision with vehicle registration as collateral in the name of "ASN Finance." It recorded interest income of THB 23.83 million, representing 32.1% of total revenues and jumping by THB 13.98 million or 141.9% year-on-year. As at June 30, 2022, NPLs stood at 1.78% with the total outstanding loan of THB 437.14 million and available loan amount of THB 310.91 million. The value of growth in such loan is illustrated in Figure 1: Growth in ASN Finance Business.

3. Peer to peer lending platform service business

ASN Group provides the peer to peer lending platform service through Daingern Dotcom Co., Ltd. on Daingern.com platform to act as an intermediary for electronic lending with vehicle registration placed as collateral. Revenues from this service were THB 2.44 million, representing 3.3% of total revenues and shrinking by THB 3.56 million or 59.3% year-on-year, which resulted from the Company having ceased the P2P service on Daingern.com platform since January 27, 2020 to prepare for participation in testing of the electronic system or network service provision in the Bank of Thailand's regulatory sandbox. The Company was accepted to join in experimenting the electronic system or network service provision for peer to peer lending business on February 11, 2022, and began to provide such service under the regulatory sandbox on March 1, 2022, thus not yet being widely recognized. The Company is currently adjusting its PR plan so as to broaden its customer reach.

After being accepted by the Bank of Thailand to participate in the regulatory sandbox, the Company's service could be divided into two parts as follows:

- The P2P service formerly provided on Daingern.com platform has ceased operation since January 27, 2020, with lenders' remaining loan amount of THB 81.41 million and NPLs of 0.97%.
- The P2P service on Daingern.com platform has been newly launched in the regulatory sandbox since March 1, 2022. As of June 30, 2022, the lender-borrower matching service provided on this platform amounted to THB 12.20 million, with zero NPL.

- Other revenues

Other revenues totaled THB 2.82 million, representing 3.8% of total revenues and rising by THB 0.26 million or 1.2% year-on-year, which was chiefly attributed to recovered bad debts and subsidy from Social Security Office.

Cost and expenses of services amounted to THB 31.13 million, rising by THB 0.85 million or 2.8% year-on-year which resulted mainly from employee-related expenses to prepare for the platform service provision.

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Therefore, the Company posted a gross profit of THB 40.33 million with a gross profit margin of 56.4%.

Administrative expenses totaled THB 36.28 million, which rose by THB 5.13 million or 16.5% year-on-year due to employee-related expenses and an increase in bad debt write-off.

Finance cost amounted to THB 6.18 million, rocketing by THB 5.66 million or 1,085.8% year-on-year resulting chiefly from interest expenses on borrowing from connected persons of THB 5.89 million and a decrease of THB 0.24 million in interest expenses under lease agreements from recognition of the item in accordance with TAS16 Property, Plant and Equipment.

Reversal of expected credit losses accounted for THB 4.13 million, decreasing by THB 5.92 million year-on-year. This consisted of a decrease in allowance for doubtful accounts from the personal loan business of THB 6.56 million, an increase in loans receivable in the platform business of THB 0.43 million, and an increase in allowance set aside for the non-life insurance business of THB 0.21 million, which was calculated in line with TFRS9 Financial Instruments.

ASN Group reported a net profit of THB 4.10 million with a net profit margin of 5.5%, falling by THB 3.61 million or 46.8% year-on-year.

- Analysis of the statement of financial position

	Dec 31, 2021		Jun 30, 2022		Increase	
	THB 000's	%	THB 000's	%	THB 000's	%
Total assets	597,652	100.00%	562,812	100.00%	-34,840	-5.83%
Total liabilities	290,976	48.69%	267,034	47.45%	-23,942	-8.23%
Shareholders' equity	306,676	51.31%	295,778	52.55%	-10,898	-3.55%

**Assets:** ASN Group had total assets as at June 30, 2022 of THB 562.81 million, which diminished from 2021 by THB 34.84 million or 5.8%. This resulted mainly from a decrease in investment in peer to peer lending platform of THB 11.94 million, a decrease in cash and cash equivalents of THB 86.47 million, a decrease in accrued brokerage income and other receivables of THB 9.39 million, but with an increase in loans receivable from personal loans under supervision of THB 74.95 million.

**Liabilities:** ASN Group had total liabilities as at June 30, 2022 of THB 267.03 million, dropping from 2021 by THB 23.94 million or 8.2%. This was ascribed to a decrease in insurance premium payables and other payables of THB 15.24 million and a decrease in lease liabilities in accordance with TAS16 Property, Plant and Equipment of THB 8.45 million resulting from the reduction of rented office building space.

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Shareholders' equity: ASN Group had total shareholders' equity as at June 30, 2022 of THB 295.78 million, decreasing by THB 10.90 million or 3.55% due to the dividend payment made by the Company on April 26, 2022 in the amount of THB 15 million and the net profit earned in 2022 of THB 4.10 million.

Please be informed accordingly.

Yours sincerely,

- *Thawatchai Lertrungruang* -

Mr. Thawatchai Lertrungruang  
Chief Executive Officer

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