



No. ASN.0013/2023

February 22, 2023

Subject Management's discussion and analysis on consolidated financial statements for the year ended December 31, 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 year ended December 31, 2022, as follows:

- Summary of operating results for the year ended December 31, 2022

	2021		2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total revenues	149,751	100.0%	151,974	100.0%	2,223	1.5%
Operating income	143,555	95.9%	146,696	96.5%	3,141	2.2%
Less: Cost and expenses of services	59,787	39.9%	60,690	39.9%	903	1.5%
Gross profit	83,768	58.4%	86,006	58.6%	2,238	2.7%
Other revenues ^{1/}	6,196	4.1%	5,278	3.5%	(918)	-14.8%
Less: Administrative expenses	61,093	40.8%	75,810	49.9%	14,717	24.1%
Profit from operating activities	28,871	19.3%	15,474	10.2%	(13,397)	-46.4%
Less: Finance cost	3,230	2.2%	12,288	8.1%	9,058	280.4%
Credit loss/allowance for doubtful accounts	5,159	3.4%	(3,498)	-2.3%	(8,657)	-167.8%
Less: Income tax expenses	4,202	2.8%	1,515	1.0%	(2,687)	-63.9%
Net profit	16,280	10.9%	5,169	3.4%	(11,111)	-68.2%

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

ASN Group recorded total revenues of THB 151.97 million for the year ended December 31, 2022, growing by THB 2.22 million or 1.5% year-on-year. The operating results, classified by core business lines, are as follows:

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	2021		2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
1. Insurance broker business						
- Non-life insurance broker	95,085	63.5%	82,181	54.1%	(12,904)	-13.6%
- Life insurance broker	4,297	2.9%	2,785	1.8%	(1,512)	-35.2%
2. Lending business						
- Investment in peer to peer lending platform	5,839	3.9%	1,630	1.1%	(4,209)	-72.1%
- Personal loan	28,526	19.0%	55,260	36.4%	26,734	93.7%
3. Peer to peer lending platform service business	9,808	6.5%	4,840	3.2%	(4,968)	-50.7%
Other revenues ^{1/}	6,196	4.1%	5,278	3.5%	(918)	-14.8%
Total	149,751	100.0%	151,974	100.0%	2,223	1.5%

^{1/} 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 82.18 million, dropping by THB 12.90 million or 13.6% year-on-year mainly due to the closure of three Covid-hit insurance companies, which led to a fall in renewal-year premiums until Q3/2022, along with a decrease in number of telemarketing staffs. The Company is currently planning on additional staff recruitment target and telemarketing skill enhancement in order to boost the average sales per number of staffs.

- Life insurance broker

Income from life insurance broker business accounted for THB 2.79 million, plummeting by THB 1.51 million or 35.2% 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 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 1.63 million, plunging by THB 4.21 million or 72.1% 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 No. SorNorSor.14/2020 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

From the operation of the personal loan under supervision and car registration loan business in the name "ASN Finance," ASN Group recorded interest income of THB 55.26 million, a surge of THB 26.73 million or 93.7% year-on-year. As at December 31, 2022, NPL stood at 0.95% and outstanding loan was THB 580.87 million with available loan amount of THB 363.92 million. Growth in this business is illustrated in Figure 1: Growth in ASN Finance Business.

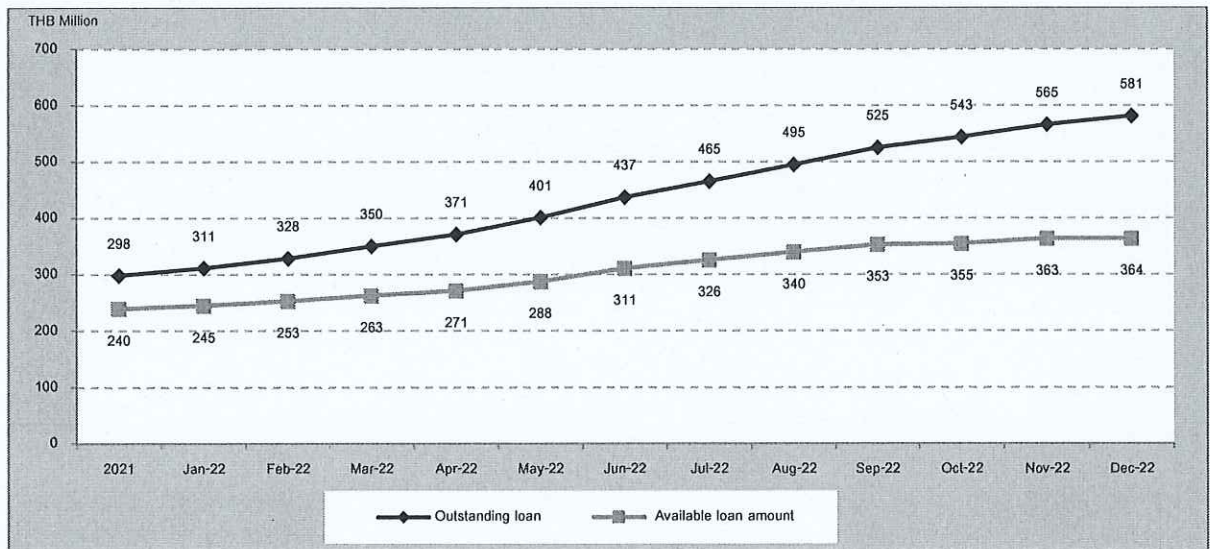


Figure 1: Growth in ASN Finance Business

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 to serve as an intermediary in providing car registration loans online. Revenues from this service were THB 4.84 million, shrinking by THB 4.97 million or 50.7% 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 under the regulatory sandbox on February 11, 2022, and commenced such service on March 1, 2022.

The peer to peer lending platform service performance before and during testing in the regulatory sandbox is as shown in the below table:

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	Before Testing in Regulatory Sandbox *	Testing in Regulatory Sandbox **
Outstanding loan provided	727.2	46.10
Available loan amount	36.13	41.50
NPL	1.51%	0.00%

* Earlier service being ceased on January 27, 2020 before participating in the regulatory sandbox.

** Service testing in the regulatory sandbox from March 1, 2022 to present.

- Other revenues

Other revenues totaled THB 5.28 million, declining by THB 0.92 million or 14.8% year-on-year, which was chiefly attributed to a decrease in income from policy cancellation fees.

Cost and expenses of services amounted to THB 60.69 million, rising by THB 0.90 million or 1.5% year-on-year which resulted mainly from employee-related expenses and property security guard fees to prepare for the platform service provision.

Therefore, the Company posted a gross profit of THB 86.01 million with a gross profit margin of 58.6%.

Administrative expenses totaled THB 75.81 million, which mounted by THB 14.72 million or 24.1% year-on-year due to employee-related expenses, bad debt write-off of the personal loan business, and costs of the peer to peer lending platform service.

Finance cost amounted to THB 12.29 million, rocketing by THB 9.06 million or 280.4% year-on-year resulting chiefly from interest expenses on borrowing from connected persons of THB 9.63 million and a decrease of THB 0.58 million in interest expenses under lease agreements from recognition of the item in accordance with TAS16 Property, Plant and Equipment.

Expected credit losses accounted for THB 3.50 million, falling by THB 8.66 million from 2021. This was ascribed to a decrease in allowance for doubtful accounts from the personal loan business of THB 9.63 million, a decrease in allowance set aside for the non-life insurance business of THB 0.06 million, and an increase in loans receivable in the platform business of THB 1.34 million, which was calculated in line with TFRS9 Financial Instruments.

ASN Group reported a net profit of THB 5.17 million with a net profit margin of 3.4%, plunging by THB 11.11 million or 68.2% year-on-year.

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- Analysis of the statement of financial position

	As at Dec 31, 2021		As at Dec 31, 2022		Increase (Decrease)	
	THB 000's	%	THB 000's	%	THB 000's	%
Total assets	597,652	100.00%	568,821	100.00%	-28,831	-4.82%
Total liabilities	290,976	48.69%	271,971	47.81%	-19,005	-6.53%
Shareholders' equity	306,676	51.31%	269,850	52.19%	-9,826	-3.20%

Assets: The Company and subsidiaries had total assets as at December 31, 2022 of THB 568.82 million, which diminished from 2021 by THB 28.83 million or 4.8%. This resulted mainly from a decrease in cash and cash equivalents of THB 129.10 million, a decrease in investment in peer to peer lending platform of THB 18.07 million, a decrease in accrued brokerage income and other receivables of THB 6.7 million, but with an increase in loans receivable from personal loans under supervision of THB 128.64 million.

Liabilities: The Company and subsidiaries had total liabilities as at December 31, 2022 of THB 271.97 million, dropping from 2021 by THB 19.01 million or 6.5%. This stemmed from a decrease in insurance premium payables and other payables of THB 9.94 million and a decrease in lease liabilities under TAS16 Property, Plant and Equipment of THB 9.74 million resulting from the reduction of rented office space.

Shareholders' equity: The Company and subsidiaries had total shareholders' equity as at December 31, 2022 of THB 296.85 million, decreasing by THB 9.83 million or 3.2% due to the net profit earned in 2022 of THB 5.17 million and the dividend payment, as approved by the shareholders' meeting on April 26, 2022, at a rate of THB 0.08 per share, amounting to THB 15.00 million.

Please be informed accordingly.

Yours sincerely,

- Phatcharin Thammanga -

Miss. Phatcharin Thammanga
Chief Accounting and Financial officer

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