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Date 28 February 2023

Subject: Discussion and Analysis of the Company's Performance for the 2022 Financial Statements

To: President
The Stock Exchange of Thailand

Chase Asia Public Company Limited ("**Company**") would like to submit the 2022 financial statements for the year ended 31 December 2022 which were audited by certified public accountants to the Stock Exchange of Thailand.

For the Company's performance for the 2022 financial statements, it had a net profit of Baht 144.09 million. In this connection, the Company would like to explain the reasons for its performance in 2022, details which appear as attached.

**Management Discussion and Analysis of
the Company's Performance for the Year 2022****1. Situation and factors affecting the amount of non-performing debt in the industry**

The outstanding loans of all types of commercial banks in 2022¹, have continuously increased. Total outstanding loans of Baht 17.29 trillion which is 2.73% increasing from prior year. While commercial banks have amount of non-performing loans ("**NPL**") of Baht 0.50 trillion which is 5.94% decreasing from prior year. The portion of non-performing loans to commercial bank loans is 2.89%, which is lower than 2.97% in the prior year. As the aforementioned data, the amount of non-performing loans has decreased according to the country's economic situation. In 2022, the amount of non-performing loans from commercial banks in Thailand was the highest in 18 years since 2004 which were affected from the country's economic slowdown and the COVID-19 pandemic, impacting on all business sectors, especially the export and tourism sectors which are the main industries of Thailand. The amount of non-performing loans indicates that there are opportunities for asset management companies to acquire non-performing assets which are increasing every year.

¹ Source: Bank of Thailand

2. Business Performance Analysis

Chase Asia Public Company Limited and subsidiaries (“the Group”) operate two main businesses as follows:

1. Debt Collection business, the Group provides comprehensive collection service including litigation service to the employers, the Group’s service fee will be based on the agreed rates with the employers which are the percentage to total collected amounts. The rate is subject to level of complexity in debt collection.

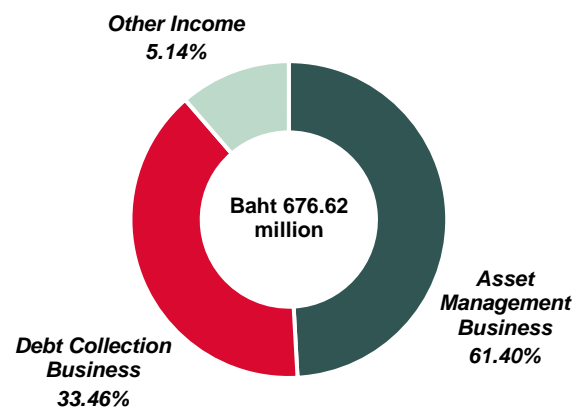
2. Asset Management business, the Group manages the non-performing assets for both secured and unsecured portfolio transferred from financial and non-financial institutions. The Group will perform debt collection to get the debt repayment.

Unit : Million Baht	2021		2022		Change	
	Amount	Percent	Amount	Percent	Amount	(y-y)
Total revenue	733.49	100.00	676.62	100.00	(56.87)	(7.75)
Asset Management Business	375.26	51.16	415.38	61.40	40.12	10.69
Debt Collection Business	276.27	37.67	226.43	33.46	(49.84)	(18.04)
Other income	81.96	11.17	34.81	5.14	(47.15)	(57.53)
Cost of service and professional fee	(238.2)	(32.48)	(226.99)	(33.55)	11.24	(4.72)
Gross profit	495.26	67.52	449.63	66.45	(45.63)	(9.21)
Administrative expenses	(95.72)	(13.05)	(102.94)	(15.21)	(7.22)	7.54
Profit from operation	399.54	54.47	346.69	51.24	(52.85)	(13.23)
Expected credit loss	(50.13)	(6.83)	(148.04)	(21.88)	(97.91)	195.31
Finance costs	(10.72)	(1.46)	(19.91)	(2.94)	(9.19)	85.73
Income tax expense	(67.81)	(9.24)	(34.65)	(5.12)	33.16	(48.90)
Net profit (loss)	270.88	36.93	144.09	21.30	(126.79)	(46.81)

Revenue

Total revenue of the year 2022 were at Baht 676.62 million which decreased by 7.75% from prior year Baht 733.49 million, causing from debt collection business which were impacted from the debt moratorium measure of the Bank of Thailand.

Revenue structure



Asset management business

NPL values as of 2022 were Baht 23,202 million or 5.04% increasing from prior year which came from the acquisition of non-performing loans of Baht 525.15 million, while cash flow received from NPLs were Baht 393.10 million or 56.66% increasing from prior year.

Particulars	2021 (Mil Baht)	2022 (Mil Baht)	Change (%)
Rights to claim based on NPL value (as at year-end)	22,088	23,202	5.04
Cash flow received from debtors (for the year-end period)	250.92	393.10	56.66

In 2022, main revenue of asset management business is interest income from loans to NPLs amounting to Baht 415.38 million or 10.69% increasing from prior year which derived from additional NPLs acquired during the year.

Debt collection business

For 2022, the amount of loan that the Group provided debt collection service is Baht 15,390.06 million which is 20.22% decreasing from prior year. The Group was able to collect at Baht 846.33 million or 11.79% decreasing from prior year. The decrement caused from the debt moratorium measure of the Bank of Thailand (BOT). Commission rate is still significantly higher than industry. The average commission rate is 21.5% which slightly decreased from 2021, at 22.4%. However, commission rate is based on the agreed rate with the employer which is subject to the level of complexity in debt collection.

Particulars	2021	2022	Change (%)
Amount of loan that the Group provided debt collection service (as at year-end) (Million Baht)	19,290.17	15,390.06	(20.22)
Amount of loan that the Group was able to collect (for the year-end period) (Million Baht)	959.46	846.33	(11.79)
Average commission rate (%)	22.4	21.5	(3.99)
Success rate (%)	5.11	4.88	(4.40)

Revenue from debt collection business is service revenue which employers paid for the debts collection and professional fee arising from litigation service. In 2022, the revenues were Baht 226.43 million or 18.04% decreasing from prior year, due to an economic slowdown because of the COVID-19 pandemic, besides debt moratorium measure of the Bank of Thailand, resulting suspended debt collection from employer's policy.

However, the Group expected that the success rate will be increased after the end of the measure and recovery of economic situation, resulting in better debt collection. Moreover, the Group has planned to engage new customers which are non-bank and/or in other industries to expand debt collection business.

Cost of service and professional fee

In 2022, the cost of service and professional fee were Baht 226.99 million or 4.72% decreasing from prior year, which were related to the decrease in the service revenue from debt collection.

Administrative expenses

In 2022, the administrative expenses were Baht 102.94 million or 7.54% increasing from prior year, from expanding the management team to support the business development. The portion of administrative expense to total revenue in 2022 is 15.21% increasing from the rate 13.05% in prior year. However, the portion of administrative expense to total revenue in the future will be tentatively decreased from the economy of scale.

Expected credit loss (ECL)

The Group recognised expected credit loss from loans to non-performing loans which aligned with increasing of loans in the period.

In 2022, the expected credit loss were Baht 148.04 million or 195.31% increasing from prior year. The main reason is the delay in collection of a NPL portfolio acquired in 2021. However, the recovery rate is expected to be recovered and the expected credit loss will be reversed normally in 2023.

Finance costs

In 2022, the finance costs were Baht 19.91 million or 85.73% increasing from prior year due to a commercial loan drawdown from financial institutions in the 1st quarter of 2022.

Net profit

In 2022, the net profit was Baht 144.09 million or 46.81% decreasing from prior year, causing from temporarily increasing of expected credit loss which is expected to be decreased to the normal situation in 2023. The net profit decrement resulted in the decrease of the net profit margin of 21.30% in 2022 compared to 36.93% in prior year.

3. Financial position

Unit : Million Baht	2021		2022		Change	
	Amount	Percent	Amount	Percent	Amount	(y-y)
Total assets	2,506.00	100.00	2,931.37	100.00	425.37	16.97
Loans to non-performing assets, net	1,415.34	56.48	1,780.76	60.75	365.42	25.82
Loans to customers, net	345.78	13.80	351.85	12.00	6.07	1.76
Property, plant and equipment, net	329.98	13.17	408.36	13.93	78.38	23.75
Other assets	414.90	16.55	390.40	13.32	(24.50)	(5.91)
Total liabilities	588.40	23.48	871.63	29.73	283.23	48.14
Short-term borrowings from financial institutions	59.42	2.37	461.95	15.76	402.53	677.43
Current portion of long-term borrowings from financial institutions	121.22	4.84	109.72	3.74	(11.50)	(9.49)
Long-term borrowings from financial institutions	228.02	9.10	172.30	5.88	(55.72)	(24.44)
Other liabilities	179.74	7.17	127.66	4.35	(52.08)	(28.98)
Total shareholder's equity	1,917.60	76.52	2,059.74	70.27	142.14	7.41

Total assets

As at 31 December 2022, the Group had total assets of Baht 2,931.37 million which increased from last year around Baht 2,506.00 million or 16.97% increasing as the following reasons:

- The increment of loan to non-performing assets - net around Baht 365.42 million.
- The increment of loan to customers - net around Baht 6.07 million.
- The increment of property, plant, and equipment - net around Baht 78.38 million from the construction of new office.

Total liabilities

As at 31 December 2022, the Group had total liabilities of Baht 871.63 million which increased from last year around Baht 588.40 million or 48.14% increasing as the following reasons: -

- The increment of short-term borrowings (Bridging Loan) from financial institutions around Baht 402.53 million by purchasing loans to non-performing assets.
- The decrement of long-term borrowings from financial institutions around Baht 67.22 million which were used in the business operations.

Total shareholder's equity

As at 31 December 2022, the Group had total shareholder's equity of Baht 2,059.74 million which increased from last year around Baht 1,917.60 million or 7.41% increasing. The reasons for increment mainly arose from unappropriated retained earnings for the year ended 31 December 2022.

Debt to Equity ratio

As at 31 December 2022, the Debt-to-Equity ratio of the Group was at 0.42.

4. Perspectives on performance or financial position in the future and strategies for the year 2023

This year, economic outlook is brightened, growing of non-performing loans is leading to the Group's opportunity to continuously expand both debt collection service and asset management businesses. With the employees' expertise and funding available after the capital increase and listing on the Stock Exchange of Thailand, there are significant business growth strategies for the year 2023 as follows:

1. To expand the asset management business by acquisition non-performing loans at least Baht 1,000 million per year focusing on the value of investment which will derive the profit margin.
2. To improve efficiency in debt collection by implementing automated system to increase efficiency of employee by reducing of time, costs, and minimized mistakes. Also, developing tools, such as online applications, to connect with customers in order to improve the client's communication with the company.
3. To develop debt collectors' skills to be expertise collectors able to support business growth.
4. To build and maintain an excellent relationship with financial institutions ensuring the company has access to business opportunities in acquiring non-performing loans and to expand the customer base of debt collection business.

Please be informed accordingly,

Respectfully yours,

Ms. Waraluck Chaisuwan
Chief Financial Officer