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11 August 2023

Subject: Management Discussion and Analysis of the Company's Performance for the Quarter 2/2023

To: President
The Stock Exchange of Thailand

Chase Asia Public Company Limited ("**Company**") would like to submit the quarter 2/2023 financial statements for the six-month period ended June 30, 2023, which were reviewed by certified public accountants to the Stock Exchange of Thailand.

For the Company's performance for the quarter 2/2023 financial statements, it had a net profit of Baht 43.67 million. In this connection, the Company would like to explain the reasons for its performance in the quarter 2/2023, details which appear as attached.

Management Discussion and Analysis of the Company's Performance for the quarter 2/2023

1. Business Performance Analysis

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

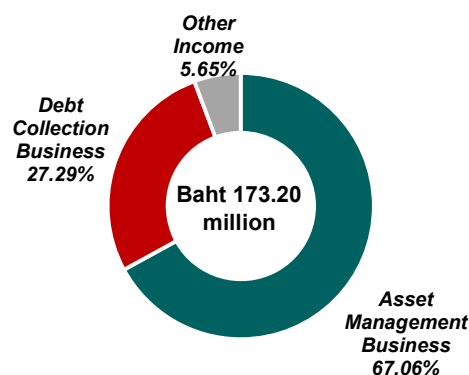
1. For the asset management business, the Group manages non-performing assets from both secured and unsecured portfolio transferred from financial and non-financial institutions. The Group performs debt collection to ensure debt repayment.
2. For the debt collection service business, the Group offers a 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 the level of complexity in debt collection.

Unit : Million Baht	3 months period		Change		6 months period		Change	
	30 Jun 22	30 Jun 23	Amount	Percent	30 Jun 22	30 Jun 23	Amount	Percent
Total revenue	161.93	173.20	11.27	6.96	361.41	318.74	(42.67)	(11.81)
Asset Management Business	99.21	116.15	16.94	17.07	211.55	209.48	(2.07)	(0.98)
Debt Collection Business	56.14	47.26	(8.88)	(15.82)	125.18	95.96	(29.22)	(23.34)
Other income	6.58	9.79	3.21	48.78	24.68	13.30	(11.38)	(46.11)
Cost of service and professional fee	(56.69)	(60.93)	(4.24)	7.48	(107.93)	(127.93)	(20.00)	18.53
Gross profit	105.24	112.27	7.03	6.68	253.48	190.81	(62.67)	(24.72)
Administrative expenses	(24.20)	(28.60)	(4.40)	18.18	(47.82)	(61.04)	(13.22)	27.65
Profit from operation	81.04	83.67	2.63	3.25	205.66	129.77	(75.89)	(36.90)
Expected credit loss	(45.96)	(27.79)	18.17	(39.53)	(72.58)	(49.59)	22.99	(31.68)
Finance costs	(2.91)	(2.42)	0.49	(16.84)	(6.26)	(9.13)	(2.87)	45.85
Income tax expense	(6.58)	(9.79)	(3.21)	48.78	(24.27)	(15.14)	9.13	(37.62)
Net profit (loss)	25.59	43.67	18.08	70.65	102.55	55.91	(46.64)	(45.48)

Revenue

Total revenue of the quarter 2/2023 was Baht 173.20 million, which increased by 6.96% compared to the same period last year, where it was Baht 161.93 million. This growth was primarily driven by the asset management business, thanks to its collection efficiency. For the six-month period of 2023, the Group's total revenue was Baht 318.74 million, a decrease of 11.81% from last year's Baht 361.41 million. Details of each business are described as follows:

Revenue structure



Asset management business

The Non-Performing Loans (NPLs) values as of June 30, 2023, amounted to Baht 27,522 million or 15.32%, representing an increase from the end of last year. In the quarter 2/2023, the Group acquired non-performing loans worth Baht 227.95 million, while cash flow received from NPLs was Baht 123.08 million, an increase of 28.73% compared to the same period last year. For the six-month period of 2023, the Group acquired non-performing loans worth Baht 366.72 million, while cash collected from NPLs reached Baht 222.61 million, representing 8.13% and reflecting an increase from the same period last year.

Particulars	31 Dec 22 (Mil Baht)	30 Jun 23 (Mil Baht)	Change (%)
Rights to claim based on NPLs value (as at period-end)	23,866	27,522	15.32

Particulars	For 3 months period ended 30 June			For 6 months period ended 30 June		
	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)
Cash flow received from debtors (for the period)	95.61	123.08	28.73	205.87	222.61	8.13

In the quarter 2/2023, the main revenue of asset management business was interest income from loans to NPLs, amounting to Baht 116.15 million or 17.07% increase from the same period of last year. This growth was mainly attributed to the efficient ability to collect cash, as well as the acquisition of a portfolio of unsecured non-performing debts, which continued to increase throughout the year 2022. For the six-month period of 2023, interest income from loans to NPLs, amounting to Baht 209.48 million, a slight decrease of 0.98% compared to the same period last year. However, during the six-month period of 2022, there was a one-off transaction from the repayment by corporate customers, which led to the recognition of interest income amounting to Baht 34.54 million. Excluding this item, interest income from loans to NPLs shows a growth of 18.34% compared to the same period last year.

Debt collection business

In the quarter 2/2023, the amount of loan that the Company provided debt collection service is Baht 14,280.83 million, representing a 13.69% decrease from the same period last year. During this quarter, the Company successfully collected Baht 165.11 million, showing a 23.48% decrease from the same period last year. For the six-month period of 2023, the Company's cash collection amounted to Baht 341.34 million, representing a decrease of 28.87% compared to the same period last year. This decrement was caused by the reduced number of assignments from financial institutions, in accordance with the change in assignment policy since the end of 2022. Despite the decrease in collections, the commission rate remains significantly higher than the industry. The average commission rate is 25.16% which increased from last year at 20.57%. However, commission rate is based on the agreed rate with the employer which is subject to the level of complexity in debt collection.

Particulars	30 Jun 22 (Mil Baht)	30 Jun 23 (Mil Baht)	Change (%)
Amount of loan that the Company provided debt collection service (as at period-end) (Million Baht)	16,545.38	14,280.83	(13.69)
Average commission rate (%)	20.57	25.16	22.35
Success rate (%)	5.36	4.60	(14.09)

Particulars	For 3 months period ended 30 June			For 6 months period ended 30 June		
	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)
Amount of loan that the Company was able to collect (for the period) (Million Baht)	215.76	165.11	(23.48)	479.85	341.34	(28.87)

Revenue from debt collection business is service revenue which employers paid for the debts collection and professional fee arising from litigation service. In the quarter 2/2023, the revenues were Baht 47.26 million, a decrease of 15.82% from the same period last year. For the six-month period of 2023, the revenues were Baht 95.96 million, a decrease of 23.34% from the same period last year. This decline was primarily due to the decrease in the number of assignments from financial institutions following changes in their assignment policy, which leans towards selling more non-performing assets.

However, the Company's plan to expand the debt collection business involves engaging new customers from non-bank and other industries. It also highlights the implementation of an Auto Dialer to improve the efficiency of debt collection services.

Cost of service and professional fee

In the quarter 2/2023, the cost of service and professional fee amounted to Baht 60.93 million, representing a 7.48% increase from the same period last year. For the six-month period of 2023, the cost of service and professional fees totaled Baht 127.93 million, an increase of 18.53% from the same period last year. This rise was mainly attributed to the increased costs related to litigation and personnel expenses.

Administrative expenses

In the quarter 2/2023, the administrative expenses amounted to Baht 28.60 million or 18.18% increase from the same period last year, from expanding the management team in line with the continued growth of the non-performing asset management business. As a result, the portion of administrative expenses to total revenue in the quarter 2/2023 rose to 16.51%, compared to the rate of 14.94% recorded during the same period last year. For the six-month period of 2023, the administrative expenses totaled Baht 61.04 million or 27.65% increase from the same period last year. This rise was mainly from public relation and consultant fee related to an initial public offering (IPO) in the quarter 1/2023 as well as the expansion of the management team to support business growth. The portion of administrative expenses to total revenue for the six-month period of 2023 rose to 19.15%, compared to the rate of 13.23% of last year. However, the portion of administrative expense to total revenue in the future will tentatively decrease from the economies of scale.

Expected credit loss (ECL)

In the quarter 2/2023, the expected credit loss was Baht 27.79 million or 39.53% decrease from the same period last year. For the six-month period of 2023, the expected credit loss was Baht 49.59 million or 31.68% decrease from the same period last year, primarily due to improvements in cash collection.

Finance costs

In the quarter 2/2023, the finance costs were Baht 2.42 million or 16.84% decrease from the same period last year, primarily due to the partial repayment of loans. For the six-month period of 2023, the finance costs were Baht 9.13 million or 45.85% increase from the same period last year due to increasing of interest rate announced by the financial institutions and additional borrowing for purchasing loans to non-performing assets.

Net profit

In the quarter 2/2023, the net profit was Baht 43.67 million or 70.65% increase from the same period last year. This growth was contributed by the asset management business through improved cash collection in line with economic recovery. Additionally, the Group continued its acquisition of a portfolio of unsecured non-performing loans and experienced a decrease in expected credit loss. As a result, the net profit margin (NPM) improved to 25.21% in the quarter 2/2023 from 15.80% in the quarter 2/2022.

For the six-month period of 2023, the net profit was Baht 55.91 million or 45.48% decrease from the same period last year, causing from an increase of litigation cost, public relation consultant fee from initial public offering (IPO) and the expansion of management team. As a result, the net profit margin

(NPM) for the six-month period of 2023 decreased to 17.54% compared to 28.37% from the same period last year.

2. Financial position

Unit : Million Baht	31 Dec 22		30 Jun 23		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Total assets	2,931.37	100.00	3,720.57	100.00	789.20	26.92
Cash and cash equivalents	115.21	3.93	590.83	15.88	475.62	412.83
Loans to non-performing assets, net	1,780.76	60.75	2,068.89	55.61	288.13	16.18
Loans to customers, net	351.85	12.00	336.23	9.04	(15.62)	(4.44)
Property, plant and equipment, net	408.36	13.93	437.50	11.76	29.14	7.14
Other assets	275.19	9.39	287.12	7.72	11.93	4.34
Total liabilities	871.63	29.73	417.98	11.23	(453.65)	(52.05)
Payables from financial institution	46.72	1.59	118.31	3.18	71.59	153.23
Short-term borrowings from financial institutions	461.95	15.76	-	-	(461.95)	(100.00)
Current portion of long-term borrowings from financial institutions	109.72	3.74	114.30	3.07	4.58	4.17
Long-term borrowings from financial institutions	172.30	5.88	119.37	3.21	(52.93)	(30.72)
Other liabilities	80.94	2.76	66.00	1.76	(14.94)	(18.46)
Total shareholder's equity	2,059.74	70.27	3,302.59	88.77	1,242.85	60.34

Total assets

As of June 30, 2023, the Group had total assets of Baht 3,720.57 million, which increased by Baht 789.20 million or 26.92% from the end of last year. The increase can be attributed to the following reasons:

- The increment of cash and cash equivalents around Baht 475.62 million from an initial public offering (IPO).
- The increment of loans to non-performing assets, net around Baht 288.13 million.
- The decrement of loans to customers, net around Baht 15.62 million.
- The increment of property, plant, and equipment, net around Baht 29.14 million from the construction of new office.

Total liabilities

As of June 30, 2023, the Group had total liabilities of Baht 417.98 million, which decreased by Baht 453.65 million or 52.05% from the end of last year as the following reasons:

- The increment of payable from financial institutions around Baht 71.59 million by purchasing loans to non-performing assets.
- The decrement of short-term borrowings (Bridging Loan) from financial institutions around Baht 461.95 million by repayment of loans.
- The decrement of long-term borrowings from financial institutions around Baht 52.93 million due to the partial repayment of loans.

Total shareholder's equity

As of June 30, 2023, the Group had total shareholder's equity of Baht 3,302.59 million, which increased by Baht 1,242.85 million or 60.34% from the end of last year. The reasons for increment mainly arose from the proceeds from issuance of ordinary shares.

Debt to Equity ratio

As of June 30, 2023, the Debt-to-Equity ratio of the Group was at 0.13x decreased from 0.42x at the end of last year.

Outlook on Further Performance or Financial Position

- Estimated 2023 revenue is expected to grow by 6-8% from the previous year to reflect the operating results in the first half of the year challenges from high litigation costs and operation expenses in the quarter 1/2023, along with a decrease in debt collection revenue due to employer's assignment policy changes. Nevertheless, we anticipate our performance to continue improving in the second half of the year, driven by the growth of our asset management business.
- The second half of the year is a high season for our business, and the BOT relief measures will expire at the end of this year. This will lead to financial institutions accelerating the sale of non-performing assets, more than in the first half of the year.
- With a strong investment allocation for the acquisition of non-performing loans (NPLs), we are poised to achieve the investment target of Baht 1,000 million, in line with the high level of non-performing loans and the potential for further increases in supply.
- After strategically acquiring outstanding non-performing loans (NPLs) over the past 2 years, we anticipate a high rate of cash collection.
- The implementation of the Auto Dialer aims to enhance debt collection efficiency, reduce collection periods, and improve call success rates.
- The Company plan to expand the debt collection business by engaging new customers from non-bank and other industries.

Please be informed accordingly,

Respectfully yours,
Chase Asia Public Company Limited

Ms. Waraluck Chaisuwan
Chief Financial Officer