



No. ASN.0097/2023

November 8, 2023

Subject Management's discussion and analysis on consolidated financial statements for Q3/2023 period ended September 30, 2023

To President
The Stock Exchange of Thailand

ASN Broker Public Company Limited ("the Company" or "ASN") would like to inform you of our consolidated operating results for Q3/2023 period ended September 30, 2023, as follows:

- Operating results for Q3/2023 and the nine-month period ended September 30, 2023

Particulars	Q3/2022	Q3/2023	Change	9M/2022	9M/2023	Change
Brokerage income	14.13	13.30	-6%	45.70	42.11	-8%
Other service income	5.57	5.63	1%	20.48	18.21	-11%
Interest income	15.43	18.97	23%	40.40	53.54	33%
Total operating income	35.13	37.90	8%	106.58	113.86	7%
Less: Cost and expenses of services	14.88	15.30	3%	46.01	44.90	-2%
Gross profit	20.25	22.60	12%	60.57	68.96	14%
Other revenues ^{1/}	1.25	1.22	-2%	4.07	4.56	12%
Administrative expenses	19.45	19.78	2%	55.74	59.70	7%
Finance cost	3.06	3.11	2%	9.24	9.17	-1%
Expected credit losses (reversal)	(0.69)	3.06	543%	(4.83)	4.16	186%
Income tax expenses	(0.07)	0.63	1000%	0.64	2.66	316%
Net profit	(0.25)	(2.76)	1004%	3.85	(2.17)	-156%

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

Analysis of operating results

Revenues

ASN Group recorded total revenues of THB 118.42 million in the first nine months of 2023 ("9M/2023"), increasing by 7% from THB 110.65 million in the first nine months of 2022 ("9M/2022"). The revenues, classified by core business lines, are as follows:

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Particulars	Q3/2022	Q3/2023	Change	9M/2022	9M/2023	Change
1. Insurance broker business						
- Non-life insurance broker	17.96	17.23	-4%	60.41	55.62	-8%
- Life insurance broker	0.60	0.40	-33%	2.20	1.47	-33%
2. Lending business						
- Investment in peer to peer lending platform	0.23	0.01	-96%	1.36	0.10	-93%
- Personal loan	15.21	18.94	25%	39.04	53.43	37%
3. Peer to peer lending platform service business	1.13	1.31	16%	3.57	3.24	-9%
Other revenues ^{1/}	1.26	1.22	-3%	4.07	4.56	12%
Total	36.38	39.11	7%	110.65	118.42	7%

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

1. Insurance broker business

- Non-life insurance broker

ASN Group recorded income from non-life insurance broker business of THB 55.62 million in 9M/2023, dropping by 8% from THB 60.41 million in the same period of 2022 mainly due to a decrease in number of telemarketing staffs. The Company is currently planning on additional staff recruitment to meet the workforce target.

- Life insurance broker

Income from life insurance broker business in 9M/2023 accounted for THB 1.47 million, plummeting by 33% from THB 2.20 million in 9M/2022. 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.

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 0.10 million in 9M/2023, plunging by 93% from THB 1.36 million in 9M/2022 due primarily 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.

- Personal loan

ASN Group recorded interest income of THB 53.43 million in 9M/2023, a surge 37% from THB 39.04 million in 9M/2022 thanks to growth in the personal loan business as illustrated in Figure 1: Growth in

ASN Finance Business.

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As at September 30, 2023, the outstanding loan totaled THB 807.56 million and the available loan amount was THB 424.42 million, with NPL standing at 2.67%.

On May 8, 2023, the Company opened the first branch, Bang Yai Branch, which could achieve the established service target. Accordingly, we have opened the second branch, Lamlukka Khlong 4 Branch, in order to increase our service channels and enhance our brand awareness among customers.

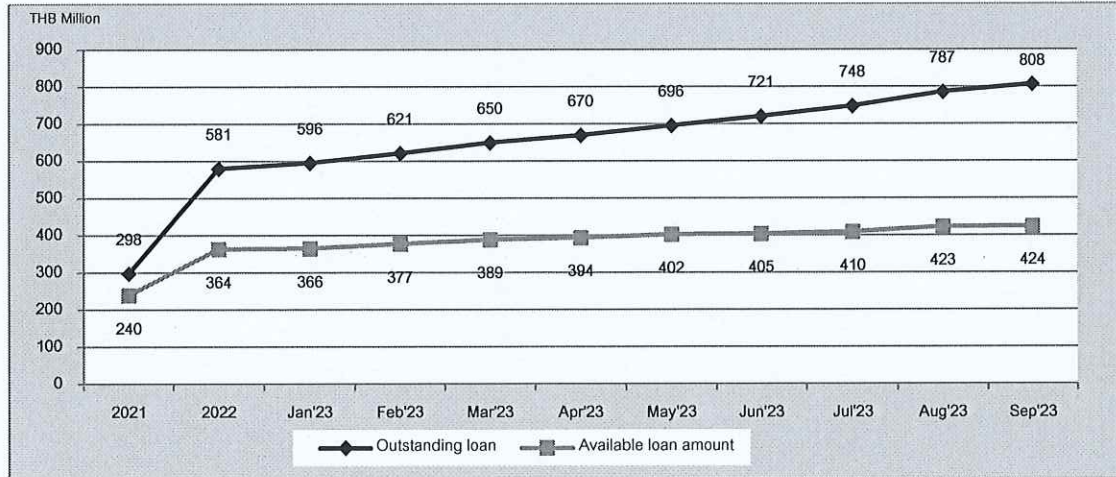


Figure 1: Growth in ASN Finance Business

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 3.24 million in 9M/2023, decreasing by 9% from THB 3.57 million in 9M/2022, which mainly resulted from the following factors:

- The Company has ceased the P2P service on Daingern.com platform since January 27, 2020 to gear up for participation in testing of the electronic system or network service provision in the Bank of Thailand's regulatory sandbox, thereby causing a decrease in service income in the amount of THB 1.93 million.
- The Company commenced the testing of such service provision in the regulatory sandbox on March 1, 2022, leading total service income to increase by THB 1.60 million.

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

	Before Testing in Regulatory Sandbox*	Testing in Regulatory Sandbox**
Outstanding loan provided	727.20	92.76
Available loan amount	3.55	71.94
NPL	5.18%	0.68%

* Earlier service was ceased on January 27, 2020 before participation in the regulatory sandbox.

** Service testing in the regulatory sandbox commenced on March 1, 2022.

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- Other revenues

Other revenues totaled THB 4.56 million in 9M/2023, rising by 12% from THB 4.07 million in 9M/2022, which was chiefly attributed to fee and service income from personal loan business and income from policy cancellation fees.

Cost and expenses

- Cost and expenses of services amounted to THB 44.90 million in 9M/2023, going down by 2% from THB 46.01 million in 9M/2022 which resulted mainly from a decrease in number of employees in the non-life insurance broker business.
- Administrative expenses totaled THB 59.70 million in 9M/2023, which rose by 7% from THB 55.74 million in 9M/2022 due to employee-related expenses and marketing expenses in the personal loan business and the peer to peer lending platform service.
- Finance cost amounted to THB 9.17 million in 9M/2023, a decrease of 0.8% from THB 9.24 million in 9M/2022 resulting chiefly from interest expenses under lease agreements from recognition of the item in accordance with TAS16 Property, Plant and Equipment.
- Expected credit losses accounted for THB 4.16 million in 9M/2023, jumping by 186% from reversal of ECL of THB 4.83 million in 9M/2022. This was ascribed partly to accounts receivable in the personal loan business and partly to adjustment to reversal of expected credit loss item in 2022.

Profit

- ASN group posted a gross profit of THB 68.96 million in 9M/2023, with a gross profit margin of 61%.
- Operating profit soared by 55% from THB 8.90 million in 9M/2022 to THB 13.82 million in 9M/2023 thanks to revenue growth and efficient management of cost and expenses of services and administrative expenses.
- The Group recognized a net loss of THB 2.17 million in 9M/2023, plummeting by 157% when compared with the THB 3.84 million net profit recorded in 9M/2022. This stemmed from expected credit losses due to adjustment to reversal of expected credit loss item in 2022 following the improvement of more suitable assumptions for calculation of such item.

Analysis of the statement of financial position

	As at Dec 31, 2022		As at Sep 30, 2023		Increase	
	THB 000's	%	THB 000's	%	THB 000's	%
Total assets	568.82	100%	546.49	100%	-22.33	-4%
Total liabilities	271.97	48%	256.82	47%	-15.15	-6%
Shareholders' equity	296.85	52%	289.68	53%	-7.17	-2%

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Assets: ASN Group recorded total assets as at September 30, 2023 of THB 546.49 million, which diminished from 2022 by THB 22.33 million or 4%. This resulted mainly from a decrease in cash and cash equivalents of THB 66.50 million, a decrease in investment in peer to peer lending platform of THB 3.45 million, and a decrease in accrued brokerage income and other receivables of THB 8.08 million, with an increase in loans receivable from personal loans under supervision of THB 2.11 million and an increase in receivables under hire purchase agreements of THB 57.14 million.

Liabilities: The Group recorded total liabilities as at September 30, 2023 of THB 256.82 million, dropping from 2022 by THB 15.15 million or 6%. This stemmed from a decrease in insurance premium payables and other payables of THB 13.39 million and a decrease in lease liabilities under TAS16 Property, Plant and Equipment of THB 2.42 million.

Shareholders' equity: The Group had total shareholders' equity as at September 30, 2023 of THB 289.68 million, decreasing by THB 7.17 million or 2% due to dividend payment made on April 25, 2023 in the amount of THB 5.0 million and a net loss recognized in 2023 of THB 2.18 million.

Please be informed accordingly.

Yours sincerely,

- Phatcharin Thammanga -

Ms. Phatcharin Thammanga
Chief Accounting and Finance Officer

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