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28 February 2024

Subject: Management Discussion and Analysis of the Company's Performance for the year 2023

To: President
The Stock Exchange of Thailand

Chase Asia Public Company Limited ("**Company**" or "**CHASE**") would like to submit the financial statements for the year ended 31 December 2023, which were reviewed by Certified Public Accountants to the Stock Exchange of Thailand.

The Company recorded a Net profit of THB 133.0 million. In this connection, the Company would like to explain the reasons for its performance in the year 2023, details which appear as attached.

Management Discussion and Analysis of the Company's Performance for the Year 2023

2023 EXECUTIVE SUMMARY

- Total revenue in FY2023 was THB 681.5mn, increased 0.72% YoY from THB 676.7mn mostly attributed to the growth in the Asset Management Business partly offset by a reduction in the Debt Collection Business.
- Profit from Operation was THB 309.7mn, lowered 10.7% YoY mainly from the increase of administrative expenses including depreciation expenses from the new building and employee-related expenses.
- Net Profit was THB 133.0mn, down 7.7% YoY from THB 144.1mn. The reduction is primarily due to the Debt Collection Business and higher administrative expenses.
- Total Assets as of 31 December 2023 stood at THB 3,875mn, marking a substantial 32.2% increase YoY from investments in Non-Performing Loans during the year.

2023 SIGNIFICANT EVENTS

- The Company successfully registered and commenced trading on the Stock Exchange of Thailand (SET) under the financial industry group with the abbreviation "CHASE" on 21 February 2023.
- CHASE received a 5-star rating (referred to as "Excellent CG Scoring") for its governance practices in the 2023 Corporate Governance Survey of Thai Listed Companies, notably after the first listed year. This evaluation was conducted by the Institute of Directors (IOD) Thailand, in collaboration with the Stock Exchange of Thailand. Additionally, the Company achieved a commendable 4-star rating in the Annual General Meeting Checklist for 2023, as assessed by the IOD.
- We reinforce our dedication to being a certified good governance company and demonstrate our commitment to combating corruption through the Thai Private Sector Collective Action.
- We accomplished an investment in Non-Performing Loans exceeding THB 1,000mn, marking the highest record in the Company's history.

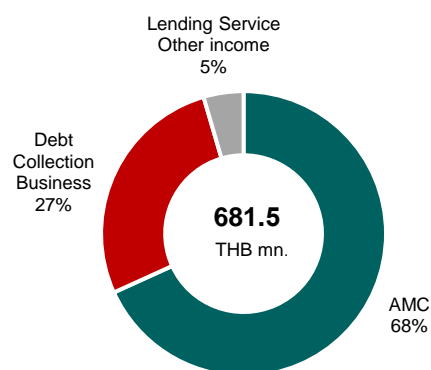
2023 PERFORMANCE

Unit: THB Million	2022		2023		Changes	
	Amount	%	Amount	%	Amount	%
Total revenue	676.6	100.0	681.5	100.0	4.9	0.7
Asset Management Business	415.4	61.4	464.9	68.2	49.5	11.9
Debt Collection Business	226.4	33.5	185.7	27.2	(40.8)	(18.0)
Other income	34.8	5.1	30.9	4.5	(3.9)	(11.2)
Cost of service and professional fee	(227.0)	(33.6)	(241.8)	(35.5)	14.8	6.5
Gross profit	449.6	66.5	439.7	64.5	(9.9)	(2.2)
Administrative expenses	(102.9)	(15.2)	(130.0)	(19.1)	27.1	26.3
Profit from operation	346.7	51.2	309.7	45.4	(37.0)	(10.7)
Expected credit loss	(148.0)	(21.9)	(125.8)	(18.5)	(22.2)	(15.0)
Finance costs	(19.9)	(2.9)	(16.2)	(2.5)	(3.7)	(18.5)
Income tax expense	(34.7)	(5.1)	(34.6)	(5.1)	(0.0)	(0.1)
Net profit (loss)	144.1	21.3	133.0	19.5	(11.1)	(7.7)

Revenues

Total Revenue in FY2023 was THB 681.5mn, an increase of 0.7% or THB 4.9mn compared to the previous year's revenue of 676.6mn. The growth was primarily driven by the growth in the Asset Management Business partly mitigated by a decline in the Debt Collection Business which can be described by segment as follows.

2023 Revenue Structure



Asset Management Business

Core revenue from the Asset Management Business is interest income from loans to NPLs. In FY2023, the Company recorded interest income of THB 464.9mn, a robust increase of 13.9% compared to the previous year's. This growth was primarily driven by additional investment in NPLs throughout the year and the consistent effectiveness of our debt collection efforts. Additionally, the successful implementation of the Auto Dialer system which enhanced our contact rate with debtors. Overall, Revenue from the Asset Management Business accounted for 68.2% of the total revenue.

As of December 31, 2023, the Right to Claim of NPLs reached THB 32,276mn, representing an increase of 35.2% YoY. Throughout 2023, the Company invested THB 1,080mn in NPLs and successfully collected a total of THB 481.9mn in cash, reflecting a 22.5% YoY growth.

	31 Dec 22 (THB mn)	31 Dec 23 (THB mn)	Change (%)
Rights to claim based on NPL value	23,866	32,276	35.2

	For the year ended 31 December		
	2022 (THB mn)	2023 (THB mn)	Change (%)
Cash flow received from debtors	393.1	481.9	22.5

Debt Collection Business

Revenue from the debt collection business is the service fee paid by employers for the debt collection services and professional fees related to litigation services. In FY2023, the Company reported services revenue of THB 185.7mn, a drop of THB 40.8mn or 18% YoY, primarily attributed to a reduction in the number of assignments received from financial institutions.

As of December 31, 2023, the amount of loan that the Company provided debt collection service is THB 12,983.2mn, representing a 15.6% decrease from last year. The reduction can be attributed to a decline in the number of assignments received from financial institutions, following a change in their assignment policy. During the year, the Company successfully collected THB 612.2mn. The average success rate stood at 4.3%, dropping slightly from 4.9% in the previous year. While the average success rate dropped, the Commission rate increased to 26.5% from 21.5% reflecting the higher complexity involved in debt collection efforts.

Particulars	31 Dec 22 (THB mn)	31 Dec 23 (THB mn)	Change (%)
Amount of loan that the Company provided debt collection service (as at period-end) (THB mn)	15,390.1	12,983.2	(15.6)
Collected amount (for the period)	846.3	612.2	(27.7)
Average commission rate (%)	21.5	26.5	22.8
Success rate (%)	4.9	4.3	(11.6)

Other income

Other income contributed mainly from lending services. In FY2023, the Company reported interest income from loans to customers amounting to THB 25.7mn, a drop of 13.0% from the previous year. The reduction can be attributed to a temporary suspension of new loan origination during that period.

Cost of service and professional fee

In FY2023, the cost of services and professional fees amounted to THB 241.8mn, representing an increase of THB 14.8mn or 6.5% from the previous year. The rise was primarily due to (i) related-expenses of collection team and (ii) court fees.

Administrative expenses

In FY2023, the administrative expenses amounted to THB 130.0mn, representing an increase of THB 27.1mn or 26.3% from the previous year. Major contributions were from (i) depreciation expenses from the new building and amortization expenses from the implementation of the ERP system (ii) employee-related expenses and (iii) public relations and consultant fees related to the initial public offering (IPO).

Expected Credit Loss (ECL)

In FY2023, the expected credit loss amounted to THB 125.8mn, signifying a decline of THB 22.2mn or 15.0% from the previous year. This reduction is primarily attributable to improvements in cash collection, partly compensated by the lower ECL reversal from Loans to customers which was reflected from the expected credit loss models under the TFRS 9 framework.

Finance cost

In FY2023, the finance cost amounted to THB 16.2mn, slightly decreasing THB 2.4mn or 3.5% from the previous year due to the repayment of the short-term loans in 2023.

FINANCIAL POSITION

Unit: THB Million	<u>31 Dec 22</u>		<u>31 Dec 23</u>		<u>Change</u>	
	Amount	%	Amount	%	Amount	%
Total assets	2,931.4	100.0	3,875.5	100.0	944.1	32.2
Cash and cash equivalents	115.2	3.9	135.2	3.5	20.0	17.4
Loans to non-performing assets, net	1,780.8	60.8	2,699.6	69.7	918.9	51.6
Loans to customers, net	351.9	12.00	311.6	8.0	(40.2)	(11.4)
Property, plant and equipment, net	408.4	13.9	433.4	11.4	35.1	8.6
Other assets	275.1	9.4	285.6	7.4	10.4	3.8
Total liabilities	871.6	29.7	495.8	12.8	(375.9)	(43.1)
Payables from NPL	46.7	1.6	25.4	0.7	(21.4)	(45.7)
Short-term borrowings from financial institutions	462.0	15.8	-	-	(462.0)	(100.0)
Current portion of long-term borrowings from financial institutions	109.7	3.7	129.0	3.3	19.2	17.5
Long-term borrowings from financial institutions	172.30	5.9	267.9	6.9	95.6	55.5
Other liabilities	80.9	2.8	73.5	1.9	(7.4)	(9.2)
Total shareholder's equity	2,059.7	70.3	3,379.7	87.2	1,320.0	64.1

Total assets

Total assets as of 31 December 2023 stood at THB 3,875.5mn, an increase of THB 944.1mn or 32.2% from the previous year. The growth can be attributed to the following factors:

- The increment of cash and cash equivalents of THB 20mn.
- The increment of loans to non-performing assets, net of THB 918.9mn from the investment in new non-performing loans.
- The increment of plant, and equipment, net of THB 35.1mn from the construction of a new office.
- The decrement of loans to customers, net of THB (40.2)mn

Total liabilities

Total liabilities as of 31 December 2023 stood at THB 495.8mn, a drop of 871.6mn or 43.1% from the previous year. The decrement can be attributed to the following factors:

- The decrement of payable from acquisition of NPL of THB 21.4mn from payment to the financial institution according to the agreed term.
- The decrement of short-term borrowings from financial institutions of THB 462.0mn from loan repayments
- The increment of long-term borrowings from financial institutions of THB 95.6mn from loan drawdown to support the investment in NPL.

Total shareholder's equity

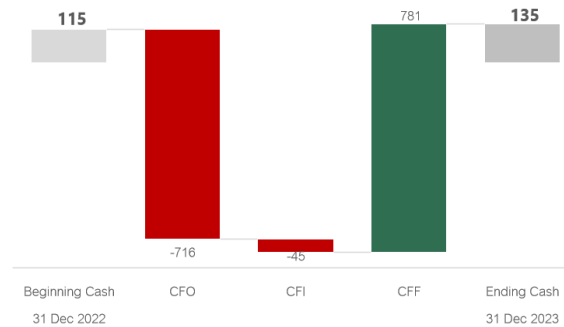
Total shareholder's equity as of 31 December 2023 stood at THB 3,379.5mn, which increased by THB 2,059.7mn or 64.1% compared to the previous year. The growth can be primarily attributed to the proceeds from the issuance of ordinary shares and the rise in operating profit.

Debt to Equity ratio

As of December 31, 2023, the Group's Debt-to-Equity ratio decreased to 0.15x from 0.42x at the end of the previous year.

CASH FLOW

(Unit: THB mn)



As of 31 December 2023, cash and cash equivalents stood at THB 135.2mn, reflecting an increase of THB 20 mn. from the beginning cash of THB 115 mn.

The Net Cash flow used in operating activities was THB (716)mn, derived from a Profit before tax of THB 167mn and investment in NPL during the year amounting to THB 1,080mn.

The Net Cash flow used in investing activities was THB (45)mn from additional costs associated with constructing and equipping our new office recognized in 2023.

The Net Cash flow proceeds from financing activities was THB 781mn mainly contributed from the proceeds from the issuance of ordinary shares in February 2024 partly offset by the repayment of short-term borrowings from financial institutions amounting to THB (462.8)mn.

OUTLOOK

The National Economic and Social Development Council (NESDC) reported Thailand's GDP in the fourth quarter of 2023 expanded by 1.7% (%YoY), resulting in an overall annual growth rate of 1.9%, which is slower than the previous year's rate and below the NESDC's initial estimate. With the support figure from the National Credit Bureau, household debt remains high, totaling THB 13.7 trillion in the fourth quarter of 2023. Within this amount, approximately THB 1.04 trillion constitutes NPLs, reflecting a 6.6% increase YoY. The majority of these NPLs are personal loans and auto loans, which have been a longstanding structural issue and continue to rise. Consequently, the Bank of Thailand has issued Responsible Lending guidelines, aiming to provide sustainable assistance to debtors and positively impact overall economic growth.

In 2024, the Company remains steadfast in the availability of NPLs within the market and established targets to acquire NPLs of no less than THB 1,000 million this year.

Lastly, on February 28, 2024, the Board of Directors Meeting passed a resolution for the issuance and offering of Warrants to existing shareholders without any consideration, at a ratio of 10 existing ordinary shares per 1 unit of the warrant with a 3-year maturity and an exercise price of THB 0.5 per ordinary share. However, this is subject to approval at the 2024 Annual General Meeting.

ESG DEVELOPMENT AT CHASE

CHASE is unwavering in its commitment to driving sustainable growth, guided by our organization's vision of being a 'Comprehensive debt management, providing consultation and disciplined debt management to create opportunities for debt relief.' We are committed to excellent services and to being a part of addressing the NPL issue in the financial institution system, thereby contributing to a balanced Thai economy.

We maintain a strong focus on economic, social, and environmental responsibility. We aim to elevate business operations while adhering to principles of ethics and transparency. We strive to enhance the quality of life for debtors facing challenges, ensuring their sustainable reintegration into society.

Environmental Our new office building is thoughtfully designed for energy conservation, incorporating solar panels. Additionally, we actively promote efficient internal waste management practices through our participation in the 'Ting To Trash' waste separation project.

Social We actively contribute to various aspects of social development. We support debt management and continuous improvement for debt collection staff through training programs. Furthermore, we engage in community-oriented initiatives that enhance overall quality of life, including educational opportunities. Our 'CHASE Brings Smiles' project aims to provide educational opportunities for children. Additionally, we foster an inclusive organizational culture that values diversity and emphasizes safety, occupational health, and a positive work environment for our employees.

Governance Our unwavering commitment to integrity, ethics, and transparency has earned us a 5-star rating in the 2023 Assessment of Corporate Governance. Furthermore, we reinforce our dedication to being a certified good governance company and demonstrate our commitment to combating corruption through the Thai Private Sector Collective Action.

These reflect our dedication to excellence and responsible business practices.

Please be informed accordingly,

Respectfully yours,
Chase Asia Public Company Limited

Ms. Waraluck Chaisuwan
Chief Financial Officer