

May 8, 2024

Subject Management's discussion and analysis on consolidated financial statements for the Q1/2024 period ended March 31, 2024

To President  
The Stock Exchange of Thailand

From our operating results in Q1/2024, ASN Broker Plc. and our subsidiaries ("the Company") recorded total revenues of THB 41.77 million, growing by 3.1% from THB 40.52 million in the same period of the previous year, with a net profit of THB 0.93 million, which soared 36.8% from THB 0.68 million a year ago.

- Operating results for the first quarter ended March 31, 2024 (Q1/2024)

	Q1/2023		Q1/2024		Increase (Decrease)	
	THB Million	%	THB Million	%	THB Million	%
Total revenues	40.52	100.0%	41.77	100.0%	1.25	3.1%
Operating income	38.99	96.2%	40.34	96.6%	1.35	3.5%
Less: Cost and expenses of services	17.70	43.7%	17.30	41.4%	(0.40)	-2.2%
Gross profit	21.30	54.6%	23.04	57.1%	1.75	8.2%
Other revenues <sup>1/</sup>	1.53	3.8%	1.43	3.4%	(0.10)	-6.5%
Less: Administrative expenses	16.66	41.1%	19.91	47.7%	3.26	19.5%
Profit from operating activities	6.17	15.2%	4.56	10.9%	(1.61)	-26.1%
Less: Finance cost	2.97	7.3%	3.06	7.3%	0.09	2.9%
Credit losses	1.52	3.7%	0.30	0.7%	(1.22)	-80.2%
Less: Income tax expenses	1.00	2.5%	0.27	0.6%	(0.73)	-73.0%
Net profit	0.68	1.7%	0.93	2.2%	0.25	36.8%

<sup>1/</sup> Other revenues consisted of income from policy cancellation fees, interest income, service income from lending business, etc.

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## Analysis of operating results

### Revenues

The Company recorded total revenues of THB 41.77 million, increasing by 3.1% from THB 40.52 million in the same period of the preceding year. Revenues, classified by core business lines, are as follows:

	Q1/2023		Q1/2024		Increase (Decrease)	
	THB Million	%	THB Million	%	THB Million	%
1. Insurance broker business						
- Non-life insurance broker	20.65	51.0%	20.55	49.20%	(0.10)	-0.5%
- Life insurance broker	0.57	1.4%	0.36	0.86%	(0.21)	-36.6%
2. Lending business						
- Investment in peer to peer lending platform	0.06	0.2%	-	0.00%	(0.06)	-100.0%
- Personal loan	16.78	41.4%	18.02	43.14%	1.24	7.4%
3. Peer to peer lending platform service business	0.93	2.3%	1.41	3.38%	0.48	51.1%
Other revenues <sup>1/</sup>	1.53	3.8%	1.43	3.42%	(0.10)	-6.5%
<b>Total</b>	<b>40.52</b>	<b>100.0%</b>	<b>41.77</b>	<b>100.00%</b>	<b>1.25</b>	<b>3.1%</b>

<sup>1/</sup> Other revenues consisted of income from policy cancellation fees, interest income, service income from lending business, etc.

#### 1. Insurance broker business

##### - Non-life insurance broker

The Company recorded income from non-life insurance broker business of THB 20.55 million, dropping minimally by 0.5% from THB 20.65 million in the same period of 2023 due to a rise in realized service income from sales boosting campaigns but with a y-o-y decrease of 9.5% in total sales. Classified by distribution channels, offline sales went down by 10.1% and online sales fell by 8.4% y-o-y. This was mainly ascribed to a decrease in number of telemarketing staffs and the fact that the online channel still cannot reach a broad audience. As such, we have adjusted our recruitment strategy in parallel with development of employee skills and knowledge. As for our online platform, we have developed and adjusted the pattern as well as increased and enhanced efficiency of our service channels in order to broaden our customer reach.

##### - Life insurance broker

Income from life insurance broker business accounted for THB 0.36 million, plummeting by 36.6% from THB 0.54 million a year ago. 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

The Company has ceased our investment in lending business through Daingern.com platform service

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since August 2019 in accordance with 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, thereby leading the Company to be unable to make the investment through Daingern.com platform. Since such investment has now been completely recovered, we will no longer recognize any revenue from this business as from 2024 onwards.

- Personal loan

The Company recorded interest income of THB 18.02 million, up by 7.4% from THB 16.78 million in the same period of 2023 thanks partly to ongoing growth in loan extension and partly to a y-o-y increase in available loan amount. Moreover, we could control and reduce our hire-purchase financing portfolio in a bid to mitigate risk associated with the interest rate ceiling of 15% p.a. under the Notification Prescribing the Hire-Purchase of Car and Motorcycle Business as a Contract-Controlled Business B.E. 2565. Growth in ASN Finance business is illustrated in Figure 1 below:

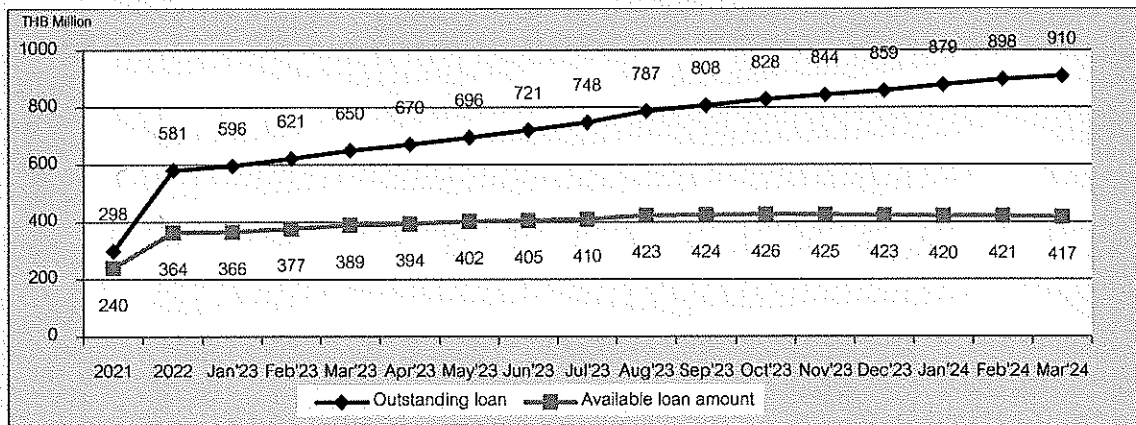


Figure 1: Growth in ASN Finance Business

Albeit such loan growth, we still adopt a stringent measure for loan repayment monitoring. As at March 31, 2024, our NPLs stood at 4.40%.

3. Peer to peer lending platform service business

The Company brought in revenues from the peer to peer lending platform service in the amount of THB 1.41 million, surging by 51.1% from THB 0.93 million, which mainly resulted from the following factors:

- The Company ceased the peer to peer lending service on Daingern.com platform on 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 0.23 million. Lending amount remaining available for this service is THB 0.14 million. Loan repayment is expected to be completely received by Q2/2024.
- 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 0.73 million.

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	727.20	139.06
Available loan amount	0.14	98.41
NPL	-	0.55%

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

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

- Other revenues

Other revenues totaled THB 1.43 million, declining by 6.5% from THB 1.53 million in the same period of 2023, which was chiefly attributed to other service income from the platform service business.

Cost and expenses

- From the reclassification of financial items to align with our operation in the financial statements for the first quarter of 2023 and 2024, cost and expenses of services relatively dropped by 2.2% from THB 17.70 million in Q1/2023 to THB 17.30 million in Q1/2024, based on the following factors:

1. Personal loan business saw loan growth in the first three months of the year and commenced operation through branch network, leading to a rise of about THB 0.40 million in cost of employees to support customer service.
2. Non-life insurance broker business recorded a drop of THB 0.47 million in cost of services in line with non-life insurance sales, with a primary focus on maximum efficiency in control of employee-related cost.
3. Peer to peer lending platform service business recorded a decrease of THB 0.32 million in cost of services. Despite an increase in this service provision, we could more efficiently manage the service cost.

- From the reclassification of financial items to align with our operation in the financial statements for Q1/2023 and Q1/2024, administrative expenses accordingly went up by 19.5% from THB 16.66 million in Q1/2023 to THB 19.91 million in Q1/2024, due to an increase in write-off of bad debts in personal loan business. However, we could still properly control other administrative expenses such as employee-related expenses.

- Finance cost amounted to THB 3.06 million, a decrease of 2.9% from THB 2.97 million in the same period of 2023 resulting from loans from connected persons of THB 200 million, which will become due by Q2/2024.

- Expected credit losses accounted for THB 0.30 million, plunging by 80.2% from THB 1.52 million in the same period of the prior year.

Analysis of the statements of financial position and cash flow

	As at Dec 31, 2023		As at Mar 31, 2024		Increase	
	THB Million	%	THB Million	%	THB Million	%
Total assets	557.69	100.0%	550.33	100.0%	-7.37	-1.3%
Total liabilities	263.86	47.3%	255.57	46.4%	-8.29	-3.1%
Shareholders' equity	293.83	52.7%	294.76	53.6%	0.93	0.3%

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The Company recorded total assets of THB 550.33 million, which diminished by THB 7.37 million from THB 557.69 million as at the end of 2023. This resulted mainly from (1) a decrease in restricted bank deposits of THB 4.57 million, owing to premiums payable to insurance companies; (2) a decrease in accrued revenues and other receivables of THB 4.79 million, stemming from premiums receivable in tandem with a drop in sales of insurance; (3) a decrease in receivables from lending business of THB 4.85 million, caused by rebalancing of lease receivables portfolio; (4) a decrease in improvements of rented buildings and right-of-use assets of THB 0.59 million and THB 0.93 million respectively, largely resulting from normal depreciation; and (5) an increase in cash and cash equivalents of THB 9.90 million from operation.

The Company recorded total liabilities of THB 255.57 million, dropping by THB 8.29 million from THB 263.86 million as at the end of 2023. This stemmed from a decrease in insurance premium payables of THB 8.84 million in line with a drop in sales of non-life insurance.

The Company had total shareholders' equity of THB 294.76 million, increasing by THB 0.93 million from THB 293.83 million at the end of 2023 due to a net profit earned in Q1/2024.

#### Future Trend

For 2024, we plan to expand our service provision through branch network so as to reach a wider target audience, while always adhering to lending quality control and debt monitoring to mitigate risk of bad debts that may arise in the future.

Our branch expansion scheme will positively impact non-life insurance broker business in a way that will unlock the opportunity of client base expansion. We will also continue with our online marketing through our website.

With respect to the Bank of Thailand (BOT)'s Notification on Responsible Lending, which was published in the Royal Gazette on December 27, 2023 and came into force on January 1, 2024, we have established our debt restructuring guidelines in line with such BOT notification, aiming to provide assistance for our customers. However, we will closely monitor this group of customers and continuously keep abreast of market situation to ensure the utmost benefit of the Company and our debtors.

At the 2024 Annual General Meeting of Shareholders, held on April 10, 2024, an approval was given to extend the repayment period for a loan from director of THB 200 million for another five years from the original due date in 2024, which will be postponed to 2029, carrying an interest rate of 8% p.a. with interest payable on a quarterly basis. Such loan does not require any collateral or guarantee.

Please be informed accordingly.

Yours sincerely,

- *Thawatchai Lertrunguang* -

Mr. Thawatchai Lertrunguang

Chief Executive Officer

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