



15 June 2023

Subject: Management Discussion and Analysis for the fiscal year ended 31 December 2022

To: Director and Management
Stock Exchange of Thailand

TBN Corporation Public Company Limited and subsidiaries (the "Company") would like to inform the Company's performance for the fiscal year ended 31 December 2022, as the following details:

Statement of comprehensive income

Unit : THB Million	Consolidated financial statements		Change increase (decrease)	
	for the year ended 31 December			
	2021	2022	Amount	Percentage
Service income	291.19	360.55	69.36	23.82
Cost of providing services	(153.35)	(258.16)	104.81	68.35
Gross Profit	137.85	102.39	(35.46)	(25.72)
Other income	2.98	1.50	(1.48)	(49.55)
Selling expenses	(0.13)	(0.74)	0.60	451.43
Administrative expenses	(36.32)	(56.67)	20.35	56.02
Finance costs	(0.82)	(1.80)	0.98	118.78
Profit before income tax	103.55	44.69	(58.86)	(56.84)
Income tax	(19.51)	(9.13)	(10.39)	(53.23)
Net profit	84.04	35.56	(48.48)	(57.68)
Total comprehensive income for the year	82.60	37.28	(45.32)	(54.86)

Revenue structure by type of services

Unit : THB Million	For the year ended 31 December			
	2021		2022	
	Amount	Percentage	Amount	Percentage
Income from software implementation and supporting services	180.33	61.92	199.46	55.33
<i>Growth rate (%)</i>		30.17		10.61
Income from technology support services	107.00	36.75	154.44	42.83
<i>Growth rate (%)</i>		39.79		44.34
Income from other services	3.86	1.33	6.65	1.84
Total service income	291.19	100.00	360.55	100.00
<i>Growth rate (%)</i>		34.98		23.82

Service income

In 2022, the service income of the Company was THB 360.55 million increased by THB 69.36 million or equivalent to a growth of 23.82 percent compared to 2021, mostly from an increase in income from technology support services. This is mainly due to an increase in cloud services income from existing customers, as well as the Company's ability to expand its services to new customers. In addition, income from technology support services increased due to an increase in the number of customers using the MENDIX licenses which corresponds to the increase in Digital Solution Services's project. Meanwhile, income from software implementation and supporting services was increased mainly due to revenue recognition of large-scale projects in Digital Solution Services and Technical Support and Maintenance, including technical consultancy services which are charged per hour. The service income of the Company mostly earned from the banking, finance service and insurance sector (BFSI).

Cost of providing service and gross profit

In 2022, the Company's gross profit was THB 102.39 million decreased by THB 35.46 million or equivalent to 25.72 percent from 2021, mainly due to the company is an increasing number of employees to support digital solution services. In addition, large-scale projects were under development and it is costly at this stage. In addition, the Company also had higher costs of cloud services from hiring cloud service representatives instead of dealing directly with cloud service providers.

Selling expenses

In 2022, the Company had selling expenses of THB 0.74 million or equivalent to 0.20 of total revenue increased by THB 0.60 million or equivalent to a growth of 451.43 percent, mainly due to marketing expenses.

**Administrative expenses**

In 2022, the Company had administrative expenses of THB 56.67 million or equivalent to 15.65 of total revenue increased by THB 20.35 million or equivalent to a growth of 56.02 percent. The increase in administrative expenses was mainly from hiring of digital solution executives to support future expansion. In addition, the Company recorded an expected credit loss of THB 2.73 million by recorded full credit losses for two trade accounts receivable.

Net Profit

In 2022, the Company's net profit decreased by THB 48.48 million or equivalent to 57.69 percent, mainly due to lower gross profit and higher employee expenses.

Statement of Financial Position

(Unit : THB Million)	As of 31 December		Change increase (decrease)	
	2021	2022	Amount	percentage
Total Assets	170.74	270.59	99.85	58.48
Total Liabilities	112.88	193.84	80.96	71.72
Total Shareholders' equity	57.86	76.75	18.89	32.64

Assets

As of 31 December 2022, the Company had total assets of THB 270.59 million which increased by THB 99.85 million or equivalent to a growth of 58.48 percent compared to 31 December 2021, due to:

1. Contract asset and trade and other receivables increased by THB 37.36 million and THB 24.01 million, respectively or equivalent to a growth of 58.91 percent and 69.36 percent, respectively, which corresponds to the increase in service income.
2. Right-of-use assets increased by THB 33.96 million or equivalent to a growth of 364.10 percent due to due to the expansion of the company's office space and established new office leases.

Liabilities

As of 31 December 2022, the Company had total liabilities of THB 193.84 million which increased by THB 80.96 million or equivalent to a growth of 71.72 percent compared to 31 December 2021, due to:

1. Lease liabilities increased by THB 31.84 million or equivalent to a growth of 719.04 percent due to the expansion of the company's office space.
2. Trade and other payables increased by THB 30.82 million or equivalent to a growth of 138.28 percent due to an increase in the number of customers using cloud services and Mendix licenses.

3. Short-term loans from financial institutions increased by THB 14.12 million or equivalent to a growth of 628.35 percent from promissory notes used as business collateral and working capital with an interest rate of MLR - 0.25 percent per annum.

Shareholders' equity

As of 31 December 2022, the Company had total shareholders' equity of THB 76.75 million which increase by THB 18.89 million or equivalent to a growth of 32.64 percent compared to 31 December 2021, due to an increase in total comprehensive income of THB 37.28 million, capital increase of THB 31.50 million and dividend payment of THB 49.90 million.

Key Financial Ratios

Financial Ratios	Unit	As of 31 December	As of 31 December
		2021	2022
Current ratio	Times	1.50	1.32
Interest bearing debt to equity ratio (IBD/E)	Times	0.19	0.77
Cash cycle	Days	(4.09)	(3.02)
Return on asset (ROA)	Percent	49.89	16.12
Return on equity (ROE)	Percent	130.44	52.84

Current ratio

As of 31 December 2022, the Company's current ratio was 1.32 times which decreased from 2021, mainly due to an increase in trade and other payables.

Interest bearing debt to equity ratio (IBD/E)

As of 31 December 2022, the Company's IBD/E was 0.77 times which increased from 2021, mainly due to an increase in lease liabilities resulting from the expansion of the company's office space to support employee expansion and an increase in short-term loan.

Cash cycle

Cash cycle (days)	As of 31 December	
	2021	2022
Average collection period	31.52	32.11
Average repayment period	35.62	35.13
Average Cash Cycle	(4.09)	(3.02)

As of 31 December 2022, the Company's cash cycle was (3.02) days, flat compared to 2021.



Return on asset (ROA)

As of 31 December 2022, the Company's ROA was 16.12 percent which decreased from 2021, mainly due to an increase in contract assets, trade and other receivables and right-of-use assets as mentioned above.

Return on equity (ROE)

As of 31 December 2022, the Company's ROE was 52.84 percent which decreased from 2021, mainly due to a decrease in net profit.

Yours sincerely



Kanitha S.

(Miss Kanitha Srisawat)

Chief Financial Officer

TBN Corporation Public Company Limited