

August 10, 2023

Subject: Management Discussion and Analysis for the Q2/2023

President

The Stock Exchange of Thailand

For Q2/2023, the company had revenues from services of Baht 123.3 million, higher than Q2/2022 by 18% and close to Q1/2023. The cumulative 6-month revenue for 2023 was Baht 248.6 million, increased by 19% due to the easing of the COVID situation since the end of last year and the growth of new AI businesses.

Net profit for Q2/2023 was Baht 13.8 million, decreased from Q2/2022 and Q1/2023 by 10% and 20%, respectively, due to the change in the method of gradually recognizing employee compensation from previously in 2022 to recognize once at the end of the year, coupled with changes in senior management during Q2/2023, with these 2 items costing Baht 5-6 million. The cumulative net profit for 6 months in 2023 was Baht 31.2 million, increased by 17% compared to the 6-month period of 2022.

Operating results for the Q2 and 6-months

(Thousand baht)

Consolidate	3 Months					6 Months		
	Q2/2023	Q1/2023	%QoQ	Q2/2022	%YoY	6M2023	6M2022	%YoY
Revenue from services	123,270	125,289	-2%	104,426	18%	248,558	208,864	19%
BVG	51,123	50,272	2%	44,390	15%	101,395	86,809	17%
BVTPA	64,863	66,907	-3%	54,091	20%	131,770	109,833	20%
BVA & BVTECH	7,283	8,110	-10%	5,945	23%	15,393	12,222	26%
Costs of services	57,423	54,541	5%	45,153	27%	111,965	93,287	20%
BVG	30,451	27,265	12%	21,807	40%	57,716	45,796	26%
BVTPA	20,646	20,795	-1%	18,044	14%	41,441	36,966	12%
BVA & BVTECH	6,326	6,482	-2%	5,302	19%	12,807	10,525	22%
Gross profit	65,846	70,748	-7%	59,273	11%	136,594	115,577	18%
Administrative expenses	52,339	49,526	6%	41,650	26%	101,864	84,373	21%
Operation profit	13,508	21,222	-36%	17,623	-23%	34,729	31,204	11%
Other income(expenses)	4,006	768	422%	1,944	106%	4,773	2,936	63%
Profit before tax	17,513	21,989	-20%	19,567	-10%	39,503	34,140	16%
Net Profit	13,839	17,375	-20%	15,330	-10%	31,213	26,712	17%

Consolidate	30/6/2023	31/12/2022	%+/-
Total assets	832,139	481,607	73%
Total liabilities	117,435	115,085	2%
Shareholders' equity	714,704	366,522	95%

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1. Revenue from Services

In Q2/2023, revenue was Baht 123.3 million, higher than Q2/2022 by Baht 18.8 million, or +18%, and close to Q1/2023.

- BVG: Services for managing businesses related to motor insurance (“EMCS system”) earned Baht 51.1 million, increased by Baht 6.7 million, or +15%, compared to Q2/2022, an increase due to Claim settlement, Claim notification, and increased AI usage. Revenue increased by Baht 0.8 million or 2% compared to Q1/2023 due to seasonal revenue reduction during Songkran festival.
- BVTPA: Revenue was Baht 64.9 million, divided into TPA service revenue of Baht 58.2 million, and training and other service revenue of Baht 6.7 million, a ratio of 90 : 10, medical benefit management services, as well as related consultation through platforms and applications (“TPA services”), increased by Baht 10.1 million, or +21%, compared to Q2/2022, from increased claims service volumes but decreased by Baht 2.0 million, or -3%, compared to Q1/2023 due to seasonal revenue reduction during Songkran festival.
- BVA & BVTECH: Revenue was Baht 7.3 million, increased by Baht 1.4 million, or +23%, compared to Q2/2022, primarily from insurance mathematics consultancy according to Accounting Standard No. 19 on Employee Benefits and Financial Reporting Standard No. 17 on Insurance Contracts (TFRS 17), but slightly decreased by Baht 0.8 million compared to Q1/2023.

The cumulative revenue for the first 6 months of 2023 was Baht 248.6 million, higher than the same period of the previous year by Baht 39.7 million, or +19%.

2. Service Costs

For Q2/2023, cost was Baht 57.4 million, an increase from Q2/2022 by Baht 12.2 million, or +27%. This is due to annual salary adjustments for employees and the increasing costs of expanding AI services in line with rising revenue. It was also an increase from Q1/2023 by Baht 2.9 million or +5%, mainly due to changes in the method of recognizing employee benefits compared to a one-time recognition at the end of 2022.

The cumulative cost for the first 6 months of 2023 was Baht 112.0 million, an increase of Baht 18.7 million, or +20%.

3. Gross Profit

For Q2/2023, the gross profit was Baht 65.8 million, an increase from Q2/2022 by Baht 6.5 million, or +11%, and a decrease of Baht 4.9 million, or -7%, compared to Q1/2023.

The cumulative gross profit for the first 6 months of 2023 was Baht 136.6 million, an increase of Baht 21.0 million, or +18%.

4. Administrative Expenses

For Q2/2023, the administrative expenses amounted to Baht 52.3 million, an increase from Q2/2022 by Baht 10.6 million, a +26% increase, and an increase of Baht 2.8 million, representing a +6% increase compared to Q1/2023. The main reason for this was changes in senior management during Q2/2023, along with additional personnel to support service provision in line with increasing demand.

The cumulative administrative expense for the first 6 months of 2023 was Baht 101.9 million, an increase of Baht 17.5 million, representing a +21% increase.

5. Net Profit

In Q2/2023, the net profit amounted to Baht 13.8 million, a decrease from Q2/2022 by Baht 1.5 million, representing a -10% decrease, and a decrease of Baht 3.6 million, or -20%, compared to Q1/2023.

The cumulative net profit for the first 6 months of 2023 was Baht 31.2 million, an increase of Baht 4.5 million, a +17% increase.

6. Financial Position

As of June 30, 2023, the Group's total assets were Baht 832.1 million, an increase from the end of 2022 by Baht 350.5 million, a +73% increase. The main items included:

- Cash and investments increased by Baht 302.0 million, mainly from the sale of IPO shares, resulting in revenue of Baht 346.5 million, which the company invested for future projects and working capital.
- Account receivables increased by Baht 25.9 million.
- Investment in servers to support customer services and BVG and BVTPA internal systems, totaling Baht 11.1 million.
- An increase in intangible assets of Baht 14.4 million, mainly from the development of computer programs for BVG's customer services, primarily AI Review and AI Estimate systems.

Total liabilities were Baht 117.4 million, an increase of Baht 2.3 million, or +2%, mainly arising from provisions for retirement funds and other payable expenses.

Shareholders' equity amounted to Baht 714.7 million, an increase of Baht 348.2 million or +95%, due to the aforementioned IPO and operating profit of Baht 31.2 million, but with dividend payments of Baht 18.0 million baht, as per the resolution of the AGM.

Please be informed accordingly.

Yours sincerely,

(Mrs. Nawarat Wongthitirat)

Chief Executive Officer