



11 August 2023

Subject: Management Discussion and Analysis for the period ended 30 June 2023

Attention: President, The Stock Exchange of Thailand

TBN Corporation Public Company Limited and subsidiaries (the "Company") would like to inform the Company's performance for the period ended 30 June 2023, as shown in the following details:

Unit: Million Baht

Consolidated financial performance	3M		Change		6M		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
Revenue								
Service income	102.51	88.47	14.04	16%	219.34	158.05	61.29	39%
Cost of services	(68.64)	(58.59)	(10.05)	17%	(136.25)	(107.83)	(28.42)	26%
Gross profit	33.87	29.88	3.99	13%	83.09	50.22	32.87	65%
Expense								
Other income	0.12	0.13	(0.01)	(10%)	1.01	0.63	0.38	61%
Selling expenses	(1.21)	(0.27)	(0.94)	348%	(1.54)	(0.34)	(1.20)	352%
Administrative expenses	(16.17)	(14.03)	(2.14)	15%	(31.54)	(25.44)	(6.10)	24%
Finance costs	(1.11)	(0.29)	(0.82)	283%	(2.13)	(0.59)	(1.55)	265%
Profit before income tax	15.49	15.42	0.07	0%	48.88	24.48	24.40	100%
Income tax expense	(3.09)	(3.23)	0.14	(4%)	(10.50)	(5.13)	(5.37)	105%
Net profit	12.40	12.19	0.21	2%	38.38	19.35	19.03	98%
Gross profit Margin %	33%	34%	(1%)		38%	32%	6%	
Net profit Margin %	12%	14%	2%		17%	12%	5%	

Revenue breakdown by service type are as below:

Unit: Million Baht

Revenue by service type	3M		Change		6M		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
1. Digital Solution and Technical Consultancy Services	40.34	45.35	(5.01)	(11%)	95.45	75.82	19.63	26%
2. Technical Maintenance, Licensing and Cloud Services	61.24	42.10	19.14	45%	120.40	79.88	40.52	51%
3. Other	0.93	1.02	(0.09)	(9%)	3.49	2.35	1.14	49%
Total	102.51	88.47	14.04	16%	219.34	158.05	61.29	39%

Service income

For the 6-month period ended 30 June 2023, the service income of the Company amounted to Baht 219.34 million, which increased by Baht 61.29 million or equivalent to a growth of 39% compared to the same period of last year, due to:

- Revenue from the Digital Solution and Technical Consultancy Services increased by Baht 19.63 million or equivalent to a growth of 26% compared to the same period of last year. This increase is attributed to a rise in the number of projects from both existing and new customers. Additionally, developers recruited in 2021-2022 have more experience and increased their competencies, which has led to an increase in revenue per head.
- Revenue from the Technical Maintenance, Licensing and Cloud Services increased by Baht 40.52 million or equivalent to a growth of 51% compared to the same period of last year. This growth aligns with the increased number of projects, including the ability to expand licensing and cloud services to new customers. Moreover, existing customers have increased their usage of cloud services.

For the 3-month period ended 30 June 2023, the service income of the Company amounted to Baht 102.51 million, which increased by Baht 14.04 million or equivalent to a growth of 16 % compared to the same period of last year, due to:

- Revenue from the Digital Solution and Technical Consultancy Services decreased by Baht 5.01 million or equivalent to a decrease of 11% compared to the same period of last year. This is due to the high-value projects delivered were classified as revenue recognition at the end of the project (point in time) according

to Financial Reporting Standard No. 15. As a result, the company generated high revenue during that period by fully recognizing the revenue from those projects.

- Revenue from the Technical Maintenance, Licensing and Cloud Services increased by Baht 19.14 million or equivalent to a growth of 45% compared to the same period of last year. This growth aligns with the increased number of projects, including the ability to expand licensing and cloud services to new customers. Moreover, existing customers have increased their usage of cloud rental services.

Gross profit

Gross profit by service type	Q2'2023				Q2'2022				Change
	Revenue	Cost	GP	%	Revenue	Cost	GP	%	%
1. Digital Solution and Technical Consultancy Services	40.34	23.92	16.41	41%	45.34	30.56	14.78	33%	8%
2. Technical Maintenance, Licensing and Cloud Services	61.24	44.50	16.75	27%	41.62	27.39	14.23	34%	-7%
3. Other	0.93	0.23	0.71	76%	1.51	0.64	0.87	57%	18%
Total	102.51	68.64	33.87	33%	88.47	58.59	29.88	34%	-1%

Gross profit by service type	6M'2023				6M'2022				Change
	Revenue	Cost	GP	%	Revenue	Cost	GP	%	%
1. Digital Solution and Technical Consultancy Services	95.45	49.10	46.35	49%	75.82	54.75	21.07	28%	21%
2. Technical Maintenance, Licensing and Cloud Services	120.40	85.64	34.76	29%	79.88	52.22	27.67	35%	-6%
3. Other	3.49	1.51	1.98	57%	2.35	0.86	1.49	63%	-6%
Total	219.34	136.25	83.09	38%	158.05	107.83	50.22	32%	6%

For the 6-month period ended 30 June 2023, the Company's gross profit margin increased by 6%, which was increased by Digital Solution and Technical Consultancy Services because the Company has large projects from existing customers, which the team handled with expertise and enabled effective cost control. Additionally, employees recruited in 2021-2022 are now more experienced and skilled, which has led to an increase in revenue per head and gross profit margins.

For the 3-month period ended June 30, 2023, the company's gross margin has changed insignificantly.

Selling expenses

For the 6-month and 3-month periods ended 30 June 2023, the Company had selling expenses of Baht 1.20 million and Baht 0.94 million, representing an increase of 352% and 348%, respectively, compared to the same period of last year. This increase was mainly due to public relations expenses related to the offering of shares on the stock exchange.

Administrative expenses

For the 6-month and 3-month periods ended 30 June 2023, the Company had administrative expenses of Baht 6.10 million and Baht 2.14 million, representing an increase of 24% and 15%, respectively, compared to the same period of last year. This increase was mainly due to hiring more administrative and executive employees and normal annual salary increments. Additionally, there was an increase in expected credit losses from long-overdue receivables. However, at present, most of the long-overdue receivables have already been paid.

Net Profit

For the 6-month and 3-month periods ended 30 June 2023, the Company had net profit increment of Baht 19.03 million and Baht 0.21 million, representing an increase of 98% and 2%, respectively, compared to the same period of last year. This increase is due to higher gross profits from Digital Solution and Technical Consultancy Services. Additionally, the Company has been able to control the cost of providing services by improving employee productivity.

Statement of Financial Position

(Unit : THB Million)	As of	As of	Change increase (decrease)	
	30 June	31 December	Amount	Amount
	2023	2022		
Total Assets	645.26	270.59	374.67	138%
Total Liabilities	176.92	193.84	(16.93)	(9%)
Total Shareholders' equity	468.35	76.75	391.60	510%

Assets

As of 30 June 2023, the Company had total assets of Baht 645.26 million which increased by Baht 374.67 million or equivalent to a growth of 138 % compared to 31 December 2022, due to:

1. Cash and cash equivalents increased by Baht 306.57 million or equivalent to a growth of 995 % from the receipt of funds from the initial public offering (IPO).
2. Contract assets (accrued income) increased by Baht 37.17 million or equivalent to a growth of 37%, which corresponds to the increase in service income.
3. Trade and other account receivables increased by Baht 34.91 million or equivalent to a growth of 59%, which corresponds to the increase in service income. The age of most trade accounts receivable is in the group that has not yet matured. For accounts receivable that are overdue for more than 3 months but not more than 1 year, equivalent to Baht 7.09 million, the company has already received payment. For accounts receivable overdue for more than 12 months, amounting to Baht 1.69 million, is currently being followed up for collection.

Liabilities

As of 30 June 2023, the Company had total Liabilities of Baht 176.92 million, which decreased by Baht 16.93 million or 9% compared to 31 December 2022, due to a decrease in short-term loans from financial institutions.

Shareholders' equity

As of 30 June 2023, the Company had total shareholders' equity of THB 468.35 million which increase by Baht 391.60 million or 510% compared to 31 December 2022, mainly due to an increase in share premium and total comprehensive income.



TBN Corporation Public Company Limited

Yours sincerely

Kanittha Srisawat

(Miss Kanitha Srisawat)

Chief Financial Officer

TBN Corporation Public Company Limited