

November 13, 2023

Subject: Management Discussion and Analysis for the Q3/2023

President

The Stock Exchange of Thailand

For Q3/2023, the company had revenues from services of Baht 132.8 million, higher than Q3/2022 and Q2/2023 by 16% and 8%, respectively. The cumulative 9-month revenue for 2023 was Baht 381.3 million, increased by 18% due to the easing of the COVID situation since the end of last year and the growth of existing business and AI businesses.

Net profit, although the company has changed the method of gradually recognizing employee compensation from previously in 2022 to recognize once at the end of the year, changed to be gradually recognized quarterly in 2023, coupled with in senior management during the Q2/2022 to the beginning of Q3/2023, with these 2 items costing Baht 9 - 10 million. However, the net profit of Q3/2023 continued to grow at Baht 19.2 million, higher than Q3/2022 and Q2/2023 by 5% and 39%. The cumulative net profit for the first 9 months in 2023 was Baht 50.4 million, increased by 12%, when compared to 9 months period of 2022.

Operating results for the Q3 and 9-months

(Thousand baht)

Consolidate	3 Months					9 Months		
	Q3/2023	Q2/2023	%QoQ	Q3/2022	%YoY	9M2023	9M2022	%YoY
Revenue from services	132,766	123,270	8%	114,635	16%	381,324	323,499	18%
BVG	54,249	51,123	6%	49,619	9%	155,644	136,428	14%
BVTPA	70,411	64,863	9%	59,119	19%	202,181	168,952	20%
BVA & BVTECH	8,106	7,283	11%	5,897	37%	23,499	18,119	30%
Costs of services	59,389	57,423	3%	49,801	19%	171,353	143,089	20%
BVG	29,920	30,451	-2%	25,510	17%	87,636	71,306	23%
BVTPA	21,924	20,646	6%	19,083	15%	63,365	56,049	13%
BVA & BVTECH	7,545	6,326	19%	5,209	45%	20,352	15,734	29%
Gross profit	73,377	65,846	11%	64,834	13%	209,971	180,410	16%
Administrative expenses	51,020	52,339	-3%	43,113	18%	152,884	127,486	20%
Operation profit	22,357	13,508	66%	21,721	3%	57,087	52,925	8%
Other income(expenses)	2,032	4,006	-49%	683	198%	6,805	3,619	88%
Profit before tax	24,390	17,513	39%	22,404	9%	63,892	56,544	13%
Tax	5,167	3,675	41%	4,034	28%	13,456	11,462	17%
Net Profit	19,223	13,839	39%	18,370	5%	50,436	45,082	12%

Consolidate	30/9/2023	31/12/2022	%+/-
Total assets	869,197	481,607	80%
Total liabilities	147,652	115,085	28%
Shareholders' equity	721,545	366,522	97%

1. Revenue from Services

In Q3/2023, revenue was Baht 132.8 million, higher than Q3/2022 by Baht 18.2 million, or +16%, and higher than Q2/2023 by Baht 9.5 million, or +8%.

- BVG: Platform and application services for managing businesses related to motor insurance (“EMCS system”) earned Baht 54.2 million, increased by Baht 4.6 million, or +9%, compared to Q3/2022, an increase due to claim settlement, claim notification, and increased AI usage. Revenue increased by Baht 3.1 million or +6% compared to Q2/2023 due to seasonal revenue reduction during Songkran festival.
- BVTPA: Revenue was Baht 70.4 million, divided into TPA service revenue of Baht 62.7 million, and training and other service revenue of Baht 7.7 million, a ratio of 89:11, medical benefit and claim management services, as well as related consultation through platforms and applications (“TPA services”), increased by Baht 13.3 million, or +27%, compared to Q3/2022, from increased claims service volumes from insurance companies and self-insured companies but increased by Baht 4.5 million, or +8%, compared to Q2/2023 due to seasonal revenue reduction during Songkran festival.
- BVA&BVTECH: Revenue was Baht 8.1 million, increased by Baht 2.2 million, or +37%, compared to Q3/2022, and increased by Baht 0.8 million, or +11%, compared to Q2/2023, primarily from insurance mathematics consultancy according to Accounting Standard No. 19 on Employee Benefits and Financial Reporting Standard No. 17 on Insurance Contracts (IFRS 17).

The cumulative revenue for the first 9 months of 2023 was Baht 381.3 million, higher than the same period of the previous year by Baht 57.8 million, or +18%.

2. Service Costs

For Q3/2023, cost was Baht 59.4 million, an increase from Q3/2022 by Baht 9.6 million, or +19%, and higher than Q2/2023 by Baht 2.0 million, or +3%. This is due to annual salary adjustments for employees and the increasing costs of expanding AI services in line with rising revenue and the changes in the method of gradually recognizing employee compensation from previously in 2022 to recognize once at the end of the year, changed to be gradually recognized quarterly in 2023.

The cumulative cost for the first 9 months of 2023 was Baht 171.4 million, an increase of Baht 28.3 million, or +20%.

3. Gross Profit

For Q3/2023, the gross profit was Baht 73.4 million, an increase from Q3/2022 by Baht 8.6 million, or +13%, and an increase of Baht 7.6 million, or +11%, compared to Q2/2023.

The cumulative gross profit for the first 9 months of 2023 was Baht 210.0 million, an increase of Baht 29.6 million, or +16%.

4. Administrative Expenses

For Q3/2023, the administrative expenses amounted to Baht 51.0 million, an increase from Q3/2022 by Baht 7.9 million, +18% increase, and a decrease of Baht 1.3 million, representing a -3% decrease compared to Q2/2023. The main reason for this was changes in senior management during Q2/2023 to the beginning of Q3/2023, along with additional personnel to support service provision in line with increasing demand.

The cumulative administrative expense for the first 9 months of 2023 was Baht 25.4 million, an increase of Baht +25.4 million, representing a 20% increase.

5. Net Profit

In Q3/2023, the net profit amounted to Baht 19.2 million, an increase from Q3/2022 by Baht 0.8 million, representing +5% increase, and an increase of Baht 5.4 million, or +39%, compared to Q2/2023.

The cumulative net profit for the first 9 months of 2023 was Baht 50.4 million, an increase of Baht 5.3 million, +12% increase.

6. Financial Position

As of September 30, 2023, the Group's total assets were Baht 869.2 million, an increase from the end of 2022 by Baht 387.6 million, +80% increase. The main items included:

- Cash and investments increased by Baht 326.5 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. During the period, there were two dividend payments totaling 30 million baht, following the resolutions of the AGM and the company's board of directors.
- Account receivables and other receivables increased by Baht 33.0 million. The main items were account receivables of Baht 23.4 million and claim reserve from TPA services of Baht 7.7 million. Most of these increased receivables were due to receivables that have not yet matured and receivables that have been overdue for less than 3 months.
- 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 21.7 million, mainly from the development of computer programs for BVG's customer services, primarily AI Review and AI Estimate systems, TPA and OCR etc.

Total liabilities were Baht 147.7 million, an increase of Baht 32.6 million, or +28%, mainly arising from liabilities for insurance claims payments received from insurance companies to be paid to hospitals or policyholders Baht 22.3 million and other payable expenses.

Shareholders' equity amounted to Baht 721.5 million, an increase of Baht 355.0 million or +97%, due to the aforementioned IPO and operating profit of Baht 50.4 million, but with dividend payments of Baht 30.0 million, as per the resolution of the AGM and the company's board of directors.



Please be informed accordingly.

Yours sincerely,

(Mrs. Nawarat Wongthitirat)
Chief Executive Officer