



28 February 2024

Subject: Management Discussion and Analysis for the year ended 31 December 2023

Attention: President, Stock Exchange of Thailand

TBN Corporation Public Company Limited and subsidiaries (the "Company") would like to inform the Company's performance for year ended 31 December 2023, as shown as attached:

Yours sincerely

Kanitha Wongrawichanan

(Miss Kanitha Wongrawichanan)

Chief Financial Officer

TBN Corporation Public Company Limited

1. Business Performance Overview in 2023

In 2023, the overall Thai economy showed signs of recovery and the COVID-19 pandemic drastically shifted consumer and business behaviors towards a significant increase in online transactions. Organizations have been forced to adapt and fully embrace digital transformation as the way forward to becoming competitive. Consequently, the TBN and Mendix Low-code Platform, which enables organizations to develop digital solutions rapidly, flexibly, and efficiently, has become one of the main choices for enterprises aiming to enhance their competitiveness by accessing new business opportunities and improving operational efficiency through digital transformation. This has led to cost reduction and minimized errors that may occur in traditional workflows which can be solved with Mendix. The company also saw sales growth through existing customers as they expanded solutions and services with TBN and Mendix. In 2023, the company experienced significant growth in revenue and net profit compared to 2022, as detailed below.

(Unit : Million (Thb))

	12M		Change		3M		Change		3M		Change	
	2022	2023	YTD	%	Q4'2022	Q4'2023	YoY	%	Q3'2023	Q4'2023	QoQ	%
Income	360.55	438.45	77.90	22%	116.59	109.41	(7.18)	-6%	109.70	109.41	(0.28)	0%
Cost	(258.16)	(283.20)	(25.04)	10%	(87.63)	(71.83)	15.80	-18%	(75.12)	(71.83)	3.28	-4%
Gross profit	102.39	155.25	52.86	52%	28.96	37.58	8.62	30%	34.58	37.58	3.00	9%
Other income	1.50	4.03	2.53	168%	0.15	2.25	2.10	1405%	0.77	2.25	1.48	191%
SG&A expenses	(57.40)	(65.09)	(7.69)	13%	(16.75)	(17.63)	(0.88)	5%	(14.38)	(17.63)	(3.25)	23%
Finance costs	(1.80)	(3.53)	(1.72)	95%	(0.93)	(0.67)	0.26	-28%	(0.72)	(0.67)	0.05	-6%
EBT	44.69	90.67	45.98	103%	11.43	21.53	10.10	88%	20.26	21.53	1.27	6%
Tax expense	(9.12)	(14.57)	(5.45)	60%	(2.38)	(1.43)	0.95	-40%	(2.63)	(1.43)	1.20	-46%
Net profit	35.56	76.10	40.53	114%	9.05	20.09	11.05	122%	17.62	20.09	2.47	14%

As of 31 December 2023, the Company had a backlog of projects that had not yet been delivered, as follows.

(Unit : Million (Thb))

	2024	>2024	รวม
1. Digital Solution and Technical Consultancy Services	45	4	49
2. Technical Maintenance, Licensing and Cloud Services	112	62	174
3. Other	1	-	1
Total	158	66	224

Note:

The backlog of technical Maintenance, Licensing and Cloud Services mentioned above does not include cases expected to be renewed during the year.

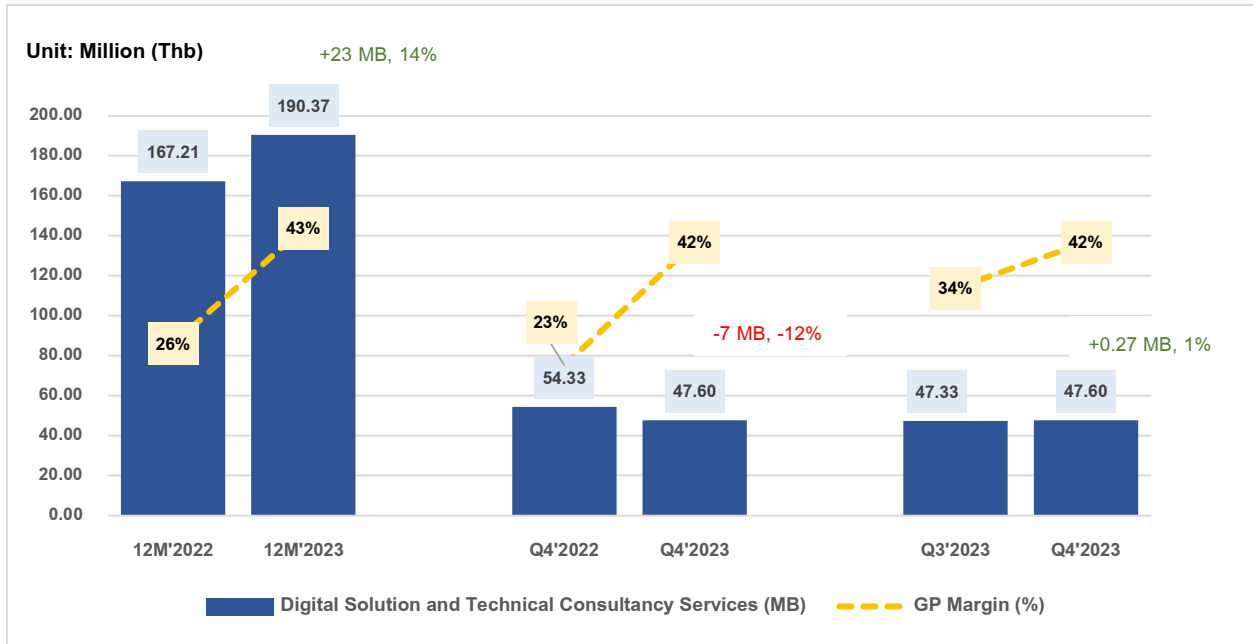
Revenue breakdown by service type is as below:

(Unit: Million (Thb))

	12M	12M	Change		3M	3M	Change		3M	3M	Change	
	12M'2022	12M'2023	YTD	%	Q4'2022	Q4'2023	YoY	%	Q3'2022	Q4'2023	QoQ	%
1. Digital Solution and Technical Consultancy Services	167.21	190.37	23.16	14%	54.33	47.60	-6.73	-12%	47.33	47.60	0.27	1%
2. Technical Maintenance, Licensing and Cloud Services	186.69	240.67	53.98	29%	59.32	59.63	0.31	1%	60.64	59.63	-1.01	-2%
3. Other	6.65	7.40	0.75	11%	2.95	2.19	-0.76	-26%	1.73	2.19	0.46	27%
Total	360.55	438.45	77.90	22%	116.59	109.41	-7.18	-6%	109.70	109.41	-0.28	-0.3%

2. Analyze the operating results of 2023

2.1. Revenue from the Digital Solution and Technical Consultancy Services and Gross Margin



Revenue from the Digital Solution and Technical Consultancy Services

For 2023, the Company's revenues increased by Baht 23 million or an increase of 14% compared to 2022. This growth is a result of an increase in projects from both existing and new customers.

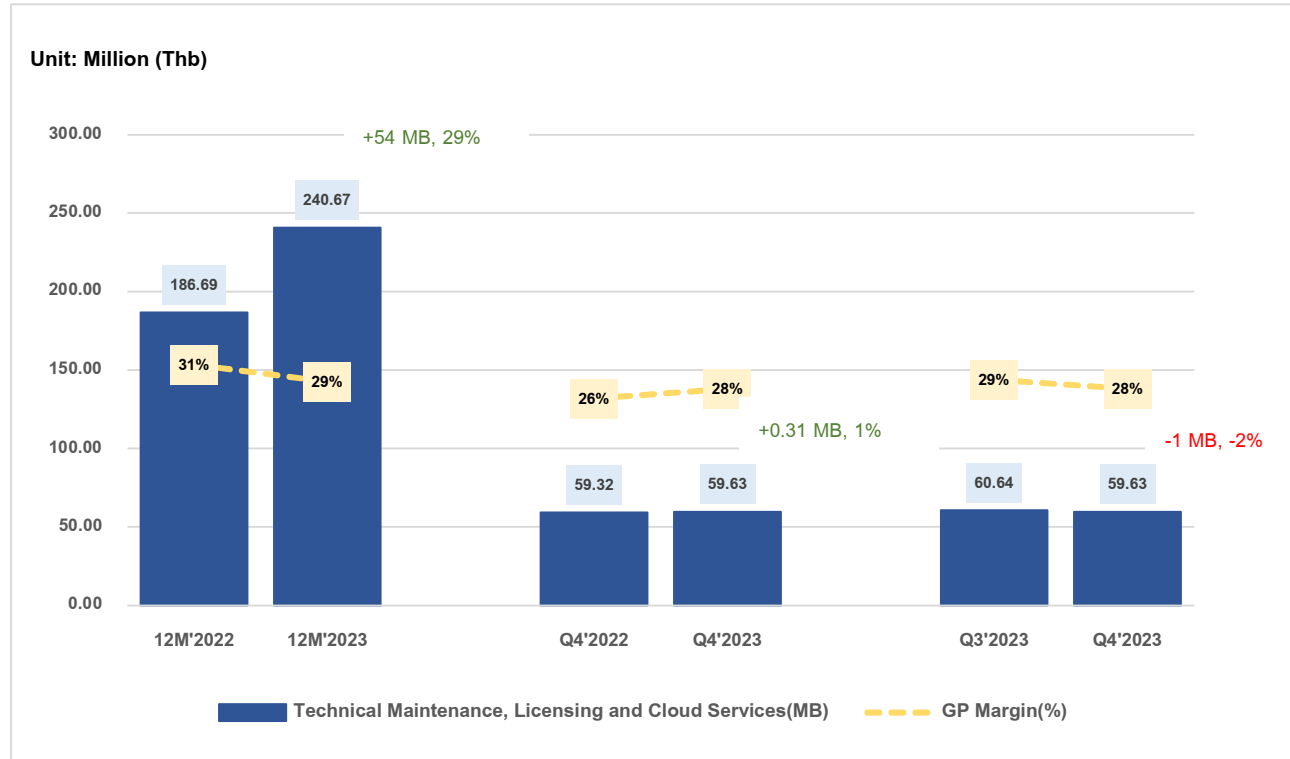
For Q4'2023, revenue decreased by Baht 7 million or 12% compared to Q4'2022. This is primarily due to Q4 2022 including a large project that generated significant revenue. In contrast, Q4'2023 had mostly medium-sized projects, and resources were allocated to developing the company's new templated solutions, an asset crucial for supporting the new sales strategy. The templated solutions are devised from 15 years of experience in various industries and solving business problems that are common in each industry which would help increase business productivity and efficiency.

For Q4'2023, the Company's revenue increased insignificantly compared to Q3'2023

Gross Margin from the Digital Solution and Technical Consultancy Services

The Company's gross profit margin in 2023 increased compared to 2022 due to losses incurred from projects in 2022 making the margins lower. Following enhancements in sales pricing procedures and project budget management, the company achieved better cost control in 2023. Additionally, most projects came from repeat engagements from existing customers, whereby the team has expertise, enabling effective cost efficiency.

2.2 Revenue from Technical Maintenance, Licensing and Cloud Services and Gross Margin (Recurring Income)



Revenue from Technical Maintenance, Licensing and Cloud Services

For 2023, the Company's revenues increased by Baht 54 million or an increase of 29% compared to 2022. This increase in revenue from licensing and maintenance is aligned with the growth in revenue from digital solutions and technical consultancy services. Furthermore, revenue from cloud services also increased, driven by new customers and increased usage of cloud services by existing customers.

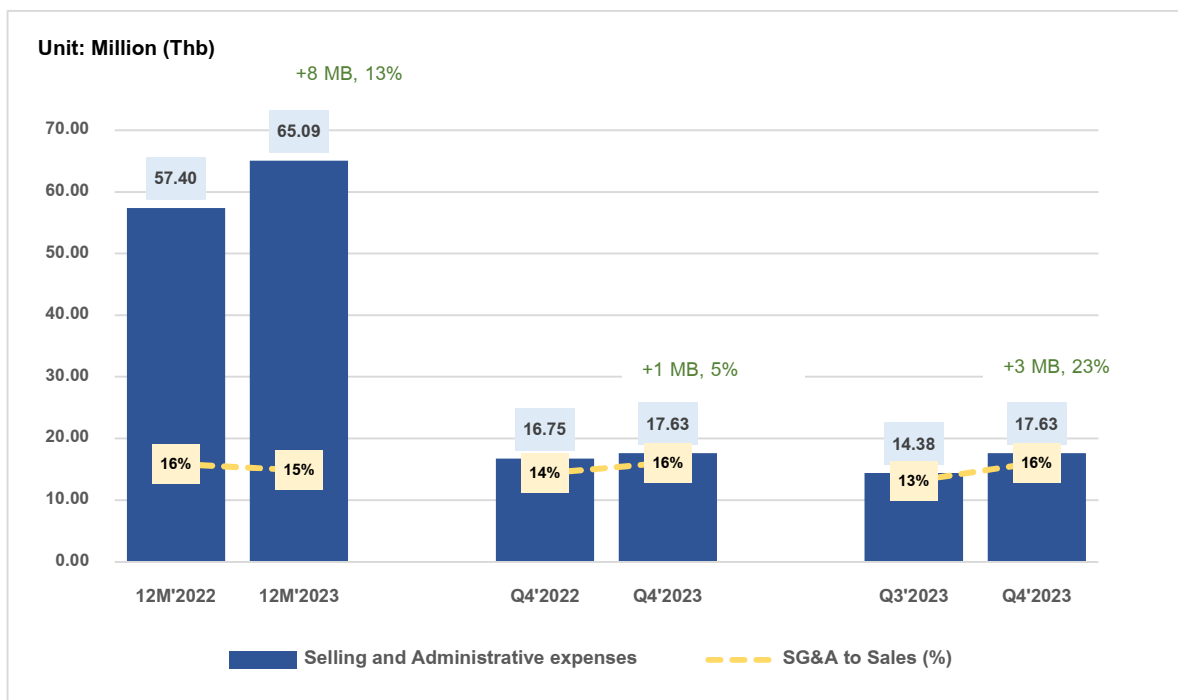
Gross profit from Technical Maintenance, Licensing and Cloud Services

The company maintained a gross profit margin at the level of 28-29% in 2023, with no significant changes from 2022.

Proportion of recurring income to total income

For 2023, the Company's proportion of recurring income to total income was 55%, representing a 3% increase from 2022.

2.3 Selling and administrative expenses and the ratio of selling and administrative expenses to sales



Selling and administrative expenses

For 2023, the Company had selling, and administrative expenses increased by Baht 8 million or an increase of 13% compared to 2022. The increase comes from 1.) Higher employee expenses due to the hiring of more executives, sales staff, and support staff. 2.) Marketing expenses related to the initial public offering (IPO), totaling approximately Baht 1.20 million. 3.) Depreciation of right-of-use assets as the Company relocated to accommodate a larger workforce, resulting in higher rental rates.

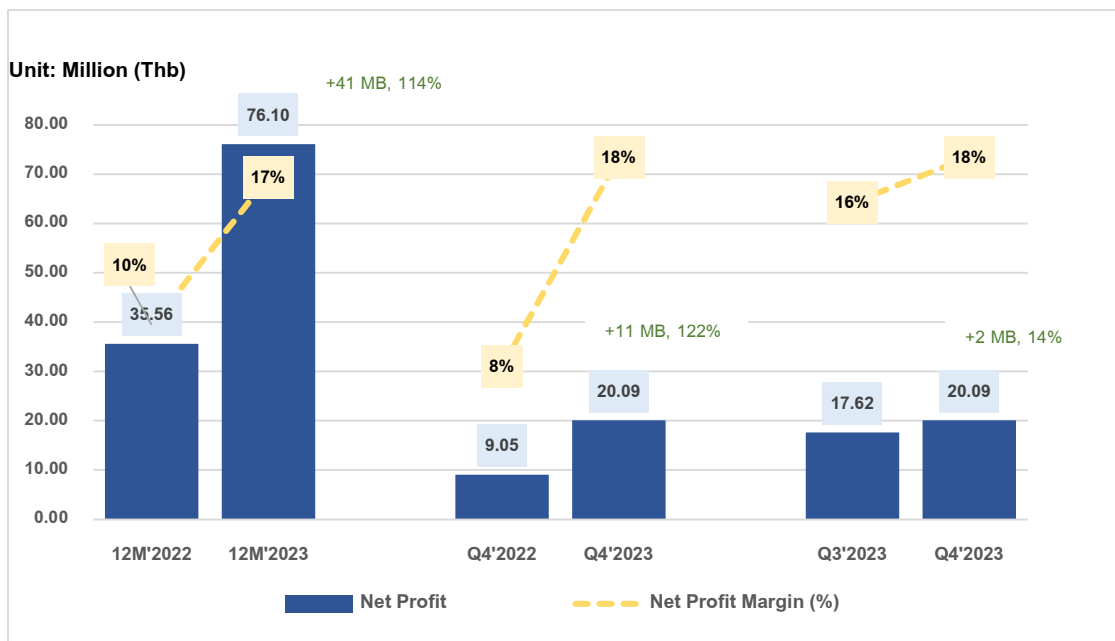
For Q4'2023, the Company had selling, and administrative expenses increased by Baht 1 million or an increase of 5% compared to Q4'2022. This increase results from higher employee expenses due to the hiring of more executives, sales staff, and support staff.

For Q4'2023, the Company had selling, and administrative expenses increased by Baht 3 million or an increase of 23% compared to Q3'2023. The increase is primarily due to the expected credit loss allowance for overdue accounts receivable and long-standing unbilled projects. The Company expects to collect all overdue accounts receivable and issue invoices for all outstanding projects in Q1'2024.

Selling and administrative expenses to sales ratio (SG&A to Sales)

The Company's ratio of selling and administrative expenses to sales in 2023 changed insignificantly compared to 2022, with the ratio approximately maintaining at 15-16%.

2.4. Net profit and net profit margin



Net profit and net profit margin

The Company's net profit and net profit margin both increased in 2023. This was attributed to increased service revenue and improved cost control. Furthermore, a reduction in loans led to decreased interest expenses, while tax benefits from BOI resulted in lower income tax expenses, leading to savings of Baht 4.19 million during this period.

3. Analysis of Financial Statement as 31 December 2023.

(Unit: THB Million)	As of 31 December,		Change increase (decrease)	
	2022	2023	Amount	%
Total Assets	270.59	686.92	416.33	154%
Total Liabilities	193.85	181.86	-11.99	-6%
Total Shareholders' equity	76.74	505.06	428.32	558%

Assets

As of 31 December 2023, the Company had total assets of Baht 686.92 million which increased by Baht 416.33 million or equivalent to a growth of 154% compared to 31 December 2022, due to:

1. Cash and cash equivalents increased by Baht 275 million or growth of 893% from receiving funds from the initial public offering (IPO) and the increased net cash flow from operations.
2. Short-term investments increased by Baht 91 million, as the Company invested in highly liquid and low-risk money market funds during the period.
3. Contract assets (accrued income) increased by Baht 37 million or growth of 37%, which corresponds to the increase in service income.
4. Trade and other accounts receivable increased by Baht 14 million or growth of 24%, which corresponds to an increase in service income. The aging of most trade accounts receivable is in the group that has not yet matured. Accounts receivable that are overdue but not more than 3 months, amounting to Baht 22 million, are expected to be received in Q1'2024. For Accounts receivable overdue for more than 12 months, amounting to Baht 1.61 million, is currently in the process of following up closely to collect debts.

Liabilities

As of 31 December 2023, the Company had total liabilities of Baht 181.86 million, which decreased by Baht 11.99 million or 6% compared to 31 December 2022 due to a decrease in short-term loans from financial institutions.

Shareholders' equity

As of 31 December 2023, the Company had total shareholders' equity of Baht 505 million which increased by Baht 428 million or 558% compared to 31 December 2022, due to an increase in share premium and total comprehensive income.

4.Key Financial Ratios

Financial Ratios	Unit	2022	2023	Change
<i>Current Ratio</i>	Times	1.32	4.32	3.00
<i>Interest bearing debt to equity ratio (IBD/E)</i>	Times	0.77	0.07	(0.70)
<i>Cash cycle</i>	Days	(3.02)	(15.21)	(12.19)
<i>Return on equity (ROE)</i>	Percent	52.84	26.16	(26.68)

Current ratio

As of December 31, 2023, the Company's current ratio increased 3 times compared to December 31, 2022, because the Company had increased cash and cash equivalents from the initial public offering (IPO) and decreased loans from financial institutions.

Interest bearing debt to equity ratio (IBD/E)

As of December 2023, the Company's Interest-bearing debt to equity ratio decreased 0.70 times compared to December 31, 2022, as the Company decreased loans from financial institutions.

Cash cycle.

As of December 31, 2023, the Company's cash cycle of 12.19 days, indicates improved receivables management. This is due to the company's ability to collect payments from debtors more quickly than paying trade creditors. In 2023, the company implemented a policy to enhance debt collection processes, such as sending payment reminder letters when payments are due.

Return on equity (ROE)

As of December 31, 2023, the Company's return on equity decreased by 26.68%, due to an increase in share premium and total comprehensive income.

5. Outlook for Business in 2024

<p><i>Service expansion plan</i></p>	<p>In 2024, the company plans to develop technology and digital products, either as proprietary white-label solutions or templated solutions. These products aim to streamline project development, reducing both time and labor costs. Alternatively, these products may be sold to customers for further customization. Initially, the company plans to prioritize the development of the Workflow System, Insurance Agent Platform and Insurance Broker Platform.</p>
<p><i>Human resource expansion plan</i></p>	<p>In 2024, the company plans to increase its digital workforce by approximately 10 percent to support upcoming projects. This includes expanding the High Code team to facilitate seamless integration with Low Code technology, enhancing efficiency, customizing software for specific use cases, and improving responsiveness to customer needs. Additionally, there are plans to expand the sales personnel to support the company's expansion into new industries and promote its new templated products to a broader customer base.</p>
<p><i>Cloud service reduction plan</i></p>	<p>Historically, the company's revenue from cloud services comprised approximately 30% of its total income. However, this revenue stream has a relatively low profit margin. Therefore, in 2024, the company intends to decrease its provision of cloud services especially in new projects or existing projects that have very low margins. Instead, the focus will shift towards high-margin activities such as implementation work and the development of proprietary products. Therefore, due to the reduction of cloud services and increased engagement in templates and digital solutions, the company expects its gross profit margin (GPM) to grow in 2024.</p>
<p><i>Management Restructuring Plan</i></p>	<p>In 2024, TBN Corporation Public Company Limited (the parent company) plans to transfer all employees from BOP Company Limited (a subsidiary) to be under the management of the parent company. This move is aimed at enhancing flexibility in human resource management and further improving work efficiency and also integration with both Low Code and High Code teams. However, since BOP Company Limited has historically generated income solely from providing services to the parent company, the transfer of these employees will have no effect on the operating results in the consolidated financial statements.</p>

CAPEX

In 2024, the company has allocated budget for exploring investments in other companies with the aim of strengthening strategies and find synergies to expand Low code solutions to different industry sectors as well as expanding TBN's product range and services to existing customers. .