

May 9, 2024

Subject: Management Discussion and Analysis for the Q1/2024

President

The Stock Exchange of Thailand

In Q1/2024, the Company's revenue from services totaled Baht 129.3 million. 3% growth compared to Q1/2023 at Baht 125.3 million:- Revenue from EMCS business amounted to Baht 59.4 million, a growth of 18% compared to Q1/2023 from all services, including AI system. Additionally, revenue from BVA's TFRS 17 business segment also contributed to the growth. However, revenue from the TPA service decreased by 10% compared to Q1/2023 as the volume of health claims returned to normal in 2024 compared to 2023, there is still a high volume of COVID claims. In addition, the Company has decided to stop providing services to some customers to manage credit risk (Credit Risk)

The net profit was Baht 13.1 million, 24% and 30% lower than Q1/2023 and Q4/2023, respectively, because the company is currently in the process of studying opportunities and feasibility for expanding into a new business, which has resulted in one-time expenses from such project for this quarter Baht 3 million, and had expenses during the initial establishment of BlueVenture HCM Co., Ltd., which is expected to start generating revenue in Q2-Q3, as well as the impact from the discontinuation of services to some customers as mentioned above.

Operating results for the Q1/2024

(Thousand baht)

Consolidate	3 Months				
	Q1/2024	Q4/2023	%QoQ	Q1/2023	%YoY
Revenue from services	129,298	140,683	-8%	125,289	3%
BVG	59,398	56,662	5%	50,272	18%
BVTPA	60,119	73,416	-18%	66,907	-10%
BVA & BVTECH	9,781	10,605	-8%	8,110	21%
Costs of services	67,622	62,248	9%	54,541	24%
BVG	33,371	31,648	5%	27,265	22%
BVTPA	26,690	23,036	16%	20,795	28%
BVA & BVTECH	7,561	7,564	0%	6,482	17%
Gross profit	61,675	78,435	-21%	70,748	-13%
Administrative expenses	47,867	56,850	-16%	49,526	-3%
Operation profit	13,809	21,585	-36%	21,222	-35%
Other income	2,826	1,646	72%	768	268%
Profit before tax	16,635	23,231	-28%	21,989	-24%
Net Profit	13,147	18,696	-30%	17,375	-24%

Consolidate	31/3/2024	31/12/2023	%+/-
Total assets	915,378	913,806	0%
Total liabilities	164,715	173,331	-5%
Shareholders' equity	750,663	740,475	1%

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1. Revenue from Services

In Q1/2024, revenue was Baht 129.3 million, higher than Q1/2023 by Baht 4.0 million, or +3%, but lower than Q4/2023 by Baht 11.4 million, or -8%.

1. BVG: Platform and application services for managing businesses related to motor insurance (“EMCS system”) earned Baht 59.4 million, increased by Baht 9.1 million, or +18%, compared to Q1/2023, an increase due to claim settlement, claim notification, and AI system with an increase in the number of transaction and increased by Baht 2.7 million or +5% compared to Q4/2023
- BVTPA: Revenue was Baht 60.1 million, divided into TPA service revenue of Baht 54.5 million, and training and other service revenue of Baht 5.6 million, a ratio of 91:09, medical benefit and claim management services, as well as related consultation through platforms and applications (“TPA services”), decreased by Baht 4.6 million, or 8%, compared to Q1/2023 and decreased by Baht 11.7 million, or 18%, compared to Q4/2023. The decline was due to the fact that in Q1/2024, the volume of health claims began to return to normal. Compared to 2023, there is still a high volume of COVID claims. In addition, BVTPA has decided to stop providing services to some customers to manage credit risk (Credit Risk)
- BVA&BVTECH: Revenue was Baht 9.8 million, increased by Baht 1.7 million, or +21%, compared to Q1/2023 primarily from insurance mathematics consultancy according to Accounting Standard No. 17 Insurance Contracts (IFRS 17) and equal to Q4/2023

2. Cost of Services and Administrative Expenses

In Q1/2024, the total cost and expenses were Baht 115.5 million, Baht 11.4 million higher than Q1/2023, representing a +11% increase, but Baht 3.6 million lower than Q4/2023, representing a 3% decrease, because the company is currently in the process of studying opportunities and feasibility for expanding into a new business, which has resulted in one-time expenses from such project for this quarter Baht 3 million, and had expenses during the initial establishment of BlueVenture HCM Co., Ltd., which is expected to start generating revenue in Q2-Q3, as well as the impact from the discontinuation of services to some customers as mentioned above.

3. Net Profit

In Q1/2024, the net profit was Baht 13.1 million, a decrease of Baht 4.2 million from Q1/2023, representing a 24% decrease, and a decrease of Baht 5.5 million, representing a 30% decrease compared to Q4/2023, which was in line with the target set.

4. Financial Position

As of March 31, 2024, the group of companies had total assets of Baht 915.4 million, an increase of Baht 1.6 million from the end of 2023. The main items were:

- Trade and other receivables increased by Baht 10.1 million, mainly due to trade receivables of Baht 8.9 million, most of which were receivables that were not yet due and receivables that were overdue for not more than 3 months.
- Right-of-use of office building of Baht 10.9 million from the commencement of a 3-year office lease agreement in March 2024, which was recognized together with the lease liability item shown under the non-current liabilities section.
- Intangible assets increased by Baht 5.9 million, mainly due to the development of computer programs for providing services to BVG's customers, such as AI Review, AI Estimate, TPA, and OCR systems, etc.
- Cash and investments decreased by Baht 22.6 million, mainly due to the payment of claims from the money that the company received from insurance companies and recorded as accrued claims payable.

Total liabilities were Baht 164.7 million, a decrease of Baht 8.6 million, representing a 5% decrease. The main item was accrued claims payable received from insurance companies to pay to hospitals or policyholders, which decreased by Baht 21.9 million from Baht 60.6 million at the end of 2023, remaining at Baht 38.7 million, but there was an increase in lease liabilities together with the right-of-use of office building shown under the non-current assets section as mentioned above.

Shareholders' equity was Baht 750.7 million, an increase of Baht 10.2 million, representing a 1% increase from operating profits.

Please be informed accordingly.

Yours sincerely,

(Mrs. Nawarat Wongthitirat)
Chief Executive Officer