



Date 5 November 2021

Subject : Management's Discussion and Analysis of the Financial Statement for the year ended 2020

To : Managing Director of The Stock Exchange of Thailand

Enclosure

: Management's Discussion and Analysis of the Financial Statement for the year ended 2020, both Thai and English, 1 set for each

Beryl 8 Plus Public Company Limited ("the company") would like to submit the company's audited financial statements 2020 ended 31 December 2020 to the Stock Exchange of Thailand.

The Operation result of the company for the year 2020 registered a net profit amounting to Baht 23.64 million. Please see further details in the Management's Discussion and Analysis of the financial statements for the year ended 2020 as attached.

Yours faithfully,

(Mr. Apisek Tewinpagti)

Chief Executive Officer

Beryl 8 Plus Public Company Limited

Management's Discussion and Analysis for 2020 Results
Beryl 8 Plus Public Company Limited ("The Company" or "BE8")

1. Company Overview

The Company was established on October 30, 2009, with a registered capital of Baht 1.00 million as a digital technology consulting with a comprehensive offering in CRM, Analytics, and Digital Technology with specialization in CRM systems with Salesforce as well as software resellers of leading companies such as Salesforce, Google, MuleSoft and Tableau.

The types of services can be divided as follows:

1. Strategy and Technology Consulting

Strategy and Technology Consulting is started from planning with customers in laying out the direction and strategy for Digital Transformation as well as conducting system design, system development, and technological development of employees in the organization according to the plan. It can be divided into 3 main categories as follows:

1.1 Strategy consulting service such as Digital Transformation Strategy, CRM Strategy and Sales and Marketing Strategy

1.2 Implementation service

1.3 Technology Capability Building service

2. Technology Support Service

Technology Support Service consists of the sale of the right to use the software license based on the number of users and the agreed period from the software that the Company has the right to be a reseller or choose to install for customers including after implementation services such as maintenance services and other supporting works. It can be divided into 2 main categories as follows:

2.1 License and Subscription

2.2 Support and Maintenance and Managed Service

2. Business Performance

2.1 Revenues

The company's total revenue in 2019 and 2020 were Baht 311.49 million and Baht 312.54 million, which consisted of revenue from Strategy and Technology Consulting Service, revenue from Technology Service and Other revenue. In 2020, the company had revenue from services almost the same level as in the year 2019 due to the impact of the COVID-19 virus outbreak, many of the company's clients postponed their investment plans in digital transformation projects. Details are as follows:

Revenue Types	2019		2020	
	M THB	%	M THB	%
Strategy and Technology Consulting	194.05	62.30	191.44	61.25
Technology Service	116.38	37.36	120.35	38.51
– License and Subscription	62.25	19.98	58.80	18.81
– Support and Maintenance & Managed Service	54.13	17.38	61.55	19.69
Revenue from services	310.43	99.66	311.79	99.76
Other revenue ⁽¹⁾	1.05	0.34	0.76	0.24
Total Revenue	311.49	100.00	312.54	100.00

Note: ⁽¹⁾ Other revenue such as interest income, profit(loss) from exchange rate and profit(loss) from selling asset

Revenue from Strategy and Technology Consulting

In 2020, revenue from Strategy and Technology Consulting service decreased Baht 2.61 million or equivalent to 1.35% from the previous year. Since the COVID-19 situation, many of the company's clients postponed their investment plans in digital transformation projects.

Revenue from Technology Service

- Revenue from License and Subscription

In 2020, revenue from License and Subscription decreased Baht 3.45 million or equivalent to 5.45% as a result of one of the company's client that runs an airline business has entered the rehabilitation process under the consideration of the Central Bankruptcy Court. Thus, there was a massive reduction in number of subscriptions. Although the company has been approaching to new enterprise clients, it did not cover all the reduction in subscription numbers.

- **Revenue from Support and Maintenance & Managed Service**

In 2020, revenue from Support and Maintenance & Managed Service increased Baht 7.42 million or equivalent to 13.71% as there was an increase in the number of clients using the Managed Service.

2.2 Costs of Services

In the year 2019 and 2020, the costs of sales of the Company were Baht 161.53 million and Baht 164.89 million, respectively, or equivalent to 52.03% and 52.89% of the revenue from services, respectively. The cost of services increased each year as the growth in revenue from services and to support future business expansion. Details are as follows:

Cost Types	2019		2020	
	M THB	%	M THB	%
Cost of Strategy and Technology Consulting	105.86	54.55	104.72	54.70
Cost of Technology Service	55.67	47.84	60.17	49.99
Total Cost of Sales	161.53	52.03	164.89	52.89

In 2020, cost of Strategy and Technology Consulting decreased Baht 1.90 million or equivalent to 2.00% in accordance with the slightly decreased of revenue from Strategy and Technology Consulting. The company still maintained the proportion of cost to revenue as the prior year.

While the cost of Technology Service increased Baht 4.50 million or equivalent to 8.08% in accordance with an increase of revenue from Technology Service. Since the company has been establishing a new department that takes care of supporting and maintaining the clients' system. Moreover, there was an expansion of Managed Service. However, the proportion of cost to revenue has increased continuously during the past 2 years that was a result of price competition.

2.3 Gross Profit

In the year 2019 and 2020, gross profit were Baht 148.91 million and Baht 146.90 million, respectively, and the gross profit margin were 47.97% and 47.11%, respectively. The gross profit of Strategy and Technology Consulting Service in 2020 slightly dropped from 2019 which was at Baht 88.20 million to Baht 86.72 million in 2020 or equivalent to 1.67%. Meanwhile, the gross profit of Technology Service in 2020 also lightly dropped from 2019 which was at Baht 60.71 million to Baht 60.18 million in 2020 or equivalent to 0.87%. In both years, the reason of decrease in gross profit was an increase in number of employees to support the expansion of the company in the future. Details are as follows:

Gross Profit	2019		2020	
	Gross Profit		Gross Profit	
	M THB	Margin (%)	M THB	Margin (%)
Strategy and Technology Consulting	88.20	45.45	86.72	45.30
Technology Service	60.71	52.16	60.18	50.01
Gross Profit	148.91	47.97	146.90	47.11

2.4 Selling Expenses

Key selling expenses were salary, other employee's benefits, advertising, commission, traveling and other selling expenses. In the year 2019 and 2020, selling expenses were Baht 29.70 million and Baht 31.89 million, respectively, or equivalent to 9.53% and 10.20% of total revenue, respectively. In 2020, there was an increase in selling expense due to an increase in number of employees. Details are as follows:

Selling Expenses	2019		2020	
	M THB	%	M THB	%
Salary and other employee's benefits	23.56	7.56	28.53	9.13
Advertising	0.56	0.18	0.75	0.24
Commission	1.03	0.33	0.31	0.10
Promotional Expense	3.09	0.99	1.05	0.34
Traveling	1.22	0.39	0.31	0.09
Other selling expenses*	0.24	0.08	0.94	0.30
Total selling expenses	29.70	9.53	31.89	10.20

Note: other selling expenses was a recreation expense

2.5 Administrative Expenses

The company's administrative expenses in 2019 and 2020 were Baht 53.37 million and Baht 57.86 million, respectively, or equivalent to 17.13% and 18.51% of total revenue, respectively. There was an increase in 2020's administrative expenses due to the write-off of one of the company's debtors. Also, the company had the rising expenses which related to strategy consultation and lawyer consultation. Details are as follows:

Administrative Expenses	2019		2020	
	M THB	%	M THB	%
Employee related expense	33.12	10.63	32.29	10.33
Consulting expense	6.62	2.12	8.42	2.70
Depreciation and amortization	7.17	2.30	6.85	2.19
Rent expense	0.53	0.17	0.53	0.17
Utilities expense	0.44	0.14	0.54	0.17
Others*	5.49	1.77	9.23	2.95
Total Administrative Expenses	53.37	17.13	57.86	18.51

Note: Others, such as cost of computers' software licenses, directors compensation, office equipment and bank fees

2.6 Expected credit losses from trade account receivable and contract assets

The expected credit losses from trade account receivable and contract assets in 2019 and 2020 were Baht 1.77 million and Baht 41.33 million, respectively. In 2020, trade account receivable of a customer in the airline business has entered the rehabilitation process under the consideration of the Central Bankruptcy Court. Therefore, the company recorded a full allowance for the expected credit losses of this debtor, Baht 40.48 million, to reflect the credit risk of the debtor.

2.7 Net Profit

In the year 2019 and 2020, net profit were Baht 64.26 million and Baht 23.64 million, or equivalent to 20.63% and 7.57% of total revenue, respectively. In 2020, the net profit decreased from the previous year by Baht 40.62 million, mainly due to the estimated allowance for expected credit losses from trade account receivable of a customer in the airline business, equal to Baht 40.48 million. However, this debtor has entered the rehabilitation process under the consideration of the Central Bankruptcy Court. Thus, the Company recorded a full allowance for the expected credit losses of this debtor to reflect the credit risk of the debtor.

3. Financial Position

3.1 Assets

As of 31, December 2019 and 31, December 2020, the Company's total assets were Baht 238.59 million and Baht 279.06 million, respectively. At the end of 2020, the total assets increased from the previous year by Baht 40.47 million, representing a growth of 16.96%, mainly due to an increase in short-term investment in open-end fixed income funds of Baht 89.38 million. Also, the increased in investment came from the cash flow from operation and proceeds from the investment of Salesforce Venture LLC.

3.2 Liabilities

As of 31, December 2019 and 31, December 2020, the Company's total liabilities were Baht 116.55 million and Baht 201.00 million, or equivalent to 48.85% and 72.03% of the total assets, respectively. At the end of 2020, total liabilities increased from 2019 by Baht 84.46 million or 72.46%, mainly due to an increase in trade and other payables and accrued dividends of Baht 63.96 million and contracts liabilities of Baht 13.56 million, as well as from provision for long-term employee benefits under the new law amended to allow employers to pay more compensation to the rate of 400 days of the last wage rate (TAS19), amounting to Baht 6.9 million.

3.3 Shareholders' equity

As of 31, December 2019 and 31, December 2020, the shareholders' equity of the Company were Baht 122.05 million and Baht 78.06 million, respectively. At the end of 2020, the shareholders' equity decreased by Baht 43.98 million, or 36.04% from the previous year, mainly due to the Company paying annual dividends according to the resolution of Annual General Meeting of Shareholders No. 1/2020 and the interim dividend payment according to the resolution of Board of Directors Meeting No. 4/2020, totaling Baht 96.15 million. As well as from the sale of newly issued shares in the amount of Baht 1.16 million, which had a share premium of Baht 27.07 million. In addition, the Company had an annual comprehensive net profit of Baht 23.93 million.

3.4 Financial Ratios

- **Current and Quick ratio**

At the end of year 2019 and 2020, the company's quick ratios were 2.35 and 1.34, respectively. It indicated that the company is fully equipped with enough assets to be instantly liquidated to pay off its current liabilities.

- **Net Profit Margin**

In 2019 and 2020, the net profit margins were 20.63% and 7.56%, respectively. There was a reduction in net profit margin in 2020, mainly due to the estimated allowance for expected credit losses from trade account receivable of a customer in the airline business, equal to Baht 40.48 million.

- **Return on Equity (ROE)**

In 2019 and 2020, the company's return on equity were 66.58% and 23.63%, respectively. There was a decrease in return on equity in 2020 due to the significant reduction of company 2020's net profit when compared to the previous year.

- **Debt to Equity ratio (D/E)**

In 2019 and 2020, the debt to equity ratios were 0.95 and 2.57, respectively. There was an increase in 2020's debt to equity ratio when compared to 2019 mainly because of the reduction of company's equity which were result of 2020's dividend and interim dividend payment, Baht 96.15 million. Moreover, the company had gained Baht 1.16 million from issued and paid-up share capital with Baht 27.07 million share premium. While the company had Baht 72.70 million increased in liability from accrued interim dividend.