

No. BT 005/2022

February 24th, 2022

Subject: Management Discussion and Analysis for ending 31 December 2021

To: President
The Stock Exchange of Thailand

Bliss Intelligence Public Company Limited and subsidiaries (“the company”) have submitted the consolidated financial statements for the year 2021 ended December 31, 2021, which reported net loss of Baht 262.84 million, decreasing of Baht 641.34 million or 71% as compared to net loss of Baht 904.18 million in the same period of prior year. The company hereby reports the operating result as follows.

1. Total revenues from sales and services

The Group’s total revenues were Baht 290.02 million, decreasing of Baht 638.28 million or 69% as compared to total revenues of Baht 928.30 million in the same period of prior year. Details were as follows:

- 1.1 Revenue from sales were Baht 13.93 million, decreasing of Baht 136.44 million or 91% as compared to Baht 150.37 million in the same period of prior year due to no sale of equipment for the project of service providing high-speed internet in remote area Zone C, Group 2 North 2 Region (USO) as the installation of equipment completed and already recognized in the prior year.
- 1.2 Revenue from services amounted to Baht 255.77 million, decreasing by Baht 506.64 million or 66% as compared to Baht 762.41 million from the same period of last year mainly related to the delay of the project and COVID-19 spread prevention and protection policies.

2. Cost of sale and cost of rendering of services

The Group’s total cost of sale and cost of rendering services amounted to Baht 299.04 million, decreasing of Baht 669.91 million or 69% as compared to total cost of sale and cost of rendering of services of Baht 968.95 million in the same period of prior year. Details were as follows:

- 2.1 Cost of sale amounted to Baht 13.97 million, decreasing by Baht 137.00 million or 91% as compared to Baht 150.97 million YoY in accordance with a decline in revenue.
- 2.2 Cost of services fee amounted to Baht 285.07 million, decreasing by Baht 532.92 million or 65% as compared to Baht 817.99 million YoY.

3. Gross profit

For the year 2021, the company reported a negative gross profit of Baht 29.33 million, improving from a reported negative gross profit of Baht 52.40 million in the same period of previous year mainly related to penalty fee of Baht 33.57 million for the delaying of the project of service providing high-speed internet in remote area Zone C, Group 2 North 2 Region (USO) in 2020.

The company's gross profit margin was -10.87% for the year 2021 as compared to -5.72% in 2020, showing a decline in gross profit margin in the comparison period due to COVID-19 pandemic impacted on the company's revenue.

The other reasons of a negative gross profit margin mainly were as follows:

- 3.1 penalty fee of Baht 13.45 million for solar cell installation of Health Promoting Hospital (HPH) Project affecting the company's revenue.
- 3.2 "The Double track high speed train project from Prachuap Khiri Khan to Chumphon" was abandoned by a contractor, resulting in critical delay and significant costs of replacement of Baht 12.19 million.
- 3.3 the sewer pipe installation in Sukhumvit 39 project was terminated by a contractor, resulting in additional operating costs of Baht 3.34 million.

4. Total expenses

The Group's total expenses amounted to Baht 252.83 million, significantly improved by Baht 605.49 million or 71% YoY as compared to total expenses of Baht 858.32 million in the same period of prior year. Key reasons were:

4.1 A decline in other expenses of Baht 140.45 million, comparing to 734.08 million in 2020 resulted from an allowance for impairment of investment in Information Technology Group Company Limited, a direct associated company of Baht 411.72 million and an allowance for doubtful debt which also decreased by Baht 181.85 million in the prior year.

- 4.2 employee expenses decreased from Baht 37.83 million in 2020 to Baht 27.51 million in 2021 due to the company restructuring.

Please be informed accordingly.

Your sincerely,

(Petcharat Thongtang)

Managing Director