



(Unofficial Translation)

24 February 2023

Subject Management Discussion and Analysis for the year ended 31 December 2022
Attention President, The Stock Exchange of Thailand

Bluebik Group Public Company Limited (the “Group”) would like to provide Management Discussion and Analysis for the year ended 31 December 2022 as attached.

Your Sincerely

-signature-

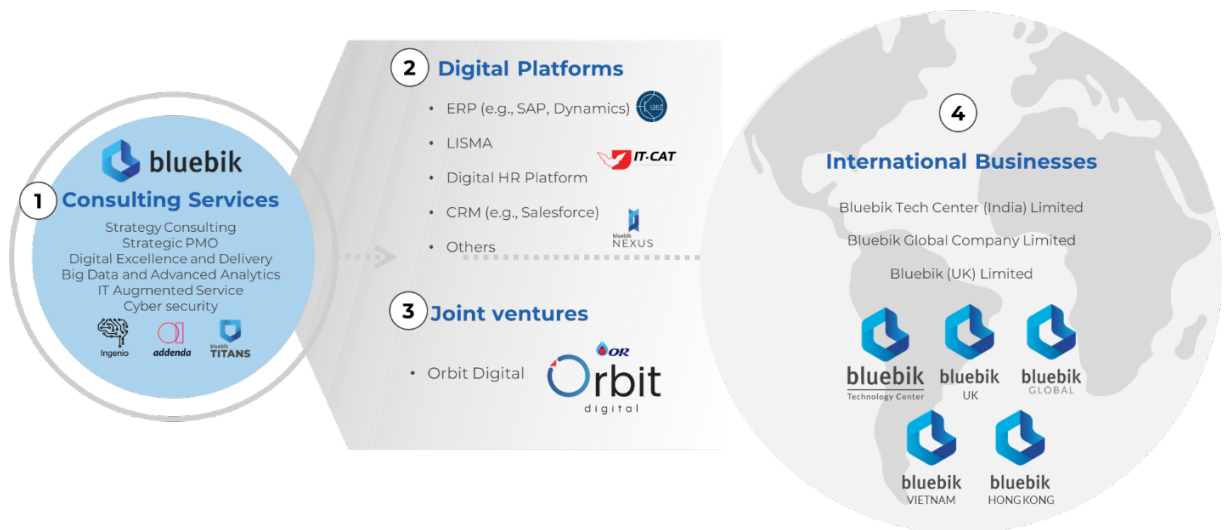
(Miss Sriprae Thanathitiphan)

Chief Finance Officer

Business Overview

Bluebik Group Public Company Limited (“the Company”) and its subsidiaries, Associates and joint ventures (“the Group”) is an end-to-end digital transformation partner providing services for strategic and digital technology consulting and other related services for various business sectors. Main active businesses are in 4 pillars including;

A truly end-to-end digital transformation partner



1. Digital Transformation Consulting Services – which is the core consulting service that the Group provides end-to-end digital transformation consulting services to the client. The Group emphasizes on the services quality together with the offering of widely end-to-end scope of consultancy services, especially to serve the technology trend until post digital transformation. The main scope of consulting services are;

- **Management Consulting (MC)** is service to develop short-term and long-term strategic business plan (3 – 5 years), develop marketing plan for customers’ products to create competitive strategy, perform business process improvement and reorganization.



- **Strategic Project Management (PMO)** is service to provide project management or product management function including supervising projects, managing and monitoring project progress to ensure work delivery on timely basis and goal achievements of organizations.
- **Digital Excellence and Delivery (DX)** is service to provide in-depth consulting in digital technology suitable to the organizations including designing user experiences and user-system interface (UX/UI) on website or application as well as developing deep technology, to solve specific problems within the organizations in order to achieve the goal to enhance work efficiency and business flexibility.
- **Big data, advanced analytics and artificial intelligence (AI)** is service to design and implement big data platform, analyze big data and implement the artificial intelligence to translate data into measurable value and support management decision making.
- **IT Staff Augmentation** is service to provide personnel outsourcing service especially in technical areas i.e. Programmer, Software Developer based on client required timeframe.

In addition, during the year 2022 the Group has expanded the business to ensure the End-to-End Services capabilities by providing more services on;

- **ERP maximization and advisory** which covers for SAP program. The services focus on the re-design and customization of SAP program in order to maximize its capacity to serve the business.
- **Customer Relationship Management (CRM) advisory and solution** which covers for Salesforce program. The services is to assess the business, design and implementation of the Salesforce program and integrate with client's existing systems to ensure the seamless experience.
- **Cyber Security and Solution Implementation Services** which is the end-to-end cyber security consultancy starting from the business-cybersecurity alignment, the critical cyber risk remediation, strengthened security-by-design and the cyber response readiness.

2. Digital Platform – the Group together with the global technology partners implement the digital platform or IT solutions which serve the business demand and trend. The platform usually serves client in all scales and will support the digital transformation in the organization. In addition, the Group develops the digital platform or IT solutions i.e. LISMA solution (Line as SAP Mobile Application) which is the integration among SAP and Line platform in order to facilitate the flexibility of system usage to the users.

3. Joint venture – the Group collaborate together with the potential business partner to enhance and synergize the businesses. In year 2021, the Company had invested in the joint venture named Orbit Digital Company Limited (“Orbit”) which is the joint venture with Modulas Venture Company Limited; the subsidiary of PTT Oil and Retail Public Company Limited (“OR”) to serve as the digital arm for OR group to support on the digitalization, retail innovation and the data monetization.

4. Global business – the Group explored on the expansion to global business which has significant and continuous demand on the digital transformation. In the year 2022, the Group had provided the technology services to clients in multiple countries i.e. Indonesia, Singapore, United Kingdom and Vietnam. The strength of the Group is in the quality and the capability of resources and the cost competitiveness in the global market.

In overall, for the year 2022 the Group had invested in the subsidiaries and associates which are GMVPI Company Limited which has the expertise in the SAP customization, Bluebik Titans Company Limited which has the expertise in the cyber security, Bluebik Nexus Company Limited, which has the expertise in the digital platform and blockchain solution and IT-CAT Company Limited, which has the expertise in the Human Resources Management system design and implementation.

In addition, to serve global business, the Group had setup Bluebik Global Company Limited, Bluebik Technology Center (India) Private Limited and planned to setup Bluebik (UK) Limited, Bluebik (Vietnam) Company Limited and Bluebik (Hongkong) Company Limited.

Moreover, the Extraordinary General Meeting of Shareholders No.1/2023, held on 13 February 2023, of the Company, has passed resolutions to approve the invest in 2 subsidiaries which are 1) Innoviz Solutions Company Limited, the consulting of ERP implementation mainly Microsoft Dynamic 365 and 2) Vulcan Digital Delivery Co., Ltd. Which is digital delivery business unit of MFEC Public Company Limited.

The Company has completed for these 2 deals closing in February 2023 and these 2 companies become subsidiaries of the Group. This is in order to serve the position of Truly End-to-End Digital Transformation Partner according to the Group strategic plan.

Financial Performance Summary for the period ended 31 December 2022

Consolidated									Unit Million Baht		
	2565	2564	UJ YTD	%	3M Q4/22	3M Q3/22	UJ QoQ	%	3M Q4/21	UJ YoY	%
Service and sale revenue	563.77	303.69	260.08	85.64%	139.17	181.41	(42.24)	-23.28%	105.76	33.42	31.60%
Cost of service and sale	(266.23)	(118.61)	(147.62)	124.46%	(65.89)	(96.71)	30.81	-31.86%	(48.94)	(16.96)	34.65%
Gross profit	297.55	185.08	112.47	60.77%	73.28	84.71	(11.43)	-13.49%	56.82	16.46	28.97%
Other income	1.68	2.46	(0.78)	-31.73%	(3.20)	2.19	(5.39)	-245.72%	1.67	(4.86)	0.00%
Selling and Admin expense	(170.94)	(110.66)	(60.28)	54.48%	(40.21)	(48.30)	8.09	-16.74%	(36.11)	(4.10)	11.35%
Profit from operation	128.29	76.88	51.40	66.86%	29.87	38.60	(8.73)	-22.61%	22.38	7.50	33.51%
Financial income	2.32	0.56	1.76	315.99%	0.72	0.41	0.31	0.00%	0.53	0.20	0.00%
Financial expense	(0.76)	(0.57)	(0.19)	32.57%	(0.20)	(0.20)	0.00	-1.82%	(0.14)	(0.06)	42.90%
Share of profit – asso/ JV	19.29	3.35	15.95	0.00%	2.68	6.89	(4.21)	0.00%	2.63	0.05	0.00%
Income tax expense	(18.53)	(13.72)	(4.81)	35.06%	(2.08)	(7.67)	5.59	-72.86%	(4.43)	2.35	-52.99%
Net profit	130.61	66.50	64.12	96.42%	31.00	38.03	(7.04)	-18.51%	20.96	10.03	47.85%
Net profit margin	23.17%		21.90%								

Revenue breakdown by each services can be shown as following;

Service and sale revenue									Unit Million Baht		
	2565	2564	UJ YTD	%	Q4/22	Q3/22	UJ QoQ	%	Q4/21	UJ YoY	%
1. Management consulting	82.79	60.91	21.88	35.92%	6.29	24.24	(17.95)	-74.05%	20.88	(14.59)	-69.88%
2. Strategic PMO	63.61	3.24	60.37	1863.27%	23.81	21.90	1.91	8.72%	-	23.81	100.00%
3. Digital delivery*	348.73	211.22	137.51	65.10%	97.30	105.49	(8.19)	-7.77%	82.14	15.16	18.46%
4. Big data & AI	68.64	28.32	40.32	142.37%	11.77	29.78	(18.01)	-60.48%	2.74	9.03	329.56%
Total revenue	563.77	303.69	260.08	85.64%	139.17	181.41	(42.24)	-23.29%	105.76	33.41	31.59%

*Digital delivery segment include the services and digital platforms of ERP, CRM implementation and cyber security consulting

Financial Performance Summary for the year ended 31 December 2022 compared with 31 December 2021

For the year ended 31 December 2022, the performance of the Group grew significantly and had the new high record for both revenue and net profit. Total revenues of the Group amounted to Baht 563.77 million, increased by Baht 260.08 million or increased by 85.64 percent from the previous year. This was mainly due to the continuous growth in digital transformation that drive many organization, especially in bank, insurance, technology and retail sector to increase their investment in IT and strategy development to ensure the competitive advantages. As a result, all services (Management consulting (MC), Digital excellence and delivery (DX), Strategic PMO (PMO) and Big data & AI (AI)) had increased in their revenues. Also, the expansion to global business serve as one of the support for the significant growth.

For the year ended 31 December 2022, net profits of the Group amounted to Baht 130.61 million which increased 96.42 percent from the net profit of previous year from the revenue growth. The net profit margin (NPM) of year 2022 is 23.17 percent which improved from the NPM of year 2021 reported at 21.90 percent. However, in the 4th quarter of year 2022, there were the one-time expenses recorded regarding the financial advisor and lawyer fee for the due diligence of the 2 M&A deals for Innoviz Solutions Company Limited and Vulcan Digital Delivery Company Limited amounted to Baht 9.37 million. The normalized net profit after deduct the one-time expense (net tax) will be around Baht 138 million or increased more than 108 percent from previous year net profit which showed the improvement of the Group profitability significantly. This is mainly due to the economy of scale from the growth in revenue more than the growth in fixed expenses. Also, the starting of BOI utilization from the second half of the year caused the decreasing of the tax expense.

The Group had realized the profit sharing from Orbit for the year 2022 total of Baht 19 million.

For the global business, the Group had provided DX and MC service for clients in Indonesia, Singapore, UK and Vietnam. The Group had revenue from global business for the year 2022 amounted to Baht 45.01 million or 8 percent of total revenue. The oversea revenue ratio decreased from previous quarter due to the significant growth in revenue locally more than expectation.

As of 31 December 2022, the Group reported total backlog at Baht 454 Million which expected to recognize as revenue in year 2023 not less than Baht 303 million. Remaining balance will be recognized from year 2024-2027.

Financial Performance Summary for the 3-month period ended 31 December 2022 compared with 3-month period ended 30 September 2022

For the 3-month period ended 31 December 2022, total revenues of the Group amounted to Baht 139.17 million, decreased by Baht 42.24 million or decreased by 23.29 percent QoQ. This was mainly due to some of MC and AI projects which had delivered the work and realized as revenue in quarter 3/2022 based on the agreed project milestone while in the quarter 4/2022, the due of project milestone to deliver is less.

For the 3-month period of quarter 4/2022, net profits of the Group amounted to Baht 31.00 million which decreased 18.51 percent from previous period due to revenue decrease. However, if we exclude the one-time expense, the normalized net profit for the 3-month period of quarter 4/2022 should be around Baht 38 million which closed to the net profit of quarter 3/2022 which showed the improvement of net profit margin due to the economy of scale and the utilization of BOI that cause the tax decreasing.

Financial Performance Summary for the 3-month period ended 31 December 2022 compared with 3-month period ended 31 December 2021

For the 3-month period ended 31 December 2022, total revenues of the Group amounted to Baht 139.17 million, increased by Baht 33.42 million or increased by 31.60 percent YoY that were driven from the growth in revenue of PMO service from the resume of normal business post-covid era. Also, there is the growth in DX and AI services from the strong demand of digital transformation.

For the 3-month period of quarter 4/2022, net profits of the Group amounted to Baht 31.00 million, which increased 47.85 percent from the net profit of previous year due to the revenue growth. In addition, the normalized net profit after deduct the one-time expense proved for the strong profitability of the Group comparing to previous year.

Balance Sheet

Asset

As of 31 December 2022 total assets of the Group amounted to Baht 805.85 million, separated to current asset amounted to Baht 675.10 million and non-current asset amounted to Baht 130.75 million which showed the strong financial position. Total assets increased by Baht 154.85 million from total assets as of 31 December 2021 amounted to Baht 651.00 million. Changes in assets can be summarized as the following;

- Increase in account receivable, accrued income and work in progress amounted to Baht 124.39 million from operational growth;
- Increase in investment in joint venture and associated company amounted to Baht 32.95 million from the new investment and the profit sharing for the year;
- Increase in right-of-use asset, building improvement and equipment to serve the expansion of headcount amounted to Baht 8.36 million;
- Increase in goodwill for the subsidiary acquisition amounted to Baht 18.86 million;
- Net decrease in cash and cash equivalent and short term investment amounted to Baht 31.05 million from the cash payment in operation and investment

Liabilities

As of 31 December 2022 total liabilities of the Group amounted to Baht 169.69 million, increased by Baht 62.58 million from total liabilities as of 31 December 2021 amounted to Baht 107.11 million. Changes in liabilities are mainly due to the operational growth which cause the increase in trade payable, accrued expense amounted to Baht 46.49 million, increase in unearned income amounted to Baht 5.30 million, increase in lease liability amounted to Baht 2.57 million and increase in employee benefit liability amounted to Baht 3.39 million.

Shareholders' equity

As of 31 December 2022 total shareholders' equity of the Group amounted to Baht 636.16 million, increased by Baht 92.72 million from total shareholders' equity as of 31 December 2021 amounted to Baht 543.89 million from 2022 net income offset with dividend payment of year 2021 amounted to Baht 37.50 Million which was paid in May 2022.