



*(Unofficial Translation)*

11 May 2023

Subject Management Discussion and Analysis for Quarter 1/2023

Attention President, The Stock Exchange of Thailand

Bluebik Group Public Company Limited (the “Group”) would like to provide Management Discussion and Analysis for Quarter 1/2023 as attached.

Your Sincerely

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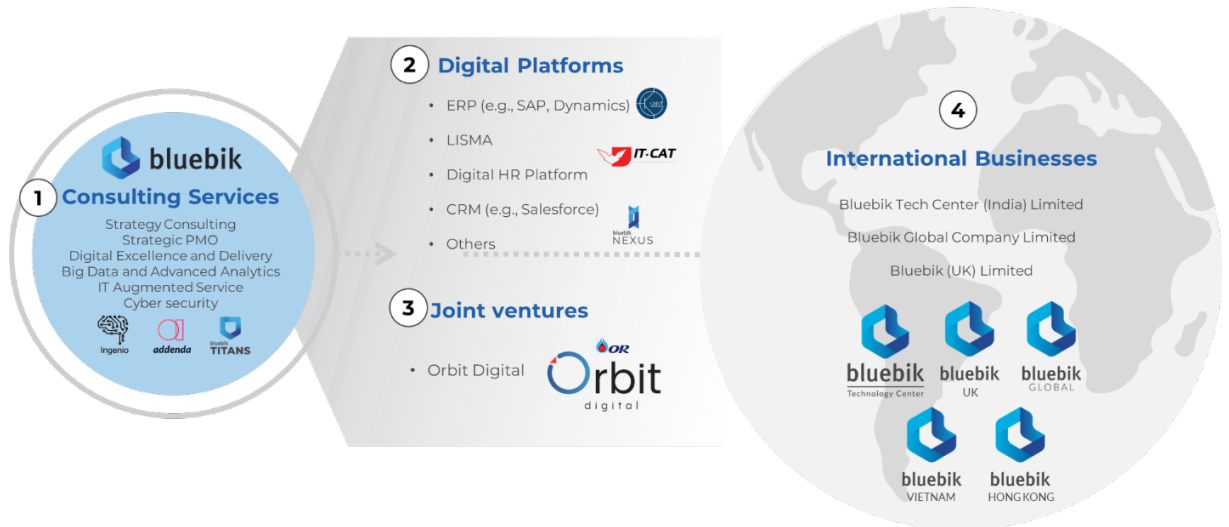
(Miss Sriprae Thanathitiphan)

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.
- **ERP maximization and advisory** which currently 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 currently 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. 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.

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 (“Innoviz”), the consulting of ERP implementation mainly Microsoft Dynamic 365 and 2) Vulcan Digital Delivery Co., Ltd. (“Vulcan”) 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 Quarter 1/2023**

Unit Million Baht

Consolidated					Unit Million Baht		
	3M Q1/23	3M Q4/22	Change QoQ	%	3M Q1/22	Change YoY	%
Service and sale revenue	266.82	139.17	127.65	92%	111.34	155.48	140%
Cost of service and sale	(137.91)	(65.89)	(72.02)	109%	(45.02)	(92.89)	206%
<b>Gross profit</b>	<b>128.91</b>	<b>73.28</b>	<b>55.63</b>	<b>76%</b>	<b>66.32</b>	<b>62.59</b>	<b>94%</b>
Other income	0.25	(3.20)	3.44	-108%	0.79	(0.54)	-69%
Selling and Admin expense	(73.10)	(40.21)	(32.89)	82%	(40.34)	(32.77)	81%
<b>Profit from operation</b>	<b>56.06</b>	<b>29.87</b>	<b>26.18</b>	<b>88%</b>	<b>26.77</b>	<b>29.28</b>	<b>109%</b>
Financial income	0.25	0.72	(0.47)	-65%	0.61	(0.36)	-59%
Financial expense	(1.29)	(0.20)	(1.10)	557%	(0.18)	(1.12)	637%
Share of profit – asso/ JV	10.34	2.68	7.67	286%	6.59	3.75	57%
Income tax expense	(2.74)	(2.08)	(0.66)	32%	(5.15)	2.41	-47%
<b>Net profit</b>	<b>62.62</b>	<b>31.00</b>	<b>31.62</b>	<b>102%</b>	<b>28.64</b>	<b>33.97</b>	<b>119%</b>
Non-controlling interest	4.36	0.55	3.81	696%	0.58	3.77	645%
<b>Net profit for parent company</b>	<b>58.26</b>	<b>30.45</b>	<b>27.81</b>	<b>91%</b>	<b>28.06</b>	<b>30.20</b>	<b>108%</b>

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23.44%

Revenue breakdown by each services can be shown as following;

Unit Million Baht

Service and sale revenue					Unit Million Baht		
	Q1/23	Q4/22	Change QoQ	%	Q1/22	Change YoY	%
1. Management consulting	34.18	6.29	27.89	443%	28.78	5.40	19%
2. Strategic PMO	13.04	23.81	(10.77)	-45%	7.76	5.28	68%
3. Digital delivery*	193.17	97.30	95.87	99%	69.43	123.74	178%
4. Big data & AI	26.43	11.77	14.66	125%	5.37	21.07	392%
<b>Total revenue</b>	<b>266.82</b>	<b>139.17</b>	<b>127.65</b>	<b>92%</b>	<b>111.34</b>	<b>155.48</b>	<b>140%</b>

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

**Financial Performance Summary for the 3-month period ended 31 March 2023 compared with 3-month period ended 31 March 2022**

For the 3-month period ended 31 March 2023, the performance of the Group reported total revenues amounted to Baht 266.82 million with net profits amounted to Baht 62.62 million which grew



significantly and had the new high record for both revenue and net profit. The growth were from both the organic revenue from existing services which grew to Baht 191.38 million 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 and the new recognition of revenue from Innoviz and Vulcan starting after the M&A deal closing in February 2023 which cause total revenue of Baht 75.44 was recognized for these 2 companies in the Quarter 1/2023 consolidated financial statement

Total revenue of Q1/2023 of Baht 266.82, increased by Baht 155.48 million or increased by 140 percent YoY. The main growth driver were still from the segment of Digital excellence and delivery (DX) which included revenue of Innoviz and Vulcan. In addition, other services which are Management consulting (MC), Strategic PMO (PMO) and Big data & AI (AI)) also had increased in their revenues. There is the continuous expansion to global business which the Group provided the service and recognized revenue from Vietnam in this quarter. The revenue from oversea for Quarter 1/2023 reported at Baht 19.36 million or represented 7 percent of total revenue. The oversea revenue ratio decreased from same quarter of previous year due to the significant growth in revenue locally.

For the 3-month period ended 31 March 2023, net profits of the period amounted to Baht 62.62 million which increased 119 percent from the net profit of previous year from the revenue growth. The net profit margin (NPM) of Quarter 1/2023 is 23 percent which closed to the average NPM of year 2022. This showed the ability to maintain profitability of core services, the increasing of profit sharing from Orbit which was realized in this Quarter at Baht 9.67 million from the new high of Orbit revenue and net profit in this quarter. Also the benefit of economy of scale from the growth in revenue more than the growth in fixed expenses and the starting of BOI utilization which overall caused the high profit margin.

### **Financial Performance Summary for the 3- month period ended 31 March 2023 compared with 3-month period ended 31 December 2022**

For the 3-month period ended 31 March 2023, total revenues of the Group amounted to Baht 266.82 million, increased by Baht 127.65 million or increased by 92 percent QoQ. This was mainly due to the increase of revenue from DX, MC, AI and the new recognition of revenue from Innoviz and Vulcan net

with the slightly decrease of revenue from PMO due to some projects which had completed the work in quarter 4/2022.

For the 3-month period of quarter 1/2023, net profits of the Group amounted to Baht 62.62 million which increased 102 percent from previous period due to revenue increase together with the higher profit sharing from Orbit, the economy of scale and the utilization of BOI.

As of 31 March 2023, the Group reported total backlog at Baht 745 Million which expected to recognize as revenue in year 2023 not less than Baht 559 million. Remaining balance will be recognized from year 2024-2028.

## **Balance Sheet**

### **Asset**

As of 31 March 2023 total assets of the Group amounted to Baht 2,132.25 million, increased by Baht 1,326.40 million from total assets as of 31 December 2022 amounted to Baht 805.85 million. Changes in assets can be summarized as the following;

- Increase in cash and cash equivalent amounted to Baht 176.77 million
- Increase in account receivable, accrued income and work in progress amounted to Baht 119.52 million from operational growth;
- Increase in investment in joint venture and associated company amounted to Baht 10.34 million from the profit sharing for the period;
- Increase in right-of-use asset, building improvement and equipment to serve the expansion of headcount amounted to Baht 65.50 million;
- Increase in goodwill for the acquisition of Innoviz and Vulcan amounted to Baht 927.02 million;

### **Liabilities**

As of 31 March 2023 total liabilities of the Group amounted to Baht 363.52 million, increased by Baht 193.83 million from total liabilities as of 31 December 2022 amounted to Baht 169.69 million. Changes in liabilities are mainly due to;

- Increase in unearned income amounted to Baht 65.85 million;



- Increase in lease liability amounted to Baht 51.96 million;
- Increase in employee benefit liability amounted to Baht 66.16 million.

### **Shareholders' equity**

As of 31 March 2023 total shareholders' equity of the Group amounted to Baht 1,768.73 million, increased by Baht 1,132.57 million from total shareholders' equity as of 31 December 2022 amounted to Baht 636.16 million from share increase amounted to Baht 1,061.85 million, Quarter 1/2023 net income for the parent company amounted to Baht 58.26 million and the increase in non-controlling interests amounted to Baht 12.72 million.