



(Unofficial Translation)

11 August 2023

Subject Management Discussion and Analysis for Quarter 2/2023

Attention President, The Stock Exchange of Thailand

Bluebik Group Public Company Limited would like to provide Management Discussion and Analysis for Quarter 2/2023 as attached.

Your Sincerely

-signature-

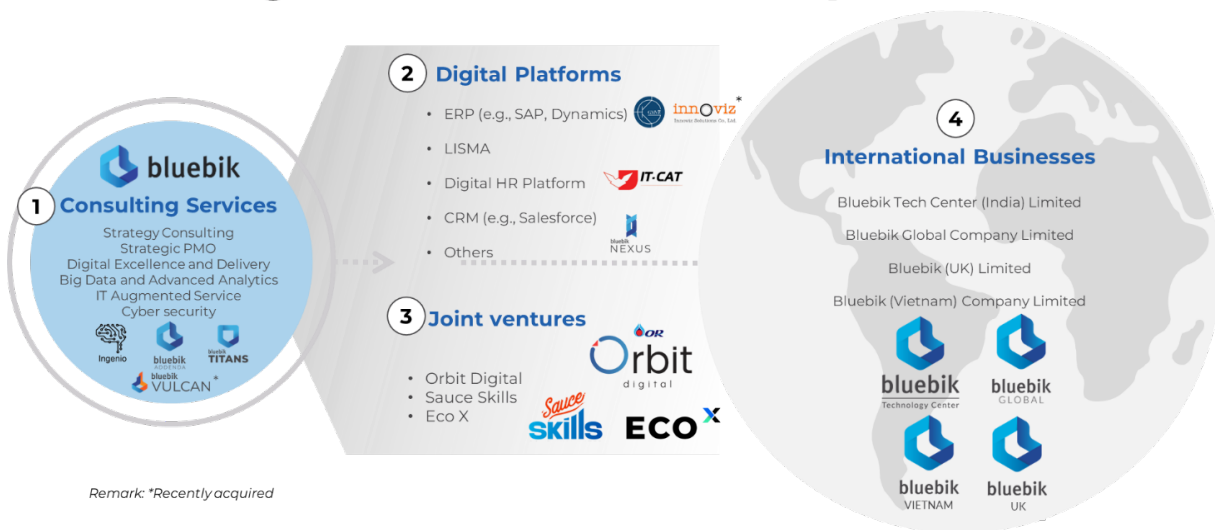
(Miss Sriprae Thanathitiphan)

Chief Financial 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.

In order to serve the position of Truly End-to-End Digital Transformation Partner according to the Group strategic plan, during Q1/23, the Company invested 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 has expertise in digital delivery area. Also, the Group incorporated 2 new subsidiaries based in United Kingdom and Vietnam. This is to support the expansion to global markets. During Q2/23, the Company invested in 2 companies which are

- Sauce Skills Company Limited (“Sauce Skills”) which is collaborating with THE STANDARD Company Limited to provide corporate training to uplift knowledge and understanding covering digital, business and leadership skills (Sauce Skills is a subsidiary of the Group)
- EcoX Company Limited (“EcoX”) which is a joint venture with Beryl 8 Plus Company Limited to provide consultancy and implementation services related to the green technology

6-month period ended 30 June 2023, total revenues of the Group amounted to Baht 606.58 million, increased by Baht 363.39 million or increased by 149 percent from the same period of previous year. This was mainly due to the integration synergy of the Group including new companies acquisition in year 2023 which enable capabilities to serve the high demand of the digital transformation in many industries from local and global clients to ensure their competitive advantages. As a result, there was significant increasing in Digital excellence and delivery (DX) revenues. The growth of revenue derive from the expansion to new customers and the new projects from the existing customers.

The Group had increased the oversea revenue from the quality of work and the continuation of services in UK and Vietnam which caused the 6-month period oversea revenue at Baht 65.44 million or increased by 122 percent from the same period of previous year.

For the 6-month period of 2023, net profits of the Group amounted to Baht 137.46 million, represented the net profit margin at 23 percent which increased 123 percent from the net profit of the previous year due to the revenue growth, the profit sharing from the joint venture and associates and the BOI tax exemption.

Financial Performance Summary for the 3- month period ended 30 June 2023 compared with 3-month period ended 31 March 2023

For the 3-month period ended 30 June 2023, total revenues of the Group amounted to Baht 339.75 million, increased by Baht 72.93 million or increased by 27 percent QoQ. This was mainly due to the high demand of clients to be the Digital-First Company which impact to the significant increase in DX services in financial institution, insurance and retail sectors.

For the 3-month period of quarter 2/2023, net profits of the Group amounted to Baht 74.84 million which increased 20 percent from previous period due to revenue growth. The net profit margin at 22 percent decreased a bit from Q1/2023 due to the higher portion of administrative expense during the quarter from the set up of new global companies which base in UK and Vietnam to serve for the expansion of global business. Also, there is the administrative expense from Sauce Skills which was incorporated during the quarter to prepare for the full operation starting from Q3/23.

Financial Performance Summary for the 3-month period ended 30 June 2023 compared with 3-month period ended 30 June 2022

For the 3-month period ended 30 June 2023, total revenues of the Group amounted to Baht 339.75 million, increased by Baht 207.91 million or increased by 158 percent YoY that were driven from the integration synergy among the companies in the Group to serve the demand of digital transformation from the clients especially in DX service.

For the 3-month period of quarter 2/2023, net profits of the Group amounted to Baht 74.84 million which increased 127 percent from the net profit of previous year due to the expansion of the Group from local and global markets which drive the revenue increase and the profit sharing from joint venture and associates.

As of 30 June 2023, the Group reported total backlog at Baht 789 Million (exclude backlog from joint ventures and associates) which expected to recognize as revenue in year 2023 not less than Baht 494 million. Remaining balance will be recognized from year 2024-2028.

Balance Sheet

Asset

As of 30 June 2023 total assets of the Group amounted to Baht 2,212.85 million, increased by Baht 1,407.00 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 81.04 million
- Increase in account receivable, accrued income and work in progress amounted to Baht 252.37 million from operational growth;
- Increase in investment in joint venture and associates amounted to Baht 23.98 million from the profit sharing during the period;
- Increase in right-of-use asset, building improvement and equipment amounted to Baht 81.55 million to serve for the increase of headcount;
- Increase in goodwill for the acquisition of Innoviz and Vulcan amounted to Baht 927.02 million;

- Increase in other investment amounted to Baht 14.53 million;
- Increase in deferred tax asset and other non current assets amounted to Baht 23.01 million

Liabilities

As of 30 June 2023 total liabilities of the Group amounted to Baht 411.41 million, increased by Baht 241.72 million from total liabilities as of 31 December 2022 amounted to Baht 169.69 million.

Changes in liabilities are mainly due to;

- Increase in account payable and other current liabilities amounted to Baht 14.54 million;
- Increase in unearned income amounted to Baht 104.84 million;
- Increase in lease liability from the expansion of office rental amounted to Baht 52.10 million;
- Increase in employee benefit liability amounted to Baht 69.89 million.

Shareholders' equity

As of 30 June 2023 total shareholders' equity of the Group amounted to Baht 1,801.44 million, increased by Baht 1,165.22 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, legal reserve amounted to Baht 0.5 million, 6-month period year 2023 net income for the parent company amounted to Baht 125.28 million and the increase in non-controlling interests amounted to Baht 21.15 million offset with dividend payment of year 2022 amounted to Baht 43.55 Million which was paid in May 2023.