



(Unofficial Translation)

20 February 2024

Subject Management Discussion and Analysis for year 2023

Attention President, The Stock Exchange of Thailand

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

Your Sincerely

-signature-

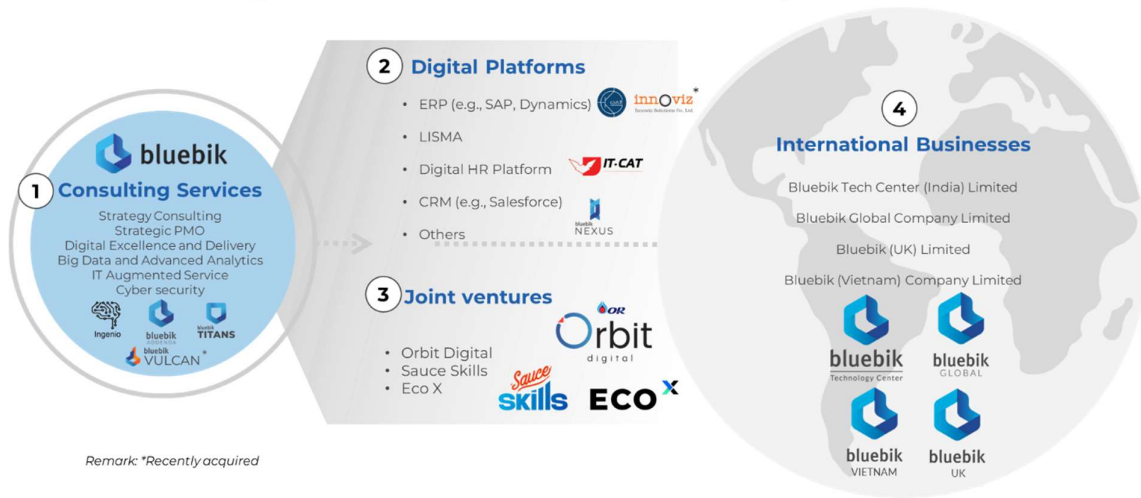
(Miss Sriprae Thanathitiphan)

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 or LISMA X solution which are the integration among SAP and LINE or Microsoft 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 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.

For the year 2023, 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) Bluebik Vulcan 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). Sauce Skills started operation and revenue recognition in Q3/23.
- 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

Financial Performance Summary for the year 2023

Unit Million Baht

Consolidated financial statement	Change				3M				3M		
	2023	2022	YTD	%	Q4/23	Q3/23	QoQ	%	Q4/22	Change YoY	%
Service and sale revenue	1,313.29	563.77	749.52	133%	371.79	334.92	36.88	11%	139.17	232.62	167%
Cost of service and sale	(658.15)	(266.23)	(391.92)	147%	(203.62)	(157.37)	(46.25)	30%	(65.89)	(137.72)	209%
Gross profit	655.14	297.55	357.59	120%	168.18	177.55	(9.38)	-5%	73.28	94.90	130%
Other income	3.75	1.68	2.07	123%	(0.50)	2.23	(2.73)	-123%	(3.20)	2.69	-84%
Selling and Admin expense	(375.83)	(170.94)	(204.89)	120%	(94.00)	(102.40)	8.41	-8%	(40.21)	(53.79)	134%
Profit from operation	283.06	128.29	154.78	121%	73.68	77.38	(3.70)	-5%	29.87	43.80	147%
Financial income	4.26	2.32	1.94	84%	2.06	0.45	1.61	362%	0.72	1.33	184%
Financial expense	(6.00)	(0.76)	(5.25)	692%	(1.86)	(1.46)	(0.40)	27%	(0.20)	(1.66)	847%
Share of profit – asso/ JV	54.77	19.29	35.48	184%	23.34	9.00	14.34	160%	2.68	20.66	772%
Income tax expense	(33.06)	(18.53)	(14.53)	78%	(11.29)	(5.72)	(5.58)	98%	(2.08)	(9.21)	442%
Net profit	303.03	130.61	172.42	132%	85.92	79.65	6.27	8%	31.00	54.93	177%
Non-controlling interest	24.47	3.52	20.95	595%	8.39	3.90	4.49	115%	0.55	7.84	1432%
Net profit for parent company	278.56	127.09	151.47	119%	77.53	75.75	1.78	2%	30.45	47.08	155%
Net profit margin	23%	23%									

Revenue breakdown by each services can be shown as following;

Unit Million Baht

Service and sale revenue	Change				3M				3M		
	2023	2022	YTD	%	Q4/23	Q3/23	QoQ	%	Q4/22	Change YoY	%
1. Management consulting*	89.43	82.79	6.64	8%	9.75	31.92	(22.17)	-69%	6.29	3.46	55%
2. Strategic PMO	40.73	63.61	(22.88)	-36%	3.69	9.44	(5.75)	-61%	23.81	(20.12)	-85%
3. Digital delivery*	1,061.28	348.73	712.55	204%	330.65	245.96	84.70	34%	97.30	233.35	240%
4. Big data & AI	121.85	68.64	53.21	78%	27.70	47.60	(19.90)	-42%	11.77	15.93	135%
Total revenue	1,313.29	563.77	749.52	133%	371.79	334.92	36.88	11%	139.17	232.62	167%

*Digital delivery segment includes the services and digital platforms of Innoviz, Vulcan, ERP, CRM implementation and cyber security consulting. Management consulting includes the corporate training service from Sauce Skills.

Financial Performance Summary for the year 2023 compared with 2022

Despite the increasing negative factors in year 2023 i.e. geographic risks, ongoing global conflicts and the uncertainty regarding the economic deceleration, the Group still performed outstanding and grew stably and continually effecting to the new high record for both revenue and net profit. For the year 2023, total revenues of the Group amounted to Baht 1,313.29 million, increased by Baht 749.52 million or increased by 133 percent from the previous year. This was mainly due to 1) the high demand of digital transformation from the investment in information technology and innovation needed to be continuous especially in the infrastructure, the adoption of technology to use in the business, the enhancement of cyber security in order to secure the competitive advantage, mitigate risk and expense, and to ensure the sustainability of the business. 2) Together with 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. As a result, there was significant increasing in DX and AI revenues. The growth of revenue derive from the expansion to new customers and the new projects from the existing customers. For the PMO service that had decreasing revenue reported in year 2023, this is due to the Group shifted to more end-to-end implementation projects and utilized PMO resource in the DX or AI projects to ensure the service efficiency, therefore, the stand alone PMO project had less revenue in year 2023.

The Group had increased the oversea revenue from the quality of work and the continuation of services in UK and Vietnam which caused 2023 oversea revenue at Baht 65 million or increased at Baht 20 million or by 44 percent from the previous year.

For the year 2023, net profits of the Group amounted to Baht 303.03 million, represented the net profit margin at 23 percent which increased 132 percent from the net profit of the previous year due to the revenue growth, the economy of scale for the administrative expense, the BOI tax exemption for the Group and the profit sharing from the joint venture and associates for the year 2023 amounted to Baht 54.77 million.

Financial Performance Summary for the 3-month period ended 31 December 2023 compared with 3-month period ended 30 September 2023

For the 3-month period ended 31 December 2023, total revenues of the Group amounted to Baht 371.79 million, increased by Baht 36.88 million or increased by 11 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, retail and technology sectors.

The net profits for the 3-month period of quarter 4/2023 grew to Baht 85.92 million which increased 8 percent from previous period due to the revenue growth, the economy of scale for the administrative expense and the profit sharing from the joint venture and associates.

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

For the 3-month period ended 31 December 2023, total revenues of the Group amounted to Baht 371.79 million, increased by Baht 232.62 million or increased by 167 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, AI and MC services.

For the 3-month period of quarter 4/2023, net profits of the Group amounted to Baht 85.92 million which increased 177 percent from the net profit of previous year due to the expansion of the Group which drive the revenue growth, the economy of scale for the administrative expense, the utilization of BOI tax exemption, and the profit sharing from the joint venture and associates.

As of 31 December 2023, the Group reported total backlog at Baht 709 Million (exclude backlog from joint ventures and associates) which expected to recognize as revenue in year 2024 not less than Baht 579 million. Remaining balance will be recognized from year 2025-2028.

Balance Sheet

Asset

As of 31 December 2023 total assets of the Group amounted to Baht 2,436.53 million, increased by Baht 1,630.67 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 at bank amounted to Baht 117.93 million
- Increase in account receivable, accrued income and work in progress amounted to Baht 381.73 million from operational growth;
- Increase in short term loan amounted to Baht 5.00 million;
- Increase in investment in joint venture and associates amounted to Baht 56.25 million from the profit sharing during the year;
- Increase in right-of-use asset, building improvement and equipment amounted to Baht 109.31 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 13.97 million;
- Increase in deferred tax asset and other non current assets amounted to Baht 19.16 million

Liabilities

As of 31 December 2023 total liabilities of the Group amounted to Baht 470.44 million, increased by Baht 300.75 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 86.26 million;
- Increase in unearned income amounted to Baht 66.36 million;
- Increase in lease liability from the expansion of office rental amounted to Baht 66.32 million;
- Increase in employee benefit liability amounted to Baht 81.98 million.



Shareholders' equity

As of 31 December 2023 total shareholders' equity of the Group amounted to Baht 1,966.09 million, increased by Baht 1,329.92 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, year 2023 net income for the parent company amounted to Baht 278.56 million and the increase in non-controlling interests amounted to Baht 33.39 million offset with dividend payment of year 2022 amounted to Baht 43.55 Million which was paid in May 2023.