

(Unofficial Translation)

10 November 2023

Subject Management Discussion and Analysis for Quarter 3/2023

Attention President, The Stock Exchange of Thailand

Bluebik Group Public Company Limited would like to provide Management Discussion and Analysis for Quarter 3/2023 as attached.

Your Sincerely

-signature-

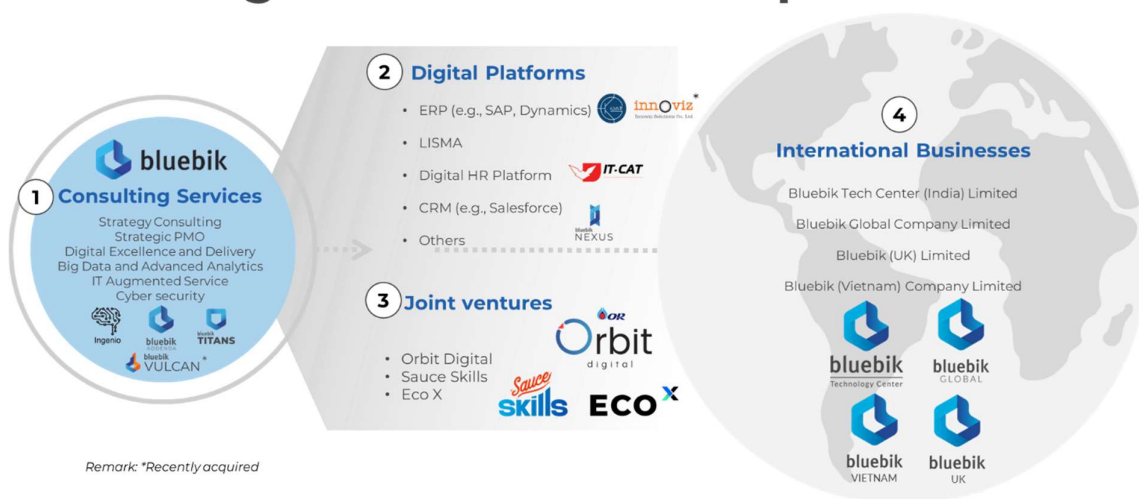
(Miss Sriprae Thanathitiphan)

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). Sauce Skills start 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 period ended 30 September 2023

Consolidated financial statement								Unit Million Baht			
	3M Q3/23	3M Q2/23	Change QoQ	%	3M Q3/22	Change YoY	%	9M 23	9M 22	Change YTD	%
Service and sale revenue	334.92	339.75	(4.84)	-1%	181.41	153.50	85%	941.50	424.60	516.90	122%
Cost of service and sale	(157.37)	(159.26)	1.89	-1%	(96.71)	(60.66)	63%	(454.53)	(200.33)	(254.20)	127%
Gross profit	177.55	180.50	(2.95)	-2%	84.71	92.85	110%	486.96	224.27	262.70	117%
Other income	2.23	1.78	0.45	26%	2.19	0.04	2%	4.25	4.87	(0.62)	-13%
Selling and Admin expense	(102.40)	(106.33)	3.93	-4%	(48.30)	(54.11)	112%	(281.83)	(130.73)	(151.10)	116%
Profit from operation	77.38	75.95	1.43	2%	38.60	38.78	100%	209.38	98.41	110.97	113%
Financial income	0.45	1.51	(1.06)	-70%	0.41	0.04	9%	2.20	1.60	0.61	38%
Financial expense	(1.46)	(1.39)	(0.07)	5%	(0.20)	(1.26)	630%	(4.14)	(0.56)	(3.58)	637%
Share of profit – asso/ JV	9.00	12.09	(3.09)	-26%	6.89	2.11	31%	31.43	16.62	14.82	89%
Income tax expense	(5.72)	(13.31)	7.59	-57%	(7.67)	1.95	-26%	(21.77)	(16.45)	(5.32)	32%
Net profit	79.65	74.84	4.81	6%	38.03	41.62	109%	217.11	99.62	117.49	118%
Non-controlling interest	3.90	7.82	(3.92)	-50%	1.66	2.24	135%	16.08	2.98	13.10	440%
Net profit for parent company	75.75	67.02	8.72	13%	36.37	39.38	108%	201.03	96.64	104.39	108%
Net profit margin	24%							23%			

Revenue breakdown by each services can be shown as following;

Service and sale revenue								Unit Million Baht			
	3M Q3/23	3M Q2/23	ΔΔ QoQ	%	3M Q3/22	ΔΔ YoY	%	9M 23	9M 22	ΔΔ YTD	%
1. Management consulting*	31.92	13.58	18.34	135%	24.24	7.68	32%	79.68	76.50	3.18	4%
2. Strategic PMO	9.44	14.56	(5.12)	-35%	21.90	(12.46)	-57%	37.04	39.80	(2.76)	-7%
3. Digital delivery*	245.96	291.49	(45.54)	-16%	105.67	140.28	133%	730.63	251.57	479.06	190%
4. Big data & AI	47.60	20.12	27.48	137%	29.60	18.00	61%	94.15	56.73	37.42	66%
Total revenue	334.92	339.75	(4.84)	-1%	181.41	153.50	85%	941.50	424.60	516.90	122%

*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 9-month period ended 30 September 2023 compared with 9-month period ended 30 September 2022

Despite the increasing negative factors i.e. geographic risks, investment 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 9-month period ended 30 September 2023, total revenues of the Group amounted to Baht 941.50 million, increased by Baht 516.90 million or increased by 122 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 DX and AI 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 9-month period oversea revenue at Baht 65.44 million or increased at Baht 23.81 million or by 57 percent from the same period of previous year.

For the 9-month period of 2023, net profits of the Group amounted to Baht 217.11 million, represented the net profit margin at 23 percent which increased 118 percent from the net profit of the previous year due to the revenue growth, the stability of high gross profit margin, the profit sharing from the joint venture and associates and the BOI tax exemption.

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

For the 3-month period ended 30 September 2023, total revenues of the Group amounted to Baht 334.92 million, slightly decreased by Baht 4.84 million or decreased by 1 percent QoQ. This was mainly due to the DX services for oversea which was hold for the delivery to Q4/23. However, there is still high demand of clients to be the Digital-First Company which impact to the significant increase in MC and AI services in financial institution, insurance and retail sectors.

Although the slightly decrease of revenue, the net profits for the 3-month period of quarter 3/2023 grew to Baht 79.65 million which increased 6 percent from previous period due to the stability of high gross profit margin, the controlling of selling and administrative expense to be decreased 4% from Q2/23 mainly from the decreasing of administrative expense for the oversea business set up in Q2/23. In addition, there is the BOI tax utilization.

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

For the 3-month period ended 30 September 2023, total revenues of the Group amounted to Baht 334.92 million, increased by Baht 153.50 million or increased by 85 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, MC and AI service.

For the 3-month period of quarter 3/2023, net profits of the Group amounted to Baht 79.65 million which increased 109 percent from the net profit of previous year due to the expansion of the Group which drive the revenue increase, the maintain of high gross profit margin, the profit sharing from joint venture and associates and the utilization of BOI tax exemption.

As of 30 September 2023, the Group reported total backlog at Baht 692 Million (exclude backlog from joint ventures and associates) which expected to recognize as revenue in year 2023 not less than Baht 291 million. Remaining balance will be recognized from year 2024-2028.

Balance Sheet

Asset

As of 30 September 2023 total assets of the Group amounted to Baht 2,329.22 million, increased by Baht 1,523.36 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 102.51 million

- Increase in account receivable, accrued income and work in progress amounted to Baht 334.80 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 33.00 million from the profit sharing during the period;
- Increase in right-of-use asset, building improvement and equipment amounted to Baht 84.05 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 15.20 million;
- Increase in deferred tax asset and other non current assets amounted to Baht 21.63 million

Liabilities

As of 30 September 2023 total liabilities of the Group amounted to Baht 447.51 million, increased by Baht 277.82 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 52.45 million;
- Increase in unearned income amounted to Baht 101.04 million;
- Increase in lease liability from the expansion of office rental amounted to Baht 50.48 million;
- Increase in employee benefit liability amounted to Baht 73.61 million.

Shareholders' equity

As of 30 September 2023 total shareholders' equity of the Group amounted to Baht 1,881.71 million, increased by Baht 1,245.55 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, 9-month period year 2023 net income for the parent company amounted to Baht 201.03 million and the increase in non-controlling interests amounted to Baht 25.07 million offset with dividend payment of year 2022 amounted to Baht 43.55 Million which was paid in May 2023.