

No. ADD 19/2022

11 May 2022

Subject: Management discussion and analysis for the performance for the three-month period ended
31 March 2022

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 3/2022 held on 11 May 2022 passed a resolution to certify the financial statements and the performance for the three-month period ended 31 March 2022 which was reviewed by the auditor.

The Company's overall performance can be summarized as follows:

บริษัท แอดเทค ฮับ จำกัด (มหาชน)

ADDTECH HUB PUBLIC COMPANY LIMITED

อาคารเอ็มไพร์ทาวเวอร์ ห้องเลขที่ 4106-7 ชั้นที่ 41 เลขที่ 1 ถนนสาทรใต้ แขวงยานนาวา เขตสาทร กรุงเทพมหานคร 10120 (ทะเบียนเลขที่ 0107562000068)

Empire Tower, Unit 4106-7, 41st Floor, 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 (Registration No. 0107562000068)

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Performance

Unit: THB Million

Performance (Statement of Comprehensive Income)	3-month period			
	1Q2021	1Q2022	Inc./Dec.)	% Inc./Dec.)
Services income	134.75	110.47	(24.27)	-18.01%
Cost of rendering of services	(92.05)	(76.99)	15.05	-16.35%
Gross profit	42.70	33.48	(9.22)	-21.59%
Other income	0.08	0.60	0.51	615.28%
Services expenses	(1.13)	(1.29)	(0.16)	13.82%
Administrative expenses	(11.29)	(7.77)	3.51	-31.13%
Share of gain of investments in associate	0.03	0.03	0.00	0.25%
Finance costs	(0.08)	(0.06)	0.02	-22.49%
Profit before income tax expense	30.31	24.98	(5.33)	-17.59%
Income tax expense	(3.75)	(3.75)	(0.00)	0.03%
Profit for the period	26.56	21.23	(5.33)	-20.08%
Total comprehensive income for the period	26.56	21.23	(5.33)	-20.08%
Gross profit margin	31.69%	30.31%		
Net profit margin	19.71%	19.22%		

Services income and Cost of rendering of services

Services income can be grouped in 3 segments: 1. Digital content via telecommunication channels 2. Information technology solutions for electronic devices 3. Online advertising for products and services. The details of Services income and Cost of rendering of services are as follows:

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Services income and Cost of rendering of services

Unit: THB Million

Services income and Cost of rendering of services	3-month period			
	1Q2021	1Q2022	Inc./ (Dec.)	% Inc./ (Dec.)
Digital content via telecommunication channels				
Services income	116.58	91.38	(25.20)	-21.62%
Cost of rendering of services	(84.95)	(67.90)	17.05	-20.07%
Gross profit	31.63	23.48	(8.15)	-25.76%
Gross profit margin	27.13%	25.70%		
Information technology solutions for electronic devices				
Services income	18.08	18.80	0.72	4.00%
Cost of rendering of services	(6.43)	(8.38)	(1.95)	30.33%
Gross profit	11.65	10.42	(1.23)	-10.54%
Gross profit margin	64.44%	55.43%		
Online advertising for products and services				
Services income	0.09	0.30	0.20	217.39%
Cost of rendering of services	(0.67)	(0.72)	(0.05)	7.44%
Gross profit	(0.58)	(0.42)	0.16	-26.95%
Gross profit margin	-610.54%	-140.52%		

Services income from digital content via telecommunication channels

In 1Q2022, the Company had services income from digital content via telecommunication channels of THB 91.38 million, decreased by THB 25.20 million or -21.62% YoY mainly due to the economic conditions, weakened by COVID-19 situation and inflation problem which affected the purchasing power of consumers in a wide range. In addition, gross profit from digital content via telecommunication channels was THB 23.48 million, decreased by THB 8.15 million or -25.76% YoY. The gross profit margin in 1Q2022 was 25.70%, decreased from 27.13% in 1Q2021 due to the higher revenue sharing cost to marketing partners via online channel.

Services income from information technology solutions for electronic devices

In 1Q2022, the Company had services income from information technology solutions for electronic devices of THB 18.80 million, increased by THB 0.72 million or +4.00% YoY. In addition, gross profit from information technology solutions for electronic devices was THB 10.42 million, decreased by THB 1.23 million or -10.54% YoY. The gross profit margin in 1Q2022 was 55.43%, decreased from 64.44% in 1Q2021 due to the increase in both cloud service costs and employee-related costs to support new projects in the future.

Services income from online advertising for products and services

In 1Q2022, the Company had services income from online advertising for products and services of THB 0.30 million, increased by THB 0.20 million or +217.39% YoY as clients in property development sector increased their media spending. Gross loss from online advertising for products and services was THB 0.42 million as high proportion of the costs was employee-related costs which are fixed costs.

Services expenses

In 1Q2022, services expenses were THB 1.29 million, increased by THB 0.16 million or +13.82% YoY mainly due to the increase in promotional activities.

Administrative expenses

In 1Q2022, administrative expenses were THB 7.77 million, decreased by THB 3.51 million or -31.13% YoY mainly due to the decrease in credit loss which was proportional to the decrease in services income from digital content via telecommunication channels.

Finance costs

In 1Q2022, finance costs were THB 0.06 million, decreased by THB 0.02 million or -22.49% YoY as value of the lease liabilities decreased.

Income tax expense

In 1Q2022, income tax expense was THB 3.75 million, decreased by -0.03% YoY because high proportion of the decrease in profit before income tax expense was the profit from subsidiaries' promoted operations which were exempt from income tax. As a result, the proportion of income tax expense to profit before income tax expense increased.

Profit for the period and Total comprehensive income for the period

In 1Q2022, profit for the period and total comprehensive income for the period were THB 21.23 million, decreased by THB 5.33 million or -20.08% YoY mainly due to the decrease in services income from digital content via telecommunication channels.

Financial Position

Unit: THB Million

Financial Position	As at 31 December 2021	As at 31 March 2022	Increase/ (Decrease)	% Increase/ (Decrease)
Total assets	649.62	648.58	(1.03)	-0.16%
Total Liabilities	99.83	77.56	(22.26)	-22.30%
Total Equity	549.79	571.02	21.23	3.86%

Total assets

Total assets were mainly consisted of cash and cash equivalents and trade and other receivables and contract assets. As at 31 March 2022, total assets were THB 648.58 million, decreased by THB 1.03 million or -0.16% from 31 December 2021.

Total liabilities

Total liabilities were mainly consisted of trade and other payables. As at 31 March 2022, total liabilities were THB 77.56 million, decreased by THB 22.26 million or -22.30% from 31 December 2021 mainly due to decrease in trade and other payables of THB 20.14 million in line with the decrease in revenue sharing cost to marketing partners, which vary according to the services income from digital content via telecommunication channels.

Total equity

Total equity as at 31 March 2022 was THB 571.02 million, increased by THB 21.23 million or +3.86% from 31 December 2021 due to the Company's profit for the three-month period ended 31 March 2022.

Sincerely yours,

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer

บริษัท แอดเทค ฮับ จำกัด (มหาชน)

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