

No. ADD 4/2022

23 February 2022

Subject: Management discussion and analysis for the performance of the year 2021 ended 31 December 2021

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 1/2022 held on 23 February 2022 passed a resolution to certify the financial statements and the performance of the year 2021 ended 31 December 2021 which was audited by the auditor.

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

บริษัท แอดเทค ฮับ จำกัด (มหาชน)

ADDTECH HUB PUBLIC COMPANY LIMITED

99/9 ชั้น 12 ห้อง 1204-5 หมู่ที่ 2 ถนนแจ้งวัฒนะ ตำบลบางตลาด อำเภอปากเกร็ด จังหวัดนนทบุรี 11120 (ทะเบียนเลขที่ 0107562000068)

99/9 12th Floor Unit 1204-5 Moo 2 Chaengwattana Road, Bangtalat, Pakkret, Nonthaburi 11120 (Registration No. 0107562000068)

+66 (0) 2835 3957-8 +66 (0) 2835 3959 www.addtechhub.com

Performance

Unit: THB Million

Performance (Statement of Comprehensive Income)	For the year ended 31 December			
	2020	2021	Inc./Dec.)	% Inc./Dec.)
Services income	345.53	515.00	169.47	49.05%
Cost of rendering of services	(228.29)	(355.37)	(127.08)	55.67%
Gross profit	117.24	159.63	42.39	36.16%
Other income	0.10	0.69	0.59	570.56%
Services expenses	(4.59)	(6.83)	(2.24)	48.74%
Administrative expenses	(26.21)	(39.92)	(13.71)	52.31%
Share of profit of investments in associate	0.09	0.13	0.04	46.78%
Finance costs	(0.26)	(0.34)	(0.07)	28.01%
Profit before income tax expense	86.37	113.36	27.00	31.26%
Income tax expense	(14.00)	(14.62)	(0.61)	4.39%
Profit for the year	72.37	98.75	26.38	36.46%
Total comprehensive income for the year	72.37	98.75	26.38	36.46%
Gross profit margin	33.93%	31.00%		
Net profit margin	20.94%	19.17%		

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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ADDECH HUB PUBLIC COMPANY LIMITED

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Services income and Cost of rendering of services by segment

Unit: THB Million

Services income and Cost of rendering of services	For the year ended 31 December			
	2020	2021	Inc./ (Dec.)	% Inc./ (Dec.)
Digital content via telecommunication channels				
Services income	287.14	442.40	155.27	54.07%
Cost of rendering of services	(205.03)	(322.06)	(117.03)	57.08%
Gross profit	82.10	120.35	38.24	46.58%
Gross profit margin	28.59%	27.20%		
Information technology solutions for electronic devices				
Services income	57.81	72.11	14.31	24.75%
Cost of rendering of services	(20.05)	(30.60)	(10.55)	52.61%
Gross profit	37.76	41.51	3.76	9.95%
Gross profit margin	65.31%	57.57%		
Online advertising for products and services				
Services income	0.58	0.48	(0.10)	-17.08%
Cost of rendering of services	(3.20)	(2.71)	0.49	-15.34%
Gross profit	(2.62)	(2.23)	0.39	-14.95%
Gross profit margin	-451.21%	-462.79%		

Services income from digital content via telecommunication channels

In 2021, the Company had services income from digital content via telecommunication channels of THB 442.40 million, increased by THB 155.27 million or +54.07% YoY as the Company expanded its network of marketing partners via online channel to allow greater access to more diverse group of mobile users. In addition, gross profit from digital content via telecommunication channels was THB 120.35 million, increased by THB 38.24 million or +46.58% YoY. The gross profit margin in 2021 was 27.20%, decreased from 28.59% in 2020 due to the revenue sharing costs to marketing partners via online channel which on average had higher revenue sharing ratios.

Services income from information technology solutions for electronic devices

In 2021, the Company had services income from information technology solutions for electronic devices of THB 72.11 million, increased by THB 14.31 million or +24.75% YoY due to the Company's launch of a new project for a client in a mobile operator group. In addition, gross profit from information technology solutions for electronic devices was THB 41.51 million, increased by THB 3.76 million or +9.95% YoY. The gross profit margin in 2021 was 57.57%, decreased from 65.31% in 2020 due to the increase in both cloud service costs and employee-related costs.

Services income from online advertising for products and services

In 2021, the Company had services income from providing online advertising for products and services of THB 0.48 million, decreased by THB 0.10 million or -17.08% YoY as clients in property development sector cut their media spending due to the situation of Coronavirus disease 2019 (COVID-19) outbreak. In addition, gross loss was THB 2.23 million as high proportion of the costs was employee-related costs which are fixed costs.

Services expenses

In 2021, services expenses were THB 6.83 million, increased by THB 2.24 million or +48.74% YoY mainly due to the activities to promote the Company's information during Initial Public Offering (IPO) period in May 2021.

Administrative expenses

In 2021, administrative expenses were THB 39.92 million, increased by THB 13.71 million or +52.31% YoY mainly due to the reclassification of both actual credit loss and expected credit loss to administrative expenses, effective since the 1st quarter of 2021. Moreover, the Company had higher employee-related administrative expenses to support the Company being listed in the Market for Alternative Investment (MAI).

Finance costs

In 2021, finance costs were THB 0.34 million, increased by THB 0.07 million or +28.01% YoY as value of the lease liabilities increased.

Income tax expense

In 2021, income tax expense was THB 14.62 million, increased by THB 0.61 million or +4.39% YoY due to the increase in profit before income tax expense. However, the growth rate of income tax expense is lower than the growth rate of profit before income tax because high proportion of the increase in profit before income tax expense was derived from subsidiaries' promoted operations, which were exempt from corporate income tax.

Profit for the year and Total comprehensive income for the year

In 2021, profit for the year and total comprehensive income for the year were THB 98.75 million, increased by THB 26.38 million or +36.46% YoY mainly due to the expansion of digital content via telecommunication channels service.

Financial Position

Unit: THB Million

Financial Position	As at 31 December 2020	As at 31 December 2021	Increase/ (Decrease)	% Increase/ (Decrease)
Total assets	183.22	649.62	466.40	254.56%
Total liabilities	92.66	99.83	7.17	7.74%
Total equity	90.56	549.79	459.23	507.10%

Total assets

Total assets were mainly consisted of cash and cash equivalents and trade and other receivables and contract assets. As at 31 December 2021, total assets were THB 649.62 million, increased by THB 466.40 million or +254.56% from as at 31 December 2020 mainly due to cash and cash equivalents increased by THB 438.67 million from Initial Public Offering (IPO) while trade and other receivables and contract assets increased by THB 27.32 million in line with the expansion of digital content via telecommunication channels service.

Total liabilities

Total liabilities were mainly consisted of trade and other payables. As at 31 December 2021, total liabilities were THB 99.83 million, increased by THB 7.17 million or +7.74% from as at 31 December 2020 mainly due to trade and other payables increased by THB 6.65 million in line with the increase in revenue sharing costs to marketing partners which vary according to the expansion of digital content via telecommunication channels service.

Total equity

Total equity as at 31 December 2021 was THB 549.79 million, increased by THB 459.23 million or +507.10% from as at 31 December 2020 mainly due to Initial Public Offering (IPO) and the Company's net profit for the year 2021 ended 31 December 2021 was THB 98.75 million while the Company paid dividends to shareholders of THB 68.80 million in 2021.

Sincerely yours,

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer