

19 May 2021

Subject: Management discussion and analysis for the performance for the three-month period ended 31 March 2021

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 3/2021 held on 17 May 2021 passed a resolution to certify the financial statements and the performance for the three-month period ended 31 March 2021 which was reviewed by the auditor.

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

Performance (Statement of comprehensive income)	1Q2021	1Q2020	Increase/ (Decrease)	%
Services income	134,745,445	75,462,443	59,283,002	78.6
Cost of rendering of services	(92,047,219)	(46,927,415)	(45,119,804)	96.1
<b>Gross profit</b>	<b>42,698,226</b>	<b>28,535,028</b>	<b>14,163,198</b>	<b>49.6</b>
Other income	83,215	19,864	63,351	318.9
Selling expenses	(1,134,521)	(1,340,020)	205,499	(15.3)
Administrative expenses	(11,285,540)	(6,612,136)	(4,673,404)	70.7
Share of gain on investments in associate	32,163	5,420	26,743	493.4
Finance costs	(78,634)	(59,844)	(18,790)	31.4
<b>Profit before income tax expense</b>	<b>30,314,909</b>	<b>20,548,312</b>	<b>9,766,597</b>	<b>47.5</b>
Income tax expense	(3,752,113)	(4,003,551)	251,438	(6.3)
<b>Profit for the period</b>	<b>26,562,796</b>	<b>16,544,761</b>	<b>10,018,035</b>	<b>60.6</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>26,562,796</b>	<b>16,544,761</b>	<b>10,018,035</b>	<b>60.6</b>
Gross profit margin	31.7%	37.8%		(6.1)
Net profit margin	19.7%	21.9%		(2.2)

#### Services income and Cost of rendering of services

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

Unit: Baht

	1Q2021	1Q2020	Increase/ (Decrease)	%
<b>Providing digital content via telecommunication channels</b>				
Services income	116,575,455	57,575,739	58,999,716	102.5
Cost of rendering of services	(84,949,995)	(41,453,368)	(43,496,627)	104.9
Gross profit	31,625,460	16,122,371	15,503,089	96.2
Gross profit margin	27.1%	28.0%		(0.9)
<b>Providing information technology solutions for electronic devices</b>				
Services income	18,075,789	17,733,308	342,481	1.9
Cost of rendering of services	(6,427,886)	(4,506,099)	(1,921,787)	42.6
Gross profit	11,647,903	13,227,209	(1,579,306)	(11.9)
Gross profit margin	64.4%	74.6%		(10.2)
<b>Providing online advertising for products and services</b>				
Services income	94,201	153,396	(59,195)	(38.6)
Cost of rendering of services	(669,338)	(967,948)	298,610	(30.8)
Gross profit	(575,137)	(814,552)	239,415.0	(29.4)
Gross profit margin	-610.5%	-531.0%		(79.5)

#### Services income from providing digital content via telecommunication channels

Services income from providing digital content via telecommunication channels was Baht 116.6 million, increasing +102.5% YoY as the Company expanded its network of marketing partners via online channel to allow greater access to more diverse group of mobile users. Gross profit was Baht 31.6 million, increasing +96.2% YoY. The gross profit margin was relatively stable as high proportion of the costs was revenue sharing costs to marketing partners which vary according to the income.

#### Services income from providing information technology solutions for electronic devices

Services income from providing information technology solutions for electronic devices was Baht 18.1 million, increasing +1.9% YoY. This was due to the Company expanding its service to launch a new project for a client, a mobile operator group, offset by decreasing income from another existing project. Gross profit was Baht 11.6 million, decreasing -11.9% YoY. The gross profit margin decreased as the service for the previously

mentioned new project was still in the period of expanding client's usage, while the total of cloud service costs and employee-related costs increased by Baht 1.5 million.

#### Services income from providing online advertising for products and services

Services income from providing online advertising for products and services was Baht 0.1 million, decreasing -38.6% YoY as clients in property development sector cut their media spending due to the situation of Coronavirus disease 2019 (COVID-19) outbreak. Gross loss was Baht 0.6 million as high proportion of the costs was employee-related costs which are fixed costs.

#### **Selling expenses**

Selling expenses were Baht 1.1 million, decreasing -15.3% YoY as marketing activities were reduced to be in line with the situation of Coronavirus disease 2019 (COVID-19) outbreak.

#### **Administrative expenses**

Administrative expenses were Baht 11.3 million, increasing +70.7% YoY as both actual credit loss and expected credit loss totaling Baht 3.9 million were reclassified to Administrative expenses from the 1<sup>st</sup> Quarter of 2021.

#### **Finance costs**

Finance costs were Baht 0.1 million, increasing +31.4% YoY as value of the Lease liabilities increased when compared to the same period of the previous year.

#### **Income tax expense**

Income tax expense was Baht 3.8 million, decreasing -6.3% YoY as the increase in Profit before income tax expense was derived from a subsidiary's promoted operations, which were exempt from corporate income tax.

#### **Profit for the period and Total comprehensive income for the period**

Profit for the period and Total comprehensive income for the period were Baht 26.6 million, increasing +60.6% YoY due to the expansion of services in providing digital content via telecommunication channels. In contrast, services income from providing information technology solutions for electronic devices was relatively stable. As a result, the net profit margin decreased from 21.9% in the previous year to 19.7% in this year.

Unit: Baht

Financial Position	As at 31 March 2021	As at 31 December 2020	Increase/ (Decrease)	%
Total assets	211,627,622	183,216,265	28,411,357	15.5
Total liabilities	110,504,737	92,656,186	17,848,551	19.3
Total equity	101,122,885	90,560,079	10,562,806	11.7

**Total assets**

Total assets were Baht 211.6 million, increasing +15.5% compared to as at 31 December 2020 as Trade and other receivables and contract assets increased in line with the expansion of services in providing digital content via telecommunication channels.

**Total liabilities**

Total liabilities were Baht 110.5 million, increasing +19.3% compared to as at 31 December 2020 as Trade and other payables increased in line with revenue sharing costs to marketing partners which vary according to the expansion of services in providing digital content via telecommunication channels.

**Total equity**

Total equity was Baht 101.1 million, increasing +11.7% compared to as at 31 December 2020 as the Company's net profit for the three-month period ended 31 March 2021 was Baht 26.6 million while the Company paid dividends totaling Baht 16 million to shareholders in March 2021.

Sincerely yours,

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(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer