

15 November 2021

Subject: Management discussion and analysis for the performance for the nine-month period ended 30 September 2021

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 5/2021 held on 15 November 2021 passed a resolution to certify the financial statements and the performance for the nine-month period ended 30 September 2021 which was reviewed by the auditor.

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

Performance (Statement of Comprehensive Income)	3-month period				9-month period			
	3Q2020	3Q2021	Inc./ (Dec.)	% Inc./ (Dec.)	9M2020	9M2021	Inc./ (Dec.)	% Inc./ (Dec.)
Services income	80.79	124.30	43.51	53.86%	229.98	387.08	157.10	68.31%
Cost of rendering of services	(53.56)	(86.64)	(33.08)	61.77%	(148.95)	(266.34)	(117.39)	78.81%
Gross profit	27.23	37.66	10.43	38.30%	81.03	120.73	39.71	49.00%
Other income	0.04	0.06	0.02	57.94%	0.10	0.21	0.11	115.92%
Selling expenses	(0.86)	(1.25)	(0.40)	46.52%	(3.30)	(5.59)	(2.29)	69.39%
Administrative expenses	(6.43)	(9.68)	(3.25)	50.58%	(19.23)	(30.12)	(10.89)	56.66%
Share of gain of investments in associate	0.03	0.03	0.00	9.21%	0.06	0.10	0.04	73.41%
Finance costs	(0.07)	(0.09)	(0.02)	26.99%	(0.19)	(0.25)	(0.06)	29.04%
Profit before income tax expense	19.95	26.74	6.79	34.03%	58.46	85.08	26.62	45.54%
Income tax expense	(3.26)	(3.53)	(0.27)	8.27%	(10.29)	(10.81)	(0.52)	5.08%
Profit for the period	16.69	23.21	6.52	39.06%	48.17	74.27	26.10	54.18%
Other comprehensive income	-	-	-	N/A	-	-	-	N/A
Total comprehensive income for the period	16.69	23.21	6.52	39.06%	48.17	74.27	26.10	54.18%
Gross profit margin	33.71%	30.30%			35.23%	31.19%		
Net profit margin	20.66%	18.67%			20.95%	19.19%		

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	3-month period				9-month period			
	3Q2020	3Q2021	Inc./ (Dec.)	% Inc./ (Dec.)	9M2020	9M2021	Inc./ (Dec.)	% Inc./ (Dec.)
Digital content via telecommunication channels								
Services income	69.64	106.99	37.35	53.63%	188.30	333.01	144.70	76.85%
Cost of rendering of services	(47.66)	(77.56)	(29.90)	62.74%	(132.04)	(242.38)	(110.33)	83.56%
Gross profit	21.98	29.43	7.45	33.88%	56.26	90.63	34.37	61.09%
Gross profit margin	31.56%	27.51%			29.88%	27.22%		
Information technology solutions for electronic devices								
Services income	10.98	17.24	6.25	56.93%	41.25	53.81	12.56	30.44%
Cost of rendering of services	(5.12)	(8.41)	(3.28)	64.08%	(14.40)	(21.94)	(7.54)	52.34%
Gross profit	5.86	8.83	2.97	50.67%	26.85	31.86	5.02	18.69%
Gross profit margin	53.35%	51.22%			65.08%	59.22%		
Online advertising for products and services								
Services income	0.16	0.07	(0.09)	-53.93%	0.42	0.26	(0.16)	-37.66%
Cost of rendering of services	(0.77)	(0.67)	0.10	-12.98%	(2.50)	(2.02)	0.48	-19.21%
Gross profit	(0.61)	(0.60)	0.01	-2.11%	(2.08)	(1.76)	0.32	-15.46%
Gross profit margin	-376.64%	-800.22%			-492.82%	-668.35%		

Services income from digital content via telecommunication channels

In 3Q2021, the Company had services income from digital content via telecommunication channels of THB 106.99 million, increased by THB 37.35 million or +53.63% 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 29.43 million, increased by THB 7.45 million or +33.88% YoY. The gross profit margin in 3Q2021 was 27.51%, decreased from 31.56% in 3Q2020 due to the revenue sharing costs to marketing partners via online channel which on average had higher revenue sharing ratios.

In 9M2021, the Company had services income from digital content via telecommunication channels of THB 333.01 million, increased by THB 144.70 million or +76.85% 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 90.63 million, increased by THB 34.37 million or +61.09% YoY. The gross profit margin in 9M2021 was 27.22%, decreased from 29.88% in 9M2020 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 3Q2021, the Company had services income from information technology solutions for electronic devices of THB 17.24 million, increased by THB 6.25 million or +56.93% 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 8.83 million, increased by THB 2.97 million or +50.67% YoY. The gross profit margin in 3Q2021 was 51.22%, decreased from 53.35% in 3Q2020 due to the increase in both cloud service costs and employee-related costs.

In 9M2021, the Company had services income from information technology solutions for electronic devices of THB 53.81 million, increased by THB 12.56 million or +30.44% 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 31.86 million, increased by THB 5.02 million or +18.69% YoY. The gross profit margin in 9M2021 was 59.22%, decreased from 65.08% in 9M2020 due to the increase in both cloud service costs and employee-related costs.

Services income from online advertising for products and services

In 3Q2021, the Company had services income from providing online advertising for products and services of THB 0.07 million, decreased by THB 0.09 million or -53.93% 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 0.60 million as high proportion of the costs was employee-related costs which are fixed costs. Consequently, in 9M2021, the Company had services income from providing online advertising for products and services of THB 0.26 million, decreased by THB 0.16 million or -37.66% YoY, and gross loss of THB 1.76 million.

Selling expenses

In 3Q2021, selling expenses were THB 1.25 million, increased by THB 0.40 million or +46.52% YoY due to the increase in marketing activities in line with the expansion of digital content via telecommunication channels

service. In 9M2021, selling expenses were THB 5.59 million, increased by THB 2.29 million or +69.39% YoY mainly due to the activities to promote the Company's information during Initial Public Offering (IPO) period in May 2021.

Administrative expenses

In 3Q2021, administrative expenses were THB 9.68 million, increased by THB 3.25 million or +50.58% 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. In 9M2021, administrative expenses were THB 30.12 million, increased by THB 10.89 million or +56.66% 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.

Finance costs

In 3Q2021, finance costs were THB 0.09 million, increased by THB 0.02 million or +26.99% YoY as value of the lease liabilities increased. In 9M2021, finance costs were THB 0.25 million, increased by THB 0.06 million or +29.04% YoY as value of the lease liabilities increased.

Income tax expense

In 3Q2021, income tax expense was THB 3.53 million, increased by THB 0.27 million or +8.27% YoY due to the increase in profit before income tax expense. In 9M2021, income tax expense was THB 10.81 million, increased by THB 0.52 million or +5.08% 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 period and Total comprehensive income for the period

In 3Q2021, profit for the period and total comprehensive income for the period were THB 23.21 million, increased by THB 6.52 million or +39.06% YoY mainly due to the expansion of digital content via telecommunication channels service. In 9M2021, profit for the period and total comprehensive income for the period were THB 74.27 million, increased by THB 26.10 million or +54.18% YoY mainly due to the expansion of digital content via telecommunication channels service.

Financial Position	As at 30 September 2021	As at 31 December 2020	Increase/ (Decrease)	% Increase/ (Decrease)
Total assets	653.74	183.22	470.52	256.81%
Total Liabilities	104.43	92.66	11.77	12.70%
Total Equity	549.32	90.56	458.75	506.58%

Total assets

Total assets were mainly consisted of cash and cash equivalents and trade and other receivables and contract assets. As at 30 September 2021 and 31 December 2020, total assets were THB 653.74 million and THB 183.22 million, respectively. Total assets increased by THB 470.52 million or +256.81% mainly due to cash and cash equivalents increased by THB 440.75 million from Initial Public Offering (IPO) while trade and other receivables and contract assets increased by THB 29.33 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 30 September 2021 and 31 December 2020, total liabilities were THB 104.43 million and THB 92.66 million, respectively. Total liabilities increased by THB 11.77 million or +12.70% mainly due to trade and other payables increased by THB 11.94 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 30 September 2021 and 31 December 2020 were THB 549.32 million and THB 90.56 million, respectively. Total equity increased by THB 458.75 million or +506.58% due to Initial Public Offering (IPO) and the Company's net profit for the nine-month period ended 30 September 2021 was THB 74.27 million while the Company paid dividends to shareholders of THB 16.00 million in March 2021 and THB 28.80 million in September 2021.

Sincerely yours,

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer

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