

No. ADD 25/2022

9 August 2022

Subject: Management discussion and analysis for the performance for the six-month period ended 30 June 2022

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 5/2022 held on 9 August 2022 passed a resolution to certify the financial statements and the performance for the six-month period ended 30 June 2022 which was reviewed by the auditor.

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

Performance (Statement of Comprehensive Income)	3-month period				6-month period			
	2Q2021	2Q2022	Inc.(Dec.)	% Inc.(Dec.)	6M2021	6M2022	Inc.(Dec.)	% Inc.(Dec.)
Services income	128.03	79.61	(48.42)	-37.82%	262.78	190.09	(72.69)	-27.66%
Cost of rendering of services	(87.66)	(56.68)	30.98	-35.34%	(179.70)	(133.67)	46.03	-25.62%
Gross profit	40.38	22.94	(17.44)	-43.19%	83.07	56.42	(26.66)	-32.09%
Other income	0.06	0.70	0.63	999.64%	0.15	1.29	1.14	781.20%
Services expenses	(3.20)	(1.23)	1.97	-61.48%	(4.34)	(2.53)	1.81	-41.78%
Administrative expenses	(9.16)	(9.48)	(0.32)	3.55%	(20.45)	(17.26)	3.19	-15.59%
Share of gain of investments in associate	0.04	2.86	2.82	7803.29%	0.07	2.89	2.82	4130.50%
Finance costs	(0.08)	(0.07)	0.01	-11.94%	(0.16)	(0.13)	0.03	-17.08%
Profit before income tax expense	28.03	15.70	(12.33)	-43.99%	58.34	40.68	(17.66)	-30.27%
Income tax expense	(3.53)	(2.06)	1.47	-41.57%	(7.29)	(5.82)	1.47	-20.15%
Profit for the period	24.50	13.64	(10.86)	-44.34%	51.06	34.87	(16.19)	-31.72%
Total comprehensive income for the period	24.50	13.64	(10.86)	-44.34%	51.06	34.87	(16.19)	-31.72%
Gross profit margin	31.54%	28.81%			31.61%	29.68%		
Net profit margin	19.13%	17.13%			19.43%	18.34%		

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:

Services income and Cost of rendering of services	3-month period				6-month period			
	2Q2021	2Q2022	Inc./ (Dec.)	% Inc./ (Dec.)	6M2021	6M2022	Inc./ (Dec.)	% Inc./ (Dec.)
Digital content via telecommunication channels								
Services income	109.44	66.28	(43.16)	-39.44%	226.02	157.66	(68.36)	-30.24%
Cost of rendering of services	(79.87)	(47.70)	32.17	-40.27%	(164.82)	(115.60)	49.22	-29.86%
Gross profit	29.57	18.58	(10.99)	-37.17%	61.20	42.06	(19.14)	-31.27%
Gross profit margin	27.02%	28.03%			27.08%	26.68%		
Information technology solutions for electronic devices								
Services income	18.50	13.15	(5.35)	-28.92%	36.57	31.95	(4.63)	-12.65%
Cost of rendering of services	(7.11)	(8.27)	(1.16)	16.29%	(13.54)	(16.65)	(3.11)	22.96%
Gross profit	11.39	4.88	(6.51)	-57.15%	23.03	15.30	(7.73)	-33.58%
Gross profit margin	61.56%	37.11%			62.98%	47.89%		
Online advertising for products and services								
Services income	0.09	0.18	0.09	95.44%	0.19	0.48	0.29	156.45%
Cost of rendering of services	(0.68)	(0.71)	(0.03)	4.04%	(1.35)	(1.43)	(0.08)	5.73%
Gross profit	(0.58)	(0.52)	0.06	-10.67%	(1.16)	(0.94)	0.22	-18.75%
Gross profit margin	-621.27%	-283.96%			-615.90%	-195.14%		

Services income from digital content via telecommunication channels

In 2Q2022, the Company had services income from digital content via telecommunication channels of THB 66.28 million, decreased by THB 43.16 million or -39.44% YoY. This was due to the decline in average user spending on digital content services. Even though the average number of digital content users per month in 2Q2022 was 6.57 million, up from the average users per month in 2Q2021 which was 4.38 million, representing an average increase of 2.19 million or an increase of 49.94%. The main reason for the decline in user spending was the inflationary situation of the country's economy, causing the consumer purchasing power to decrease, together with the concerns of users about future inflation. As a result, users were more cautious in their spending. The gross profit from digital content via telecommunication channels was THB 18.58 million, decreased by THB 10.99 million or -37.17% YoY. The gross profit margin in 2Q2022 was 28.03%, increased from 27.02% in 2Q2021.

In 6M2022, the Company had services income from digital content via telecommunication channels of THB 157.66 million, decreased by THB 68.36 million or -30.24% YoY. This was due to the decline in average

user spending on digital content services. Even though the average number of digital content users per month in 6M2022 was 6.76 million, up from the average users per month in 6M2021 which was 3.90 million, representing an average increase of 2.86 million or an increase of 73.15%. The main reason for the decline in spending was the inflationary situation of the country's economy, causing the consumer purchasing power to decrease, together with the concerns of users about future inflation. As a result, users were more cautious in their spending. The gross profit from digital content via telecommunication channels was THB 42.06 million, decreased by THB 19.14 million or -31.27% YoY. The gross profit margin in 6M2022 was 26.68%, decreased from 27.08% in 6M2021.

Services income from information technology solutions for electronic devices

In 2Q2022, the Company had services income from information technology solutions for electronic devices of THB 13.15 million, decreased by THB 5.35 million or -28.92% YoY, due to the decline in user spending through the solutions that the Company provided for clients in mobile operator sector. In addition, gross profit from information technology solutions for electronic devices was THB 4.88 million, decreased by THB 6.51 million or -57.15% YoY. The gross profit margin in 2Q2022 was 37.11%, decreased from 61.56% in 2Q2021 due to the increase in employee-related costs to support the planned increase of scale and scope of services to be provided by the Company and clients in mobile operator sector, in accordance with the Company's target to consistently launch new service projects every year.

In 6M2022, the Company had services income from information technology solutions for electronic devices of THB 31.95 million, decreased by THB 4.63 million or -12.65% YoY, due to the decline in user spending through the solutions that the Company provided for clients in mobile operator sector. In addition, gross profit from information technology solutions for electronic devices was THB 15.30 million, decreased by THB 7.73 million or -33.58% YoY. The gross profit margin in 6M2022 was 47.89%, decreased from 62.98% in 6M2021 due to the increase in employee-related costs to support the planned increase of scale and scope of services to be provided by the Company and clients in mobile operator sector, in accordance with the Company's target to consistently launch new service projects every year.

Services income from online advertising for products and services

In 2Q2022, the Company had services income from providing online advertising for products and services of THB 0.18 million, increased by THB 0.09 million or +95.44% YoY as clients in property development sector increased their media spending. In addition, gross loss was THB 0.52 million as high proportion of the costs was employee-related costs which were fixed costs. Consequently, in 6M2022, the Company had services income from providing online advertising for products and services of THB 0.48 million, increased by THB

0.29 million or +156.45% YoY, and gross loss of THB 0.94 million, decreased from the same period of previous year which had gross loss of THB 1.16 million.

Services expenses

In 2Q2022, services expenses were THB 1.23 million, decreased by THB 1.97 million or -61.48% YoY. The decrease was because, during 2Q2021, the Company had conducted activities to promote the Company's information during the initial public offering (IPO) in May 2021. Consequently, in 6M2022, services expenses were THB 2.53 million, decreased by THB 1.81 million or -41.78% YoY.

Administrative expenses

In 2Q2022, administrative expenses were THB 9.48 million, increased by THB 0.32 million or +3.55% YoY. In 6M2022, administrative expenses were THB 17.26 million, decreased by THB 3.19 million or -15.59% YoY mainly due to lower credit losses in line with the decrease in services income from digital content via telecommunication channels.

Share of gain of investments in associate

In 2Q2022, share of gain of investments in associate was THB 2.86 million, increased by THB 2.82 million or +7803.29% YoY mainly due to the Company beginning to recognize the share of gain of investments in Seven Connect Advisory Company Limited ("7C"), an associate company in which the Company holds 46.73% shares. Consequently, in 6M2022, share of gain of investments in associate was THB 2.89 million, increased by THB 2.82 million or +4130.50% YoY.

Finance costs

In 2Q2022, finance costs were THB 0.07 million, decreased by THB 0.01 million or -11.94% YoY. In 6M2022, finance costs were THB 0.13 million, decreased by THB 0.03 million or -17.08% YoY.

Income tax expense

In 2Q2022, income tax expense was THB 2.06 million, decreased by THB 1.47 million or -41.57% YoY due to the decrease in profit before income tax expense. In 6M2022, income tax expense was THB 5.82 million, decreased by THB 1.47 million or -20.15% YoY due to the decrease in profit before income tax expense.

Profit for the period and Total comprehensive income for the period

In 2Q2022, profit for the period and total comprehensive income for the period were THB 13.64 million, decreased by THB 10.86 million or -44.34% YoY mainly due to the decrease in services income from digital content via telecommunication channels. In 6M2022, profit for the period and total comprehensive income for

the period were THB 34.87 million, decreased by THB 16.19 million or -31.72% 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 30 June 2022	Increase/ (Decrease)	% Inc.(Dec.)
Total assets	649.62	642.23	(7.38)	-1.15%
Total liabilities	99.83	100.78	0.95	0.94%
Total equity	549.79	541.46	(8.34)	-1.54%

Total assets

Total assets were mainly consisted of cash and cash equivalents, investment in associate and trade and other receivables and contract assets. As at 31 December 2021 and 30 June 2022, total assets were THB 649.62 million and THB 642.23 million, respectively. Total assets decreased by THB 7.38 million or -1.15% mainly due to trade and other receivables and contract assets decreased by THB 23.35 million in line with the decrease in services income from digital content via telecommunication channels

Total liabilities

Total liabilities were mainly consisted of trade and other payables. As at 31 December 2021 and 30 June 2022, total liabilities were THB 99.83 million and THB 100.78 million, respectively. Total liabilities increased by THB 0.95 million or +0.94% mainly due to the increase in lease liabilities of THB 5.62 million, which was an increase from the lease of the Company's new head office to support the expansion of the team according to the planned increase of scale and scope of services to be provided by the Company.

Total equity

Total equity as at 31 December 2021 and 30 June 2022 were THB 549.79 million and THB 541.46 million, respectively. Total equity decreased by THB 8.34 million or -1.54% due to the Company's net profit for the six-month period ended 30 June 2022 was THB 34.87 million while the Company paid dividends to shareholders of THB 43.20 million in the first six-month period of 2022.

Sincerely yours,

-Sompoch Tanutantivong-

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer