

Management Discussion and Analysis for the Third Quarter of Year 2022 (Additional)

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the third quarter of year 2022 compared to the same period of prior year and the prior period are as follows;

For the three-month period, the Group reported total revenues (excluded other revenues) at THB 145.0 million, increased by THB 2.7 million or 1.9% from the prior period. When compared to the same period of prior year, the revenue decreased by THB 24.3 million or 14.3%. The Group *had a profit from operations of THB 16.1 million*, but due to a loss from *investment in equity securities*¹ of THB 61.5 million, mainly due to a loss from a change in the value of investment in ordinary shares of a listed company of THB 45.4 million and loss from disposal of investment in ordinary shares of listed companies amounting to THB 16.1 million, (as of September 30,2022, the company has a remaining investment value of THB 212.2 million), resulting in overall operating results in the nine quarter of 2022, a net loss of THB 47.5 million, a decrease of THB 78.5 million or 253% each compared to the third quarter of 2021.

For the nine-month period, the Group reported total revenues (excluded other revenues) at THB 435.5 million, decreased by THB 22.1 million or 4.8% compared to the same period of prior year and gained gross profit amounted to THB 85.7 million or 19.7%.The gross profit increased by THB 9.9 million caused by cost management. *The Group's operating profit for the first nine months of 2022 amounted to THB 40.3 million*, but losses from investment in equity securities of THB 149.7 million, mainly due to losses from changes in value of investments in ordinary shares of listed companies in the amount of THB 121.7 million and loss from selling of ordinary shares of listed companies, amounting to THB 28.0 million, resulting in overall operating results from the nine months of the year 2022 net loss of THB 110.5 million.

Investments in Equity Securities¹

Based on the Group's investment policy, approved by the Board of Directors Meeting No.13/2021 and No.6/2022 held on November 10, 2021 and August 15, 2022 respectively focusing on the Group's cash management and placing importance on the balance between the 'risk of investment' and 'return on investment' under the acceptable risk. In order for the Company to receive the appropriate gains and maintain sufficient liquidity to be converted into cash if need be. The investments can be classified into 3 types: (1) Investments in Private Funds, (2) Investments in Self-Managed Securities, and (3) Investments in Bank Deposits and/or Government Bonds and/or Debentures with a rating no lower than BBB+ and/or other debt instruments as specified by the Investment Committee of the Group under the investment framework approved by the Board of Directors.

- Investments in equity securities of listed companies as of 30 September 2022 amounting to 212.2 million baht, derived from investments in the common shares of listed companies. The buying and selling (trading) which has been reviewed by the Investment Committee are not considered an asset acquisition of the Company.
- Investments in equity securities of non-listed companies as of 30 September 2022 amounting to 175 million baht, investments in the ordinary shares of Hinsitsu (Thailand) Public Company Limited approved by the Board of Directors Meeting No. 11/2021, which is considered an asset acquisition of the company. The Company has published information of this acquisition to the Stock Exchange of Thailand on September 30, 2021.

Revenues

The structure of revenues for the three-month and nine-month period ended 30 September 2022 and 2021 are as follows;

Unit: THB million	Three-month period			% Change +/-		Six-month period		% Change
	Q3'21	Q2'22	Q3'22	QoQ	YoY	9M'21	9M'22	+ / (-)
1. Revenue from sales and contract work	12.9	1.4	4.9	250.9%	-61.9%	25.7	14.7	-42.8%
1.1 Turnkey Total Solutions	12.9	1.4	4.9	250.9%	-61.9%	25.7	14.7	-42.8%
2. Revenue from services	156.4	135.0	129.5	-4.1%	-17.2%	431.9	404.3	-6.4%
2.1 Fully Outsourced Contact	105.5	97.9	91.3	-6.7%	-13.4%	280.7	290.7	3.6%
2.2 Contact Center	6.6	5.2	5.3	1.9%	-20.9%	19.9	16.0	-19.4%
2.3 Customer Service	40.5		30.5	1.7%	-24.4%	115.7	91.5	-20.9%
2.4 Maintenance Service	3.8	1.9	2.4	25.6%	-38.4%	15.6	6.1	-60.8%
3. Other segment	-	5.9	10.6	79.3%	-	-	16.5	-
Total	169.3	142.3	145.0	1.9%	-14.3%	457.6	435.5	-4.8%

1. Revenue from sales and contract work

Turnkey Total Solutions for the three-month period was THB 4.9 million decreased from the same period of prior year by THB 8.0 million but increase from the prior period by THB 3.5 million.

2. Revenue from services

Revenue from services for the three-month period was THB 129.5 million, decreased by THB 5.5 million or 4.1% from the prior period and decreased by THB 26.9 million or 17.2% when compared to the same period of prior year. Moreover, the revenue

from services for the nine-month period was THB 404.3 million which decreased by THB 27.6 million or 6.4% when compared to the same period of prior year. The details are as follows;

2.1 Revenue from Fully Outsourced Contact Center Management Service for the three-month period was THB 91.3 million, decreased by THB 6.6 million or 6.7% from the prior period. In addition, when compared to the same period of prior year, it was decreased by THB 14.2 million or 13.4%. For the nine-month period, it was at THB 290.7 million increased by THB 10.0 million or 3.6% when compared to the same period of prior year. It was mainly increased from the Corporate customer in airline business and retail sector.

2.2 Revenue from Contact Center Facility Outsourced for the three-month period was THB 5.3 million, increased from the prior period by THB 0.1 million or 1.9% but decrease by THB 1.3 million or 20.9% compared to the same period of prior year, mainly came from private customer. For the nine-month period, it was at THB 16.0 million decreased by THB 3.9 million or 19.4% when compared to the same period of prior year. It was mainly decreased from private customer.

2.3 Revenue from Customer Service Representative Outsourced for the three-month period was THB 30.5 million, increased from the prior period by THB 0.5 million or 1.7% but decreased from the same period of prior year by THB 10.0 million or 24.4%. For the nine-month period, it was THB 91.5 million decreased from the same period of prior year by THB 24.2 million or 20.9%. It mainly decreased from Government and State enterprise customers.

2.4 Revenue from Maintenance Service for the three-month period was THB 2.4 million, decreased from the prior period by THB 0.5 million or 25.6% and decreased from the same period of prior year by THB 1.4 million or 38.4%. For the nine-month period, it was THB 6.1 million decreased from the same period of prior year by THB 9.5 million or 60.8%. It mainly decreased from Government and State enterprise customer.

3. Revenue from other segment

Revenue from the new company, [Phyigital Space Development Company Limited² \(PSD\)](#), which operates business in providing a gaming platform for gamers and owning esports teams to participate in Esports tournaments and all aspects of Esports. [PSD also received licensing from the world-renowned Paris Saint-Germain Football Club \(PSG\) to use the branding for PSD's ROV : Arena of Valor esports team in Thailand, for 3 years from 2021-2024.](#)

For the three-month period, revenue amounted to 10.6 million baht, and for the nine-month period, revenue amounted to THB 16.5 million.

Phygital Space Development Company Limited² (PSD)

On April 5, 2022 Inno Hub Company Limited (The Company's Subsidiary) entered into a share purchase agreement and agreement with the shareholders to invest in Phygital Space Development Company Limited (PSD) by purchasing 2,450,000 shares from the existing shareholders of PSD, or 49% of the Total Authorized Capital of PSD. The total purchase price is at 100 million baht (the deposit of 20 million baht previously paid is considered a part of the purchase price), mutually agreed between the buyer and seller. The purchased price has been referred from the Comparable method of valuation and the VC valuation (VC Method), which are commonly used standards for investments into startups. With an appraisal value of 58-234 million baht, EIRR 34.78% (investment of 100 million baht) from Wealth Plus Co., Ltd. as the financial advisor responsible for reviewing and analyzing the information to be presented to the Board of Directors under the assumption of the business generating income from ownership and management of Esports teams, development of the HUBBER platform, a gaming and esports platform for gamers in Thailand, developing a player base and fanbase, increasing number of subscribers to the platform, selling merchandise from esports teams, prize pool from esports competitions, income from content, income from sponsors and advertisements, etc. Presently, the Company is in the process of measuring the fair value of the assets acquired and liabilities on the date of acquisition. The valuation process will be completed within 12 months from the date of acquisition as specified by the Thai Financial Reporting Standards.

Gross Profit

For the three-month period, the Group reported total gross profit at THB 24.1 million decreased THB 7.0 million and the gross profit margin was at 16.6%, decreased 1.7% from the same period of prior year.

For the nine-month period, the Group reported total gross profit at THB 85.7 million increased THB 9.9 million and gross profit margin of 19.7%, increased 3.1% from the same period last year. The increase in gross margin, mainly came cost management and expensed controlling of the Group of Company.

Selling Expenses, Administrative Expenses and Other Expenses

The Group has selling expenses, administrative expenses and other expenses for the three-month period, totally at THB 84.4 million, increased from the prior period year by THB 52.3 million. It main resulted from losses from investments in equity securities. And for the nine-month period had a cost of selling and administrative expense and other expenses totally THB 230.0 million, increased of THB 84.4 million when comparing the same period last year. Most of this is due to losses from equity investment.

Net Profit

The Group reported total net loss for the three-month period at THB 47.5 million increased from the previous quarter. And compared to the same period last year, net loss increase by THB 78.5 million or 253.0% when compared to the same period of prior year. Net loss to total revenues was at 31.5%. For the nine-month period, net loss was THB 110.5 million and net loss ratio was at 24.5%, increased from the same period of prior year. This was a result from loss on change in value of listed equity investments.

Financial Position

As at 30 September 2022, the Group reported total assets at THB 901.9 million, decreased by THB 101.1 million or 10.1% when compared to the end of the prior year. [Mainly a decrease from other current financial assets. However, trade receivables and other receivables of 88.9 million baht has included amount for the expected credit loss of 34.9 million baht, from a debtor which is a Public Listed Company which has filed a petition for business rehabilitation with the court. Currently, the debtor is in the process of implementing the business rehabilitation plan, and according to such plan, the Company expects to receive the debt payment by the year 2024.](#)

[Incidentally, the Company has invested in Digital Assets. Investing in the cryptocurrency, SIX Coin/Token, to the amount of 1,000,000 SIX tokens, an investment value of 3.8 million baht, with the Company receiving returns from being a Validator Node for the network, receiving returns in the form of transaction fees. Phygital Space Development Company Limited \(PSD\), a subsidiary of the Company invested in digital assets, the cryptocurrency, Hubcoin Token, in the amount of 8.8 million Hubcoin tokens, an investment value of 4.08 million baht, with the objective to use Hubcoin in the ecosystem of the HUBBER platform. Additionally, PSD has also acquired the Esports team, 'XERXIA' for 4.5 million baht, which is in line the PSD's core business model in the ownership and management of Esports teams.](#)

Total liabilities were represented at THB 87.9 million, decreased by THB 10.8 million or 11.0% when compared to the end of the prior year. Total shareholders' equity was reported at THB 813.9 million, decreased by THB 90.3 million or 10.0% when compared to the end of the prior year.

Yours faithfully,

(Mr. Kanawuthi Wattanadhirach)

Director and Chairman of Executive Committee