

11 May 2023

Subject: Management discussion and analysis for the performance for the three-month period ended 31 March 2023

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 4/2023 held on 11 May 2023 passed a resolution to certify the financial statements and the performance for the three-month period ended 31 March 2023 which was reviewed by the auditor.

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

Performance (Statement of comprehensive income)	Three-month Period			
	1Q2022	1Q2023	Inc. (Dec.)	% Inc. (Dec.)
Services income	110.47	64.81	(45.67)	-41.34%
Cost of rendering of services	(76.99)	(51.03)	25.97	-33.73%
Gross profit	33.48	13.78	(19.70)	-58.84%
Other income	0.60	0.30	(0.29)	-49.55%
Services expenses	(1.29)	(1.20)	0.09	-7.09%
Administrative expenses	(7.84)	(9.11)	(1.26)	16.11%
Other expenses	0.07	(1.15)	(1.22)	-1695.70%
Profit from operating activities	25.01	2.62	(22.39)	-89.52%
Share of gain (loss) on investments in associate	0.03	(0.17)	(0.21)	-642.50%
Finance costs	(0.06)	(0.06)	(0.00)	1.40%
Profit before income tax expense	24.98	2.38	(22.60)	-90.46%
Income tax	(3.75)	(0.46)	3.30	-87.87%
Profit for the period	21.23	1.93	(19.30)	-90.91%
Other comprehensive income	-	-	-	N/A
Total comprehensive income for the period	21.23	1.93	(19.30)	-90.91%
Gross profit margin	30.31%	21.26%		
Net profit margin	19.22%	2.98%		

Services income and Cost of rendering of services

Services income can be grouped in 3 segments: 1. Digital content 2. Information technology solutions 3. Online advertising. 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			
	1Q2022	1Q2023	Inc./Dec.)	% Inc./Dec.)
Digital content				
Services income	91.38	54.26	(37.12)	-40.62%
Cost of rendering of services	(67.90)	(40.22)	27.67	-40.76%
Gross profit	23.48	14.04	(9.44)	-40.22%
Gross profit margin	25.70%	25.87%		
Information technology solutions				
Services income	18.80	10.23	(8.57)	-45.59%
Cost of rendering of services	(8.38)	(10.06)	(1.69)	20.14%
Gross profit	10.42	0.16	(10.26)	-98.44%
Gross profit margin	55.43%	1.59%		
Online advertising				
Services income	0.30	0.32	0.02	6.50%
Cost of rendering of services	(0.72)	(0.74)	(0.02)	2.74%
Gross profit	(0.42)	(0.42)	(0.00)	0.07%
Gross profit margin	-140.52%	-132.03%		

Services income from digital content

In 1Q2023, the Company had services income from digital content of THB 54.26 million, decreased by THB 37.12 million or -40.62% YoY. 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 regarding future inflation. As a result, users were more cautious in their spending. In addition, the Company had gross profit from digital content of THB 14.04 million, decreased by THB 9.44 million or -40.22% YoY. The gross profit margin in 1Q2023 was 25.87%, a mere increase from 25.70% in 1Q2022.

Services income from information technology solutions

In 1Q2023, the Company had services income from information technology solutions of THB 10.23 million, decreased by THB 8.57 million or -45.59% YoY. 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 regarding future inflation. As a result, users were more cautious in their spending. In addition, the Company had gross profit from information technology solutions of THB 0.16 million, decreased by THB 10.26

million or -98.44% YoY. The gross profit margin in 1Q2023 was 1.59%, decreased from 55.43% in 1Q2022 mainly due to the increase in cloud service costs and employee-related costs to support new projects in the future.

Services income from online advertising

In 1Q2023, the Company had services income from providing online advertising of THB 0.32 million, increased by THB 0.02 million or +6.50% YoY. Gross loss was THB 0.42 million as high proportion of the costs was employee-related costs which were fixed costs.

Services expenses

In 1Q2023, services expenses were THB 1.20 million, decreased by THB 0.09 million or -7.09% YoY mainly due to the decrease in promotional activities.

Administrative expenses

In 1Q2023, administrative expenses were THB 9.11 million, increased by THB 1.26 million or +16.11% YoY mainly due to the increase in office rent expenses.

Other expenses

In 1Q2023, other expenses were THB 1.15 million, increased by THB 1.22 million or +1695.70% YoY mainly due to the increase in credit loss from digital content services.

Profit from operating activities

In 1Q2023, profit from operating activities was THB 2.62 million, decreased by THB 22.39 million or -89.52% YoY mainly due to the decrease in services income from digital content and information technology solutions.

Share of gain (loss) of investments in associate

In 1Q2023, share of loss of investments in associate was THB 0.17 million, decreased from share of gain of investments in associate of THB 0.03 million in 1Q2022 or -642.50% YoY mainly due to the amortization of intangible assets arising from investments in associate.

Finance costs

In 1Q2023, finance costs were THB 0.06 million, a mere increase of +1.40% YoY.

Income tax

In 1Q2023, income tax was THB 0.46 million, decreasing -87.87% YoY due to the decrease in profit before income tax expense.

Profit for the period and Total comprehensive income for the period

In 1Q2023, profit for the period and total comprehensive income for the period were THB 1.93 million, decreased by THB 19.30 million or -90.91% YoY mainly due to the decrease in services income from digital content and information technology solutions.

Financial Position

Unit: THB Million

Financial Position	As at 31 December 2022	As at 31 March 2023	Increase/ (Decrease)	% Increase/ (Decrease)
Total assets	606.12	598.42	(7.70)	-1.27%
Total liabilities	73.57	63.94	(9.63)	-13.09%
Total equity	532.56	534.48	1.93	0.36%

Total assets

Total assets were mainly consisted of cash and cash equivalents and trade and other receivables and contract assets. As at 31 March 2023, total assets were THB 598.42 million, decreased by THB 7.70 million or -1.27% from 31 December 2022.

Total liabilities

Total liabilities were mainly consisted of trade and other payables. As at 31 March 2023, total liabilities were THB 63.94 million, decreased by THB 9.63 million or -13.09% from 31 December 2022 mainly due to the decrease in trade and other payables of THB 7.48 million, in line with the decrease in revenue sharing costs to marketing partners which vary according to the income from digital content services.

Total equity

Total equity as at 31 March 2023 was THB 534.48 million, increased by THB 1.93 million or +0.36% from 31 December 2022 mainly due to the increase in retained earnings as a result of Company's profit for the three-month period ended 31 March 2023.

Sincerely yours,

-Sompoch Tanutantivong-

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer