

Management Discussion and Analysis for the Second Quarter of Year 2023 (Additional)

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the second quarter of year 2023 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 137.1 million, a slight decrease compared to the previous quarter and decreased by THB 5.2 million or 3.6% compared to the same period of the previous year, resulting in net loss of THB 128.4 million baht, an increase of 88.6 million baht or 223%. Loss attributable to the Company was at THB 123.2 million as a result of a decrease in gross profit, & loss on equity investment by THB 117.4 million baht, and an increase in selling and administrative expense. Compared to the previous quarter, the loss increased by THB 155.7 million or 570.3 percent, resulting from a loss on *equity investments of 100.5 million baht, divided into 13.8 losses from disposals of equity investments million baht and loss on changes in the value of investments in equity securities of 86.7 million baht.*

For the six-month period, the Group reported total revenues (excluded other revenues) at THB 275.4 million, decreased by THB 15.1 million or 5.2% from the same period of prior year. And net loss by THB 101.1 million, an increase by THB 36.6 million or 56.7%. Loss attributable to the Company was at 95.9 million baht, resulting from a decrease in gross profit and loss from *Investments in equity securities*¹ by THB 134.4 million, which can be divided into losses from sale of investments in the amount of THB 15.3 million and unrealized losses due to changes in market price by THB 119 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 June 2023 amounting to THB 175.2 million, 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 June 2023 amounting to THB 116.2 million, 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 six-month period ended 30 June 2023 and 2022 are as follows;

Unit: THB million	Three-month period			% Change +/-		Six-month period		% Change
	Q2'22	Q1'23	Q2'23	QoQ	YoY	6M'22	6M'23	+/(-)
1. Revenue from sales and contract work	1.4	2.0	1.8	- 12.7%	25.3%	9.8	3.8	-61.6%
1.1 Turnkey Total Solutions	1.4	2.0	1.8	-12.7%	25.3%	9.8	3.8	-61.6%
2. Revenue from services	135.0	133.0	135.3	1.8%	0.3%	274.8	268.3	-2.4%
2.1 Fully Outsourced Contact Center Management	97.9	91.8	93.9	2.4%	-4.1%	199.4	185.7	-6.9%
2.2 Contact Center Facility Outsourced	5.2	6.9	4.4	-36.1%	-14.3%	10.7	11.3	5.6%
2.3 Customer Service Representative	30.0	32.8	34.5	5.2%	15.1%	61.0	67.3	10.4%
2.4 Maintenance Service	1.9	1.5	2.5	67.0%	27.4%	3.7	4.0	8.6%
3. Other segment	5.9	3.3	-	-	-	5.9	3.3	
Total	142.3	138.3	137.1	-0.8%	-3.6%	290.5	275.4	-5.2%

1. Revenue from sales and contract work

1.1 Turnkey Total Solutions For the three-month period, revenue amounted to THB 1.8 million, an increase of THB 0.4 million from the same period of last year and a decrease of THB 0.2 million from the previous quarter. The increase over the same period of last year mainly came from private sector customers in the retail business. For the six-month period, the revenue was Baht 9.8 million reduced by 6 million baht Compared to the same period last year

2. Revenue from services

Revenue from services for the three-month period was THB 135.3 million, decreased by THB 2.3 million or 1.8% from the prior period and increased by THB 0.3 million or 0.3% when compared to the same period of prior year. In addition, the revenue from services for the six-month period was THB 268.3 million which decreased by THB 6.5 million of 2.4% 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 93.9 million, increased from the prior period by THB 2.1 million or 2.4%. Moreover, when compared to the same period of prior year, it was decreased by THB 4.0 million or 4.1%. For the six-month period, it was THB 185.7 million, decreased by THB 13.7 million or 6.9% when compared to the same period of prior year. The decrease was mainly from corporate customer in sector retail and other parts of the cleaning business.

2.2 Revenue from Contact Center Facility Outsourced for the three-month period was THB 4.4 million, decreased from both the previous quarter and the same period of prior year. For the six-month period, it was at THB 11.3 million, decreased by THB 0.6 million or 5.6% 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 34.5 million, increased from the prior period by THB 4.5 million or 15.1%. For the six-month period, it was THB 67.3 million, decreased from the same period of prior year by THB 6.3 million or 10.4%. It mainly decreased by the customers of Government and State enterprise sector and Private sector.

2.4 Revenue from Maintenance Service for the three-month period was THB 2.5 million, increased from the prior period by THB 1.0 million and increased from the same period of prior year by THB 0.6 million or 67.0%. For the six-month period, it was THB 4.0 million, decreased from the same period of prior year by THB 0.3 million or 8.6%. It mainly decreased from Government and State enterprise customer.

3. Revenue from other segment

Revenue from other segment for the three-month period, a decrease of THB 3.3 million compared to the previous quarter. Due to the sales of Phygital Space Development Company Limited, resulting in decreased revenue.

Gross Profit

For the three-month period, the Group reported total gross profit at THB 22.2 million and the gross profit margin was at 16.2%, a decrease of 2.5% from the same quarter of the previous year. For the six-month period, the Group reported total gross profit at THB 36.6 million baht, compare the same period last year, The gross profit margin was 13.3% compared to the same period last year. The decrease in gross margin was due to the termination of certain projects with high gross margin in 2022.

Selling Expenses, Administrative Expenses and Other Expenses

For the three-month period The Group has selling expenses, administrative expenses and other expenses totally at THB 152.8 million, an increase by THB 74.1 million compared to the same period last year. This was largely due to losses on equity investments and an increase in advisory fees from new business. And when comparing the six-month period with the same period of the previous year, it was found that the increase was THB 45.7 million.

Net Profit

For the three-month period The Group reported total net loss at THB 128.4 million, an increase by THB 88.6 million, compared to the same period last year. The net loss to total revenue ratio was 93.2%. For the six-month period, the Group's total net loss was THB 101.1 million, an increase of THB 36.6 million compared to the same period last year. The net loss to total income ratio was 30.4 percent as a result of changes in the value of investments in listed companies' equity securities.

Financial Position

As at 30 June 2023, the Group reported total assets at THB 1,480.9 million, increased by THB 501.5 million or 51.2% when compared to the end of the prior year. It was mainly increased from cash equivalents from the exercise of warrants (OTO W1) amounted to 699.7 million baht and decreased from the loss from investing in equity instruments of listed companies on the stock exchange.

Total liabilities were represented at THB 89.2 million, decreased by THB 53.1 million or 37.3% when compared to the end of the prior year.

Total shareholders' equity was reported at THB 1,391.7 million, increased by THB 554.6 million or 66.2% when compared to the end of the prior year from the exercise of warrants (OTO W1)

Yours faithfully,



(Mr. Chirayu Chueyam)

Chairman of Executive Committee and Chief Executive Officer