

No. ADD 3/2024

22 February 2024

Subject: Management discussion and analysis for the performance for the year ended 31 December 2023

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's ("Company") Board of Directors Meeting No. 1/2024 held on 22 February 2024 passed a resolution to certify the financial statements and the performance for the year ended 31 December 2023 which was audited by the auditor.

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

Performance (Statement of Comprehensive Income)	For the year ended 31 December			
	2022	2023	Inc.(Dec.)	% Inc.(Dec.)
Services income	331.18	317.89	(13.29)	-4.01%
Cost of rendering of services	(238.78)	(236.58)	2.20	-0.92%
Gross profit	92.40	81.31	(11.10)	-12.01%
Other income	2.90	1.77	(1.14)	-39.14%
Services expenses	(5.10)	(4.82)	0.28	-5.40%
Administrative expenses	(34.35)	(36.96)	(2.60)	7.58%
Other expenses	(2.74)	(5.15)	(2.40)	87.50%
Profit from operating activities	53.11	36.14	(16.96)	-31.94%
Share of profit of investment in associates	0.71	(1.07)	(1.78)	-251.77%
Finance costs	(0.23)	(0.32)	(0.09)	38.21%
Profit before income tax expense	53.59	34.76	(18.83)	-35.14%
Income tax	(8.57)	(4.01)	4.57	-53.25%
Profit for the year	45.01	30.75	(14.26)	-31.68%
Other comprehensive income	0.15	(0.05)	(0.20)	-132.37%
Total comprehensive income for the year	45.16	30.70	(14.46)	-32.03%
Gross profit margin	27.90%	25.58%		
Net profit margin	13.59%	9.67%		

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

Unit: THB Million

Services income and Cost of rendering of services	For the year ended 31 December			
	2022	2023	Inc.(Dec.)	% Inc.(Dec.)
<b>Digital content</b>				
Services income	274.80	256.94	(17.86)	-6.50%
Gross profit	74.35	65.89	(8.46)	-11.38%
Gross profit margin	27.06%	25.64%		
<b>Information technology solutions</b>				
Services income	55.38	60.24	4.86	8.77%
Gross profit	19.90	17.37	(2.53)	-12.74%
Gross profit margin	35.93%	28.83%		
<b>Online advertising</b>				
Services income	1.00	0.71	(0.29)	-29.05%
Gross profit	(1.85)	(1.95)	(0.10)	5.49%
Gross profit margin	-184.34%	-274.07%		

Services income from digital content

In 2023, the Company had services income from digital content of THB 256.94 million, decreased by THB 17.86 million or -6.50% YoY. This was due to the decline in average user spending on digital content services. The main reason for the decline in user spending was the economic situation of the country which is experiencing higher interest rates. As a result, users are more cautious with their spending. The gross profit from digital content was THB 65.89 million, decreased by THB 8.46 million or -11.38% YoY. The gross profit margin in 2023 was 25.64%, decreased from 27.06% in 2022.

Services income from information technology solutions

In 2023, the Company had services income from information technology solutions of THB 60.24 million, increased by THB 4.86 million or +8.77% YoY, due to the increase in number of solutions in service. However, gross profit from information technology solutions was THB 17.37 million, decreased by THB 2.53 million or -12.74% YoY. The gross profit margin in 2023 was 28.83%, decreased from 35.93% in 2022. This was mainly due to an increase in employee-related costs to support the expansion of the team as the number and scope of services increased. These additional services had been in operation since June 2023 and started materially generating revenue in 3Q2023.

#### Services income from online advertising

In 2023, the Company had services income from providing online advertising of THB 0.71 million, decreased by THB 0.29 million or -29.05% YoY, as clients in property development sector decreased their media spending. In addition, gross loss was THB 1.95 million as high proportion of the costs was employee-related costs which were fixed costs.

#### **Other income**

In 2023, other income was THB 1.77 million, decreased by THB 1.14 million or -39.14% YoY, mainly because the Company had gain from a bargain purchase on investment in subsidiary of THB 0.48 million and gain on disposals investment in associated company of THB 0.50 million in 2022.

#### **Services expenses**

In 2023, services expenses were THB 4.82 million, decreased by THB 0.28 million or -5.40% YoY, this corresponds to the decrease in services income.

#### **Administrative expenses**

In 2023, administrative expenses were THB 36.96 million, increased by THB 2.60 million or +7.58% YoY. This was mainly due to the increase in employee-related expenses and office expenses due to office relocation.

#### **Other expenses**

In 2023, other expenses were THB 5.15 million, increased by THB 2.40 million or +87.50% YoY, mainly due to the increase in credit loss.

#### **Profit from operating activities**

In 2023, profit from operating activities were THB 36.14 million, decreased by THB 16.96 million or -31.94% YoY, mainly due to the decrease in services income from digital content.

#### **Share of profit of investment in associates**

In 2023, share of profit of investment in associates was a loss of THB 1.07 million, decreased by THB 1.78 million or -251.77% YoY. This was mainly due to the amortization of intangible assets arising from investment in associates as the number of associates increase.

#### Finance costs

In 2023, finance costs were THB 0.32 million, increased by THB 0.09 million or +38.21% YoY.

#### Income tax

In 2023, income tax was THB 4.01 million, decreased by THB 4.57 million or -53.25% YoY due to the decrease in profit before income tax expense.

#### Profit for the year and Total comprehensive income for the year

In 2023, profit for the year was THB 30.75 million, a decrease of THB 14.26 million from 2022 or -31.68% YoY, and total comprehensive income for the year was THB 30.70 million, a decrease of THB 14.46 million or -32.03% YoY. This was mainly due to the decrease in services income from digital content.

#### Financial Position

Unit: THB Million

Financial Position	As at 31 December 2022	As at 31 December 2023	Increase/ (Decrease)	% Inc.(Dec.)
Total assets	606.12	634.66	28.54	4.71%
Total liabilities	73.57	84.21	10.64	14.47%
Total equity	532.56	550.45	17.90	3.36%

#### Total assets

Total assets were mainly consisted of cash and cash equivalents, investment in associates and trade and other receivables and contract assets. As at 31 December 2022 and 31 December 2023, total assets were THB 606.12 million and THB 634.66 million, respectively. Total assets increased by THB 28.54 million or +4.71% mainly due to trade and other receivables and contract assets increased in line with the increase in income from digital content services during the 4th quarter of 2023.

#### Total liabilities

Total liabilities were mainly consisted of trade and other payables. As at 31 December 2022 and 31 December 2023, total liabilities were THB 73.57 million and THB 84.21 million, respectively. Total liabilities increased by THB 10.64 million or +14.47% mainly due to in trade and other payables increased in line with the increase in costs of digital content services during the 4th quarter of 2023.

Total equity

Total equity as at 31 December 2022 and 31 December 2023 were THB 532.56 million and THB 550.45 million, respectively. Total equity increased by THB 17.90 million or +3.36% due to the Company's total comprehensive income for the year ended 31 December 2023 was THB 30.70 million while the Company paid dividends to shareholders of THB 12.80 million in 2023.

Sincerely yours,

*-Sompoch Tanutantivong-*

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer