

No. ADD 18/2024

9 August 2024

Subject: Management discussion and analysis for the performance for the six-month period ended 30 June 2024

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 4/2024 held on 9 August 2024 passed a resolution to certify the financial statements and the performance for the six-month period ended 30 June 2024 which was reviewed by the auditor.

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

Performance (Statement of comprehensive income)	Three-month Period				Six-month Period			
	2Q2023	2Q2024	Inc.(Dec.)	% Inc.(Dec.)	6M2023	6M2024	Inc.(Dec.)	% Inc.(Dec.)
Services income	62.06	76.71	14.65	23.61%	126.87	155.72	28.85	22.74%
Cost of rendering of services	(49.49)	(54.54)	(5.05)	10.21%	(100.51)	(111.11)	(10.59)	10.54%
<b>Gross profit</b>	<b>12.58</b>	<b>22.18</b>	<b>9.60</b>	<b>76.34%</b>	<b>26.36</b>	<b>44.61</b>	<b>18.25</b>	<b>69.26%</b>
Other income	0.25	1.47	1.22	484.46%	0.55	2.84	2.29	414.87%
Services expenses	(1.14)	(1.25)	(0.11)	9.27%	(2.34)	(2.49)	(0.15)	6.20%
Administrative expenses	(9.36)	(9.55)	(0.18)	1.97%	(18.47)	(18.40)	0.07	-0.39%
Other expenses	(1.10)	(1.22)	(0.12)	11.07%	(2.25)	(2.16)	0.09	-4.14%
<b>Profit from operations</b>	<b>1.22</b>	<b>11.62</b>	<b>10.41</b>	<b>855.44%</b>	<b>3.84</b>	<b>24.40</b>	<b>20.56</b>	<b>535.88%</b>
Share of loss of investments in associates	(1.44)	(2.62)	(1.19)	82.53%	(1.61)	(7.65)	(6.04)	374.61%
Finance costs	(0.07)	(0.12)	(0.04)	55.07%	(0.14)	(0.22)	(0.08)	60.46%
<b>Profit before income tax expense</b>	<b>(0.30)</b>	<b>8.88</b>	<b>9.18</b>	<b>3103.78%</b>	<b>2.09</b>	<b>16.53</b>	<b>14.44</b>	<b>691.48%</b>
Income tax expense	(0.54)	(0.74)	(0.20)	36.99%	(0.99)	(1.94)	(0.94)	95.12%
<b>Profit for the period</b>	<b>(0.83)</b>	<b>8.15</b>	<b>8.98</b>	<b>1078.65%</b>	<b>1.10</b>	<b>14.59</b>	<b>13.50</b>	<b>1231.12%</b>
Other comprehensive income	-	-	-	N/A	-	-	-	N/A
<b>Total comprehensive income for the period</b>	<b>(0.83)</b>	<b>8.15</b>	<b>8.98</b>	<b>-1078.65%</b>	<b>1.10</b>	<b>14.59</b>	<b>13.50</b>	<b>1231.12%</b>
Gross profit margin	20.26%	28.91%			20.77%	28.65%		
Net profit margin	-1.34%	10.62%			0.86%	9.37%		

### Services income and gross profit

Services income can be grouped in 3 segments: 1. Digital content 2. Digital solutions 3. Advertising. The details of services income and gross profit are as follows:

Services income and gross profit

Unit: THB Million

Services income and gross profit	Three-month Period				Six-month Period			
	2Q2023	2Q2024	Inc.(Dec.)	% Inc.(Dec.)	6M2023	6M2024	Inc.(Dec.)	% Inc.(Dec.)
<b>Digital content</b>								
Services income	52.79	52.08	(0.71)	-1.35%	107.05	111.35	4.29	4.01%
Gross profit	13.78	12.43	(1.35)	-9.81%	27.82	27.28	(0.54)	-1.95%
Gross profit margin	26.11%	23.87%			25.99%	24.50%		
<b>Digital solutions</b>								
Services income	9.21	24.47	15.26	165.67%	19.44	44.06	24.62	126.67%
Gross profit	(0.56)	9.90	10.46	1862.07%	(0.40)	18.26	18.66	4679.40%
Gross profit margin	-6.10%	40.46%			-2.05%	41.46%		
<b>Advertising</b>								
Services income	0.06	0.16	0.10	179.54%	0.38	0.31	(0.06)	-17.05%
Gross profit	(0.65)	(0.16)	0.49	75.72%	(1.07)	(0.93)	0.13	12.41%

Digital content

In 2Q2024, the Company had services income from digital content of THB 52.08 million, decreased by THB 0.71 million or -1.35% YoY. This was due to the decline in average user spending on digital content services as Thailand's sluggish economy has mainly reduced consumer purchasing power causing service users to become more cautious about their spending. In addition, the Company had gross profit from digital content of THB 12.43 million, decreased by THB 1.35 million or -9.81% YoY. The gross profit margin in 2Q2024 was 23.87%, decreased from 26.11% in 2Q2023.

In 6M2024, the Company had services income from digital content of THB 111.35 million, increased by THB 4.29 million or +4.01% YoY. This was due to the increase in average user spending on digital content services. The main reason for the increase in user spending was due to increased marketing promotion activities of mobile operators compared to the same period of last year. The gross profit from digital content was THB 27.28 million, decreased by THB 0.54 million or -1.95% YoY. The gross profit margin in 6M2024 was 24.50%, decreased from 25.99% in 6M2023.

## Digital solutions

In 2Q2024, the Company had services income from digital solutions of THB 24.47 million, increased by THB 15.26 million or +165.67% YoY, due to the increase in user spending through the solutions that the Company provided for clients in mobile operator sector. In addition, gross profit from digital solutions was THB 9.90 million, increased by THB 10.46 million or +1862.07% YoY. The gross profit margin in 2Q2024 was 40.46%, increased from the gross loss margin of 6.10% in 2Q2023. This is mainly due to the increase in services income while most of the related costs are employee costs which are fixed costs.

In 6M2024, the Company had services income from digital solutions of THB 44.06 million, increased by THB 24.62 million or +126.67% YoY, due to the increase in user spending through the solutions that the Company provided for clients in mobile operator sector. In addition, gross profit from digital solutions was THB 18.26 million, increased by THB 18.66 million or +4679.40% YoY. The gross profit margin in 6M2024 was 41.46%, increased from the gross loss margin of 2.05% in 6M2023. This is mainly due to the increase in services income while most of the related costs are employee costs which are fixed costs.

## Advertising

In 2Q2024, the Company had services income from advertising of THB 0.16 million, increased by THB 0.10 million or +179.54% YoY, as clients in property development sector increased their media spending. In addition, gross loss was THB 0.16 million as high proportion of the costs was employee-related costs which were fixed costs. Consequently, in 6M2024, the Company had services income from advertising of THB 0.31 million, decreased by THB 0.06 million or -17.05% YoY, and gross loss of THB 0.93 million, decreased from the same period of previous year with gross loss of THB 1.07 million.

## Other income

In 2Q2024, other income was THB 1.47 million, increased by THB 1.22 million, or +484.46% YoY, mainly due to interest income on short-term loans to related party. Consequently, in 6M2024, the Company had other income of THB 2.84 million, increased by THB 2.29 million or +414.87% YoY.

### Services expenses

In 2Q2024, services expenses were THB 1.25 million, increased by THB 0.11 million or +9.27% YoY. The main reason was an increase in marketing expenses. Consequently, in 6M2024, services expenses were THB 2.49 million, increased by THB 0.15 million or +6.20% YoY.

### Administrative expenses

In 2Q2024, administrative expenses were THB 9.55 million, increased by THB 0.18 million or +1.97% YoY. Consequently, in 6M2024, administrative expenses were THB 18.40 million, decreased by THB 0.07 million or -0.39% YoY.

### Other expenses

In 2Q2024, other expenses were THB 1.22 million, increased by THB 0.12 million or +11.07% YoY, mainly due to the increase in credit loss from service provision. In 6M2024, other expenses were THB 2.16 million, decreased by THB 0.09 million or -4.14% YoY, mainly due to the decrease in credit loss from service provision.

### Profit from operations

In 2Q2024, profit from operations was THB 11.62 million, increased by THB 10.41 million or +855.44% YoY, mainly due to the increase in services income from digital solutions. As a result, in 6M2024, profit from operations was THB 24.40 million, increased by THB 20.56 million or +535.88% YoY.

### Share of loss of investments in associates

In 2Q2024, share of loss of investments in associates was THB 2.62 million, increased by THB 1.19 million or +82.53% YoY. This was mainly due to the Company's amortization of intangible assets arising from the purchase of investments in associates and the result of associates' delayed revenue recognition due to the delay in delivery of work. Consequently, in 6M2024, share of loss of investments in associates was THB 7.65 million, increased by THB 6.04 million or +374.61% YoY. This was mainly due to the Company's amortization of intangible assets arising from the purchase of investments in associates and the result of associates' delayed revenue recognition due to the delay in delivery of work.

### Finance costs

In 2Q2024, finance costs were THB 0.12 million, which was close to the same period of last year. In 6M2024, finance costs were THB 0.22 million, which was also close to the same period of last year.

### Income tax expense

In 2Q2024, income tax expense was THB 0.74 million, increased by THB 0.20 million or +36.99% YoY, due to the increase in profit before income tax expense. In 6M2024, income tax expense was THB 1.94 million, increased by THB 0.94 million or +95.12% YoY, due to the increase in profit before income tax expense. Income tax expense was calculated from the tax rates of Company's activities that receive investment promotion (BOI) and activities that do not receive investment promotion.

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

In 2Q2024, the Company's profit for the period and total comprehensive income for the period were THB 8.15 million, increased by THB 8.98 million or +1078.65% YoY, mainly due to the increase in services income. Consequently, in 6M2024, profit for the period and total comprehensive income for the period were THB 14.59 million, increased by THB 13.50 million or +1231.12% YoY.

### Financial Position

Unit: THB Million

Financial Position	As at 31 December 2023	As at 30 June 2024	Increase/ (Decrease)	% Inc.(Dec.)
Total assets	634.66	582.47	(52.19)	-8.22%
Total liabilities	84.21	68.63	(15.58)	-18.51%
Total equity	550.45	513.85	(36.61)	-6.65%

### Total assets

Total assets were mainly consisted of cash and cash equivalents, investment in associates and trade and other current receivables and contract assets. As at 31 December 2023 and 30 June 2024, total assets were THB 634.66 million and THB 582.47 million, respectively. Total assets decreased by THB 52.19 million or -8.22%, mainly due to trade and other current receivables and contract assets decreased by THB 37.19 million.

#### Total liabilities

Total liabilities were mainly consisted of trade and other current payables. As at 31 December 2023 and 30 June 2024, total liabilities were THB 84.21 million and THB 68.63 million, respectively. Total liabilities decreased by THB 15.58 million or -18.51%, mainly due to the decrease in trade and other current payables of THB 15.84 million.

#### Total equity

Total equity as at 31 December 2023 and 30 June 2024 were THB 550.45 million and THB 513.85 million, respectively. Total equity decreased by THB 36.61 million or -6.65%, as the Company's net profit for the six-month period ended 30 June 2024 was THB 14.59 million while the Company paid dividends to shareholders of THB 51.20 million in the six-month period of 2024.

Sincerely yours,

*-Sompoch Tanutantivong-*

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer