

No. ADD 25/2024

12 November 2024

Subject: Management discussion and analysis for the performance for the nine-month period ended 30 September 2024

To: President

The Stock Exchange of Thailand

AddTech Hub Public Company Limited's (the "Company") Board of Directors Meeting No. 5/2024 held on 12 November 2024 passed a resolution to certify the financial statements and the performance for the nine-month period ended 30 September 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				Nine-month Period			
	3Q2023	3Q2024	Inc.(Dec.)	% Inc.(Dec.)	9M2023	9M2024	Inc.(Dec.)	% Inc.(Dec.)
Services income	91.59	77.65	(13.94)	-15.22%	218.46	233.37	14.91	6.82%
Cost of rendering of services	(67.57)	(53.18)	14.39	-21.30%	(168.09)	(164.29)	3.80	-2.26%
Gross profit	24.02	24.47	0.45	1.88%	50.37	69.08	18.71	37.13%
Other income	0.34	1.48	1.13	330.48%	0.89	4.32	3.42	382.52%
Services expenses	(1.27)	(1.28)	(0.01)	0.97%	(3.62)	(3.77)	(0.16)	4.36%
Administrative expenses	(9.06)	(8.80)	0.26	-2.84%	(27.54)	(27.21)	0.33	-1.20%
Other expenses	(2.29)	(0.55)	1.73	-75.77%	(4.54)	(2.71)	1.83	-40.22%
Profit from operations	11.74	15.31	3.56	30.33%	15.58	39.71	24.12	154.83%
Share of loss of investments in associates	(0.40)	(4.43)	(4.04)	1021.53%	(2.01)	(12.08)	(10.08)	501.93%
Finance costs	(0.08)	(0.13)	(0.04)	47.96%	(0.22)	(0.34)	(0.12)	55.67%
Profit before income tax expense	11.26	10.75	(0.51)	-4.57%	13.35	27.28	13.93	104.29%
Income tax expense	(1.31)	0.20	1.51	-115.10%	(2.31)	(1.74)	0.57	-24.64%
Profit for the period	9.95	10.95	1.00	10.02%	11.05	25.54	14.49	131.20%
Other comprehensive income	-	-	-	N/A	-	-	-	N/A
Total comprehensive income for the period	9.95	10.95	1.00	10.02%	11.05	25.54	14.49	131.20%
Gross profit margin	26.22%	31.51%			23.06%	29.60%		
Net profit margin	10.86%	14.10%			5.06%	10.94%		

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 by segment

Unit: THB Million

Services income and Gross profit	Three-month Period				Nine-month Period			
	3Q2023	3Q2024	Inc.(Dec.)	% Inc.(Dec.)	9M2023	9M2024	Inc.(Dec.)	% Inc.(Dec.)
Digital content								
Services income	75.66	47.28	(28.38)	-37.51%	182.72	158.63	(24.09)	-13.18%
Gross profit	18.91	11.25	(7.66)	-40.52%	46.73	38.53	(8.20)	-17.55%
Gross profit margin	24.99%	23.78%			25.57%	24.29%		
Digital solutions								
Services income	15.79	30.25	14.46	91.62%	35.23	74.31	39.09	110.96%
Gross profit	5.65	13.42	7.77	137.65%	5.25	31.69	26.44	503.68%
Gross profit margin	35.77%	44.37%			14.90%	42.64%		
Advertising								
Services income	0.14	0.12	(0.02)	-16.67%	0.52	0.43	(0.09)	-16.95%
Gross profit	(0.53)	(0.20)	0.34	-63.15%	(1.60)	(1.13)	0.47	-29.31%
Gross profit margin	-376.46%	-166.47%			-309.20%	-263.16%		

Digital content

In 3Q2024, the Company had services income from digital content of THB 47.28 million, decreased by THB 28.38 million or -37.51% YoY. This was due to the decline in average user spending on digital content services, mainly due to a decrease in marketing promotional activities by mobile operators from the same period of previous year. In addition, the Company had gross profit from digital content of THB 11.25 million, decreased by THB 7.66 million or -40.52% YoY. The gross profit margin in 3Q2024 was 23.78%, decreased from 24.99% in 3Q2023.

In 9M2024, the Company had services income from digital content of THB 158.63 million, decreased by THB 24.09 million or -13.18% YoY. This was due to the decline in average user spending on digital content services, mainly due to a decrease in marketing promotional activities by mobile operators from the same period of previous year. The gross profit from digital content was THB 38.53 million, decreased by THB 8.20 million or -17.55% YoY. The gross profit margin in 9M2024 was 24.29%, decreased from 25.57% in 9M2023.

Digital solutions

In 3Q2024, the Company had services income from digital solutions of THB 30.25 million, increased by THB 14.46 million or +91.62% YoY, due to the increase in number of solutions and user spending through the solutions that the Company provided for clients in mobile operator sector. In addition, gross profit from digital solutions was THB 13.42 million, increased by THB 7.77 million or +137.65% YoY. The gross profit margin in 3Q2024 was 44.37%, increased from 35.77% in 3Q2023. This was mainly due to increased service income and most of the related costs were employee costs which were fixed costs.

In 9M2024, the Company had services income from digital solutions of THB 74.31 million, increased by THB 39.09 million or +110.96% YoY, due to the increase in number of solutions and user spending through the solutions that the Company provided for clients in mobile operator sector. In addition, gross profit from digital solutions was THB 31.69 million, increased by THB 26.44 million or +503.68% YoY. The gross profit margin in 9M2024 was 42.64%, increased from 14.90% in 9M2023. This was mainly due to increased service income and most of the related costs were employee costs which were fixed costs.

Advertising

In 3Q2024, the Company had services income from advertising of THB 0.12 million, decreased by THB 0.02 million or -16.67% YoY, as clients in property development sector decreased their media spending. In addition, gross loss was THB 0.20 million as high proportion of the costs was employee-related costs which were fixed costs. Consequently, in 9M2024, the Company had services income from advertising of THB 0.43 million, decreased by THB 0.09 million or -16.95% YoY, and gross loss of THB 1.13 million, decreased from the same period of previous year when gross loss was THB 1.60 million.

Other Income

In 3Q2024, other income was THB 1.48 million, increased by THB 1.13 million, or +330.48% YoY, mainly due to interest on short-term loans to related party. Consequently, in 9M2024, the Company had other income of THB 4.32 million, increased by THB 3.42 million or +382.52% YoY.

Services expenses

In 3Q2024, services expenses were THB 1.28 million, increased by THB 0.01 million or +0.97% YoY. Consequently, in 9M2024, services expenses were THB 3.77 million, increased by THB 0.16 million or +4.36% YoY.

Administrative expenses

In 3Q2024, administrative expenses were THB 8.80 million, decreased by THB 0.26 million or -2.84% YoY. Consequently, in 9M2024, administrative expenses were THB 27.21 million, decreased by THB 0.33 million or -1.20% YoY.

Other expenses

In 3Q2024, other expenses were THB 0.55 million, decreased by THB 1.73 million or -75.77% YoY, mainly due to the decrease in credit loss from services provided. In 9M2024, other expenses were THB 2.71 million, decreased by THB 1.83 million or -40.22% YoY mainly due to the decrease in credit loss from services provided.

Profit from operations

In 3Q2024, profit from operations was THB 15.31 million, increased by THB 3.56 million or +30.33% YoY, mainly due to the increase in services income from digital solutions. Consequently, in 9M2024, profit from operations was THB 39.71 million, increased by THB 24.12 million or +154.83% YoY.

Share of loss of investments in associates

In 3Q2024, share of loss of investments in associates was THB 4.43 million, increased by THB 4.04 million or +1021.53% YoY. This was mainly due to the increase in Company's amortization of intangible assets arising from the purchase of investments in associate companies and the result of associate companies' delayed revenue recognition due to the delay in delivery of work. Consequently, in 9M2024, share of loss of investments in associates was THB 12.08 million, increased by THB 10.08 million or +501.93% YoY. This was mainly due to the increase in Company's amortization of intangible assets arising from the purchase of investments in associate companies and the result of associate companies' delayed revenue recognition due to the delay in delivery of work.

Finance costs

In 3Q2024, finance costs were THB 0.13 million, which was close to the same period of previous year. In 9M2024, finance costs were THB 0.34 million, which was also close to the same period of previous year.

Income tax expense

In 3Q2024, tax income was THB 0.20 million, due to the recognition of deferred tax from a subsidiary's taxable loss. This was because the mentioned subsidiary had net tax loss carried forward that were expected to be used in the future and the Company's profit before income tax expense decreased from the same period of previous year. In 9M2024, income tax expense was THB 1.74 million, decreased by THB 0.57 million or -24.64% YoY. This was because a subsidiary had net tax loss carried forward whereas the Company's profit before income tax expense increased from the same period of previous year, mostly from activities that received investment promotion (BOI) and were exempt from income tax.

Profit for the period and Total comprehensive income for the period

In 3Q2024, the Company's profit for the period and total comprehensive income for the period were THB 10.95 million, increased by THB 1.00 million or +10.02% YoY, mainly due to the increase in profit from operations. Consequently, in 9M2024, the Company's profit for the period and total comprehensive income for the period were THB 25.54 million, increased by THB 14.49 million or +131.20% YoY, mainly due to the increase in profit from operations.

Financial Position

Unit: THB Million

Financial Position	As at 31 December 2023	As at 30 September 2024	Increase/ (Decrease)	% Inc.(Dec.)
Total assets	634.66	590.52	(44.14)	-6.96%
Total liabilities	84.21	73.73	(10.48)	-12.45%
Total equity	550.45	516.80	(33.66)	-6.11%

Total assets

Total assets were mainly consisted of cash and cash equivalents, current financial assets measured at fair value through profit or loss, trade and other receivables and contract assets and investment in associates. As at 31 December 2023 and 30 September 2024, total assets were THB 634.66 million and THB 590.52 million, respectively. Total assets decreased by THB 44.14 million or -6.96%, mainly due to trade and other receivables and contract assets decreased by THB 32.36 million.

Total liabilities

Total liabilities were mainly consisted of trade and other payables. As at 31 December 2023 and 30 September 2024, total liabilities were THB 84.21 million and THB 73.73 million, respectively. Total liabilities decreased by THB 10.48 million or -12.45%, mainly due to the decrease in trade and other payables of THB 8.40 million.

Total equity

Total equity as at 31 December 2023 and 30 September 2024 were THB 550.45 million and THB 516.80 million, respectively. Total equity decreased by THB 33.66 million or -6.51% due to the Company's profit for the nine-month period ended 30 September 2024 was THB 25.54 million while the Company paid dividends to shareholders of THB 59.20 million in the first nine-month period of 2024.

Sincerely yours,

-Sompoch Tanutantivong-

(Mr. Sompoch Tanutantivong)

Director and Chief Financial Officer