



August 10, 2023

Subject: Management discussion and analysis for the second quarter ended June 30, 2023
Attention: The President,
The Stock Exchange of Thailand

Vintcom Technology Public Company Limited (the “Company”) would like to submit the management discussion and analysis of the Company’s and its subsidiaries’ results of operations for the second quarter ended June 30, 2023. In addition, the Company would also like to provide clarification regarding changes of the Company and its subsidiaries’ operating results more than 20% compared to the same period of last year.

Operating results

Operating results of the Company and its subsidiaries (Unit : Million Baht)	Q2/2023	Q2/2022	Changes +/-	6 months/ 2023	6 months/ 2022	Changes +/-
Revenue from sales and services	545	607	(10.3%)	1,028	977	5.3%
Gross profit	109	108	0.6%	210	196	7.1%
Other income	9	4	>100%	15	10	52.1%
Share of profit (loss) of associate	(14)	0.3	(>100%)	(14.3)	1.5	(>100%)
Distribution costs	(15)	(17)	(11.9%)	(32)	(28)	13.7%
Administrative expenses	(54)	(45)	19.5%	(99)	(91)	8.4%
Impairment gain (loss)	-	0.5	(100%)	-	1.4	(100%)
Finance costs	(3)	(2)	24.9%	(6)	(4)	42.2%
Profit (loss) before tax	34	50	(31.3%)	75	86	(13.1%)
Net profit (loss) after tax	25	41	(37.7%)	57	72	(19.5%)
Non-controlling interests	(6)	(6)	8.3%	(13)	(12)	13.2%
Net profit (loss) of parent company	19	35	(45.7%)	44	60	(25.8%)
Gross profit margin (%)	20.0%	17.9%		20.5%	20.1%	
Net profit margin (%)	3.4%	5.7%		4.3%	6.1%	

Revenue from sales and services for Q2/2023 was decreased from Q2/2022, while the gross profit margin of Q2/2023 was higher than that of Q2/2022, delivering the net profit of THB 18.9 million in Q2/2023 (Q2/2022 : THB 34.8 million). Mainly, THB 15.9 million decrease resulted from share of loss recognized in accordance of equity method THB 13.5 million. More detailed analysis has been discussed on the followings:

1. Revenue from sales and services

For the second quarter of 2023, the Company and its subsidiaries earned revenue from sales and services amounting to THB 544.8 million. THB 62.7 million, or 10.3% decrease from the same period in 2022, resulting from



decrease in this quarter's revenue from domestic projects, when compared to the same quarter of last year. However revenue from CLM countries was 68% higher than the same quarter of last year.

2. Gross profit

In Q2/2023, gross profit was THB 109.2 million (Q2/2022: 108.6 Million Baht). Further, gross profit margin was 20.0% increase from the same period of last year (Q2/2022: 17.9%).

3. Distribution costs

In Q2/2023, distribution costs was THB 14.9 million, 11.9% decrease from the same period of last year. In general, the distribution costs consisted of staff expenses, commission and marketing expenses. Distribution costs was 2.7% of revenue (Q2/2022: 2.8%).

4. Administrative expenses

Administrative expenses of Q2/2023 was THB 53.6 million, 19.5% increase from Q2/2022 which was THB 44.8 million. In general, the administrative expenses consisted of staff expense, rental and office-facility service expenses, depreciation and amortization. The administrative expenses was 9.7% of total revenue (7.3% in Q2/2022).

5. Net profit and Net profit margin

For the second quarter of 2023, the Company and its subsidiaries' net profit was THB 18.9 million, leading to THB 15.9 million decrease, or 45.7% from Q2/2022. Total proportion of net profit to total revenue was 3.4% (Q2/2022: 5.7%).

Financial Position

Assets

Majority of the Company and its subsidiaries' total assets comprised of account receivables and other receivables, cash and cash equivalent, and goodwill. Total assets as at June 30, 2023 and December 31, 2022 were THB 1,500.2 million and THB 1,446.1 million, respectively. In sum, the increase in total assets was THB 54.1 million or 3.7%.

Cash and cash equivalent as at June 30, 2023 and December 31, 2022 were THB 222.1 million and THB 214.6 million, respectively. Account receivables and other current receivables as at June 30, 2023 and December 31, 2022 was THB 726.9 million and THB 603.6 million, respectively. Mainly, THB 123.3 million increase resulted from major projects which was delivered in this quarter.

Investment in associates as at June 30, 2023 and December 31, 2022 were THB 17.9 million and THB 32.1 million, respectively. This was investment in 18.3% of interests in M Intelligence's issued and paid-up ordinary shares. THB 14.3 million decrease was due to share of loss recognized in accordance of equity method.

Goodwill amounting to THB 210 million derived from the acquisition of 100% in interests of I-Secure.



Liabilities

Majority, or 88.5% of the Group's total liabilities was current liabilities, consisting of trade and other current payables, contract liabilities, and short-term borrowings from financial institutions. The significant amount of non-current liabilities comprised trade and other current payables, and employee benefit liabilities. Total liabilities as at June 30, 2023 and December 31, 2022 were THB 880.7 million and THB 808.2 million, respectively. In sum, THB 72.5 million increase in total liabilities, or 8.9% mainly came from trade and other current payables and contract liabilities serving as part of working capital in this quarter.

Shareholders' Equity

Total shareholders' equities of the Company as at June 30, 2023 and December 31, 2022 were THB 578.3 million and THB 585.5 million, respectively. THB 7.1 million decrease was due to net profit amounting to THB 44.4 million and dividend paid amounting to THB 55.3 million.

Please be informed accordingly.

Yours Sincerely,

(Mrs. Songsri Srirungroungjit)
Managing Director
Vintcom Technology Public Company Limited