



May 13, 2019

**Subject: Management discussion and analysis for the first quarter ended March 31, 2019**  
**Attention: The President,**  
**The Stock Exchange of Thailand**

Vintcom Technology Public Company Limited (the “Company”) would like to submit the management discussion and analysis for the Company results of operations for the first quarter ended March 31, 2019 and clarify for the Company results of operations, more than 20% from the same period of last year, as follows:

**Operating Performance**  
**Revenues**

Type of Revenue	Consolidated financial statements			
	First quarter, 2019		First quarter, 2018	
	THB Million	%	THB Million	%
Revenue from sale	218.10	58.24	168.99	62.92
Revenue from rendering of services	154.00	41.13	95.57	35.59
Other income	2.35	0.63	3.99	1.49
<b>Total revenue</b>	<b>374.45</b>	<b>100.00</b>	<b>268.55</b>	<b>100.00</b>

1. Revenue from sale

For the first quarter of 2019, the Company and its subsidiaries earned revenue from sale of goods amounting to THB 218.10 million, an increase from the same period in 2018 THB 168.99 million, or 29.06% resulting from higher revenue in 2018 from projects in Thailand. While there was increase in revenue from project sales to CLM countries THB 14 million.

2. Revenue from rendering of services

For the first quarter of 2019, the Company and its subsidiaries earned revenue from rendering of services THB 154.00 million, an increase from the same period of last year THB 95.57 million, or 61.13%, resulting from increase in revenue from services provided in Thailand and also included revenue of I-Secure THB 23.57 million.

3. Other income

In the first quarter of 2019, the Company and its subsidiaries had other income THB 2.35 million, a decrease from the same period of last year THB 3.99 million. The decrease mainly resulted from the THB 1.47 million decrease in gain on exchange rate.



**Cost of sale of goods and rendering of services, and gross profit**

	Consolidated financial statements			
	First quarter, 2019		First quarter, 2018	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	372.10	100.00	264.55	100.00
Cost of sale of goods and rendering of services	296.35	79.64	218.44	82.57
<b>Gross profit</b>	<b>75.75</b>	<b>20.36</b>	<b>46.11</b>	<b>17.43</b>
<b>Gross profit margin (%)</b>		<b>20.36</b>		<b>17.43</b>

For the first quarter of 2019, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 296.35 million. Compared to THB 218.44 million in the same period in 2018, there was an increase THB 77.91 million, or 35.67% less than 40.65% decreasing rate of revenue from sale of goods and rendering of services. In addition, cost of sale of goods and rendering of services was 79.64% of revenue from sales of goods and rendering of services, decrease when compared to 82.57% in 2018. In sum, the gross profit was 20.36%, higher than 17.43% gross profit of the same period in 2018. The reason there was high profit margin from revenue of I-Secure which was included in this period.

**Expenses**

Distribution costs

For the first quarter of 2019, the Company and its subsidiaries' distribution costs was THB 814.29 million, an increase from the same period in 2018 THB 6.18 million, or 76.20%, resulting from compensation for sales, the increasing in team members of sales department and rising of marketing expense to increase sales figures and the high percentage of distribution costs to total revenue of I-Secure which was included in this period. Distribution costs was 3.82% of total revenue, slightly higher than that in the same period of 2018 which was 3.02%.

Administrative expenses

For the first quarter of 2019, the administrative expense was THB 47.96 million, decrease from the same period in 2018 THB 17.54 million, or 57.68%. The administrative expense was 12.81% of total revenue, higher than that in the same period of last year (First quarter in 2018:11.33%). Mostly from the percentage of administrative expense to total revenue of I-Secure which was included in this period was high when compared to total revenue.

**Net Profit and Net Margin**

For the operating results of the first quarter of 2019, the Company's net profit THB 8.47 million, led to an increase of THB 4.27 million from the same period in 2018, or 101.91%. The net margin was 2.26%, slightly increase from the first quarter of 2018 which was 1.56%.





## Financial Position

### Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables, other current receivables, cash and cash equivalent. The Company and its subsidiaries' total assets as at March 31, 2019 and December 31, 2018 were THB 907.66 million and THB 1,229.30 million, respectively. In sum, decrease in total assets was THB 321.64 million or 26.16%.

Cash and cash equivalent as at March 31, 2019 and December 31, 2018 was THB 208.51 million and THB 186.63 million, respectively. The THB 21.88 million increase was attributable to cash received from account receivables.

Account receivables and other current receivables as at March 31, 2019 and December 31, 2018 was THB 395.41 million and THB 747.87 million, respectively. The THB 352.46 million decrease was attributable to decreasing in account receivables amounting to THB 348.03 million.

Inventories as at March 31, 2019 and December 31, 2018 was THB 33.26 million and THB 36.21 million, respectively, decreased THB 2.95 million.

### Liabilities

Majority, or 78% of the Group's total liabilities was current liabilities consisting of trade and other current payables. Significant amount of non-current liabilities composed of other payable deriving from business combination and non-current provisions for employee benefit. The company's total liabilities as at March 31, 2019 and December 31, 2018 was THB 433.98 million and THB 767.36 million, respectively. The THB 333.38 million decrease in total liabilities, or 43.45% was mainly due to the payment of short-term borrowings from financial institution and account payable arising at the end of 2018.

### Shareholders' Equity

Total shareholders' equities of the Company as at March 31, 2019 and December 31, 2018 was THB 418.33 million and THB 409.86 million, respectively. The increasing mainly due to net profit THB 8.47 million.

Please be informed accordingly.

Yours Sincerely,

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