



November 12, 2019

Subject: Management discussion and analysis for third quarter ended September 30, 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 third quarter ended September 30, 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			
	Third quarter, 2019		Third quarter, 2018	
	THB Million	%	THB Million	%
Revenue from sale	258.02	61.19	321.50	75.45
Revenue from rendering of services	161.62	38.33	103.43	24.28
Other income	2.02	0.48	1.14	0.27
Total revenue	421.66	100.00	426.07	100.00

1. Revenue from sale

For third quarter of 2019, the Company and its subsidiaries earned revenue from sale of goods THB 258.02 million, an decrease from the same period in 2018 THB 63.48 million, or 19.74% resulting from sales to public sectors was lower than the same period of last year.

2. Revenue from rendering of services

For third quarter of 2019, the Company and its subsidiaries earned revenue from rendering of services THB 161.62 million, an increase from the same period of last year THB 58.19 million, or 56.26%, resulting from increase in revenue from services provided in Thailand and also included revenue of I-Secure THB 27.88 million.

3. Other income

In third quarter of 2019, the Company and its subsidiaries had other income THB 2.02 million, a decrease from the same period of last year THB 0.88 million.



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

	Consolidated financial statements			
	Third quarter, 2019		Third quarter, 2018	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	419.64	100.00	424.92	100.00
Cost of sale of goods and rendering of services	319.54	76.15	358.20	84.30
Gross profit	100.10	23.85	66.72	15.70
Gross profit margin (%)		23.85		15.70

For third quarter of 2019, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 319.54 million. Compared to THB 358.20 million in the same period in 2018, decreased THB 38.66 million, or 10.79%, higher than decreasing rate 1.24% of revenue from sale of goods and rendering of services. In addition, cost of sale of goods and rendering of services was 76.15% of revenue from sales of goods and rendering of services, decrease when compared to 84.30% in 2018. In sum, the gross profit was 23.85%, higher than 15.70% 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 third quarter of 2019, the Company and its subsidiaries' distribution costs was THB 16.22 million, an increase from the same period in 2018 THB 4.86 million, or 42.72%, 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 3.85% of total revenue, slightly higher than that in the same period of 2018 which was 2.67%.

Administrative expenses

For third quarter of 2019, the administrative expense was THB 52.39 million, increase from the same period in 2018 THB 12.93 million, or 32.77%. The administrative expense was 12.42% of total revenue, higher than that in the same period of last year (Third quarter in 2018: 9.26%). 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 third quarter of 2019, the Company's net profit THB 22.72 million, led to an increase of THB 11.51 million from the same period in 2018, or 102.68%. The net margin was 5.39%, increase from third quarter of 2018 which was 2.63%.

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 September 30, 2019 and December 31, 2018 were THB 1,003.64 million and THB 1,229.30 million, respectively. In sum, decrease in total assets was THB 225.67 million or 18.36%.

Cash and cash equivalent as at September 30, 2019 and December 31, 2018 was THB 279.10 million and THB 186.63 million, respectively. The THB 92.47 million increase was attributable to cash received from account receivables.

Account receivables and other current receivables as at September 30, 2019 and December 31, 2018 was THB 426.68 million and THB 747.87 million, respectively. The THB 321.18 million decrease was attributable to decreasing in account receivables amounting to THB 357.46 million.

Inventories as at September 30, 2019 and December 31, 2018 was THB 23.72 million and THB 36.21 million, respectively, decreased THB 12.49 million.

Liabilities

Majority, or 80.45% 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 September 30, 2019 and December 31, 2018 was THB 505.05 million and THB 767.36 million, respectively. The THB 262.31 million decrease in total liabilities, or 34.18% 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 September 30, 2019 and December 31, 2018 was THB 435.35 million and THB 409.86 million, respectively. The increasing mainly due to net profit THB 61.92 million and dividend paid THB 36.00 million.

Please be informed accordingly.

Yours Sincerely,

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