



August 8, 2022

Subject: Management discussion and analysis for the second quarter ended June 30, 2022
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, 2022, as follows:

Operating results

Operating results of the Company and its subsidiaries (Unit : Million Baht)	Q2/2022	Q2/2021	Changes +/(-)	6 months/ 2022	6 months/ 2021	Changes +/(-)
Revenue from sales and services	607	556	9.1%	977	981	(0.5%)
Gross profit	108	110	(1.2%)	196	203	(3.4%)
Other income	4	2	89.3%	10	8	19.4%
Share of profit of associate	0.3	0.6	(54.6%)	1.5	0.2	>100%
Distribution costs	(17)	(13)	32.6%	(28)	(26)	6.8%
Administrative expenses	(45)	(46)	(3.1%)	(91)	(90)	1.3%
Impairment gain (loss)	0.5	0.1	>100%	1.4	(0.1)	>100%
Finance costs	(2)	(1)	123.4%	(4)	(3)	46.2%
Profit (loss) before tax	50	53	(6.0%)	86	93	(7.4%)
Net profit (loss) after tax	41	44	(7.1%)	72	77	(6.8%)
Non-controlling interests	(6)	(4)	37.7%	(12)	(9)	31.9%
Net profit (loss) of parent company	35	40	(12.1%)	60	68	(11.8%)
Gross profit margin (%)	17.9%	19.7%		20.1%	20.7%	
Net profit margin (%)	5.7%	7.1%		6.1%	6.9%	

Revenue from sales and services for Q2/2022 was increased from Q2/2021, while the gross profit margin of Q2/2022 was slightly lower than that of Q2/2021, delivering the net profit of THB 35 million in Q2/2022 (Q2/2021 : THB 40 million). More detailed analysis has been discussed on the followings:

1. Revenue from sales and services

For the second quarter of 2022, the Company and its subsidiaries earned revenue from sales and services amounting to THB 607 million. THB 51 million, or 9.1% increase from the same period in 2021, resulting from revenue from domestic major projects relating to domestic, delivered in this quarter.



2. Gross profit

In Q2/2022, gross profit was THB 109 million (Q2/2021: 110 Million Baht). Further, gross profit margin was 17.9% slightly decreased from the same period of last year (Q2/2021: 19.7%), resulting from major projects having less gross profit margin compared to last year.

3. Distribution costs

In Q2/2022, distribution costs was THB 17 million, 32.6% increase from the same period of last year, resulting the increase in staff expenses due to higher number of salespersons, commission and marketing expenses. Distribution costs was 2.8% of revenue (Q2/2021: 2.3%).

4. Administrative expenses

Administrative expenses of Q2/2022 was THB 45 million, 3.1% decrease from Q2/2021 which was THB 46 million. In general, the administrative expenses consisted of staff expense, rental and office-facility service expenses, depreciation and amortization. The administrative expenses was 7.3% of total revenue (8.3% in Q2/2021).

5. Net profit and Net profit margin

For the second quarter of 2022, the Company and its subsidiaries' net profit was THB 35 million, leading to THB 5 million decrease, or 12.1% from Q2/2021. Total proportion of net profit to total revenue was 6.7% (Q2/2021: 7.9%).

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, 2022 and December 31, 2021 were THB 1,438 million and THB 1,285 million, respectively. In sum, the increase in total assets was THB 152 million or 11.9%.

Cash and cash equivalent as at June 30, 2022 and December 31, 2021 were THB 152 million and THB 170 million, respectively. Account receivables and other current receivables as at June 30, 2022 and December 31, 2021 was THB 715 million and THB 552 million, respectively. Mainly, THB 163 million increase resulted from major projects which was delivered in this quarter.

Investment in associates as at June 30, 2022 and December 31, 2021 were THB 35 million and THB 33 million, respectively. This was investment in 18% of interests in M Intelligence's issued and paid-up ordinary shares. THB 1.5 million increase was due to share of profit 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 81% 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, 2022 and December 31, 2021 were THB 826 million and THB 672 million, respectively. In sum, THB 154 million increase in total liabilities, or 22.9% mainly came from short-term borrowings from financial institutions, and trade payables serving as part of working capital in this quarter.

Shareholders' Equity

Total shareholders' equities of the Company as at June 30, 2022 and December 31, 2021 were THB 573 million and THB 561 million, respectively. THB 12 million increase was due to net profit amounting to THB 60 million and dividend paid amounting to THB 52 million.

Please be informed accordingly.

Yours Sincerely,

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