



February 27, 2019

**Subject: Management discussion and analysis for the year ended December 31, 2018**  
**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 year ended December 31, 2018 on the followings:

**Operating Performance**  
**Revenues**

Type of Revenue	Consolidated financial statements			
	December 31, 2018		December 31, 2017	
	THB Million	%	THB Million	%
Revenue from sale	1,355.70	74.72	1,145.79	73.72
Revenue from rendering of services	445.78	24.57	396.78	25.53
Other income	12.87	0.71	11.66	0.75
<b>Total revenue</b>	<b>1,814.35</b>	<b>100.00</b>	<b>1,554.23</b>	<b>100.00</b>

1. Revenue from sale

For the year ended December 31, 2018 the Company and its subsidiaries earned revenue from sale of goods amount THB 1,355.70 million, an increase from 2017 amount THB 209.91 million, or 18.32% resulting from major project domestic sale.

2. Revenue from rendering of services

For the year ended December 31, 2018 the Company and its subsidiaries earned revenue from rendering of services amount THB 445.78 million, an increase from last year amount THB 49 million, or 12.35%, resulted from increasing of service income of V-Serve Plus amount THB 41.97 million.

3. Other income

In 2018, the Company and its subsidiaries had other income amount THB 12.87 million, an increase from 2017 THB 1.21 million. The increase mainly resulted from the THB 1.18 million increase in interest income.



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

	Consolidated financial statements for nine-month period ended			
	December 31, 2018		December 31, 2017	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	1,801.48	100.00	1,542.57	100.00
Cost of sale of goods and rendering of services	1,526.51	84.74	1,297.80	84.13
<b>Gross profit</b>	<b>274.97</b>	<b>15.26</b>	<b>244.77</b>	<b>15.87</b>
<b>Gross profit margin (%)</b>		<b>15.26</b>		<b>15.87</b>

In 2018, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 1,526.51 million. Compared to THB 1,297.80 million in 2017, there was an increase amounting to THB 228.71 million, or 17.62%. This was consistent to the increase of relating revenue. In addition, cost of sale of goods and rendering of services was 84.74% of revenue from sales of goods and rendering of services, slightly increase when compared to 84.13% in 2017. In sum, the gross profit was 15.26%, resemble to 15.87% gross profit in 2017.

**Expenses**

Distribution costs

In 2018, the Company and its subsidiaries' distribution costs was amount THB 43.77 million, an increase from 2017 THB 9.14 million, or 26.38%, resulting from including distribution costs of V-Serve Plus mainly consisting of staff expense and freight charges. In addition, the increase in distribution costs was mainly due to the rising of commission and marketing expense in order to support consistent revenue growth. Distribution costs was 2.41% of total revenue, quite similar to 2017 which was 2.23.

Administrative expenses

In 2018, the administrative expense was THB 152.28 million, an increase from 2017 THB 16.27 million, or 11.96%, resulting from including THB 11.19 million administrative expenses of I-Secure amount THB 11.19 million. In general, the Company and its subsidiaries' administrative expense consisted of staff expense amounting to THB 91.58 million, rental and office-facility service expenses amounting to THB 13.55 million and depreciation and amortization THB 8.95 million. The administrative expense was 8.39% of total revenue, lower than last year (8.75% in 2017).

**Net Profit and Net Margin**

In 2018, the Company's net profit was THB 58.42 million, led to an increase of THB 4.09 million from 2017, or 7.53%. The net margin for 2018 was 3.22%, slightly decrease from 2017 which was 3.50%.



## Financial Position

### Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables, other receivables, cash and cash equivalent. The Company and its subsidiaries' total assets as at December 31, 2018 and 2017 were THB 1,229.31 million and THB 768.83 million, respectively. The THB 460.47 million increase in total assets, or 59.89% was mainly due increase in account receivables from sales in the fourth quarter.

Cash and cash equivalent as at December 31, 2017 and 2018 was THB 186.62 million and THB 284.63 million, respectively. Mainly decrease resulted from cash payment to purchase shares of I-SECURE Co., Ltd.

Account receivables and other current receivables as at December 31, 2018 and 2017 was THB 747.87 million and THB 362.12 million, respectively. The rising resulted from increase in account receivables which will get paid in the first quarter of 2019.

Inventories at as at December 31, 2018 and 2017 were THB 36.21 million and THB 42.18 million, decrease from last year THB 5.97 million.

Goodwill amounting to THB 154.67 million arose from purchase of shares at 100% shareholding of I-SECURE Co., Ltd.

### Liabilities

Majority, or 88% of the Group's total liabilities was current liabilities consisting of trade and other current payables and Short-term loans from financial institutions. 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 December 31, 2018 and December 31, 2017 were THB 767.36 million and THB 360.28 million, respectively. The THB 407.07 million increase in total liabilities, or 113% was mainly due to increasing of the Short-term loans from financial institutions THB 177 million and accounts payable and other payable THB 144.31 million deriving from purchase of goods before the end of 2018 in order to be prepared for the delivery to clients. In addition, the rising of total liabilities was attributable to THB 78.49 million decrease in accrued corporate income tax.

### Shareholders' Equity

Total shareholders' equities of the Company as at December 31, 2018 and December 31, 2017 were THB 409.86 million and THB 369.97 million, respectively. The THB 39.89 million increase was due to net profit amount to THB 58.42 million and decrease for dividend paid during the year amounting to THB 19.50 million.

Please be informed accordingly.

Yours Sincerely,

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