



February 27, 2020

Subject: Management discussion and analysis for the year ended December 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 year ended December 31, 2019 on the followings:

Operating Performance
Revenues

Type of Revenue	Consolidated financial statements			
	December 31, 2019		December 31, 2018	
	THB Million	%	THB Million	%
Revenue from sale	1,126.50	63.22	1,316.40	72.55
Revenue from rendering of services	647.29	36.33	485.08	26.74
Other income	8.04	0.45	12.87	0.71
Total revenue	1,781.83	100.00	1,814.35	100.00

1. Revenue from sale

For the year ended December 31, 2019 the Company and its subsidiaries earned revenue from sale of goods amount THB 1,126.50 million, an decrease from 2018 amount THB 189.90 million, or 14.43% resulting from decrease in revenue from mega project. While there was increase in revenue from smaller project with higher gross profit margin.

2. Revenue from rendering of services

For the year ended December 31, 2019 the Company and its subsidiaries earned revenue from rendering of services amount THB 647.29 million, an increase from last year amount THB 162.21 million, or 33.44%, resulted from including services income of I-Secure amount THB 108.90 million.

3. Other income

In 2019, the Company and its subsidiaries had other income amount THB 8.04 million, an decrease from 2018 THB 4.83 million. The decrease mainly resulted from the THB 4.06 million decrease in gain from exchange rate.



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

	Consolidated financial statements for nine-month period ended			
	December 31, 2019		December 31, 2018	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	1,773.79	100.00	1,801.48	100.00
Cost of sale of goods and rendering of services	1,390.70	78.40	1,526.51	84.74
Gross profit	383.09	21.60	274.97	15.26
Gross profit margin (%)		21.60		15.26

In 2019, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 1,390.70 million. Compared to THB 1,526.51 million in 2018, decreased THB 135.81 million, or 8.90%, which higher than decreasing rate of relating revenue. In addition, cost of sale of goods and rendering of services was 78.40% of revenue from sales of goods and rendering of services, decrease when compared to 84.74% in 2018. In sum, the gross profit was 21.60%, higher than 15.26% gross profit in 2018 due to including operating result of I-Secure which got high margin in this year.

Expenses

Distribution costs

In 2019, the Company and its subsidiaries' distribution costs was amount THB 55.59 million, an increase from 2018 THB 11.83 million, or 27.02%, resulting from including distribution costs of I-Secure mainly consisting of staff expense. In addition, the increase in distribution costs was mainly due to the rising of commission and marketing expense in order to support revenue growth. Distribution costs was 3.12% of total revenue, higher than in 2018 which was 2.41.

Administrative expenses

The administrative expense of 2019 was THB 235.91 million, an increase from 2018 THB 83.63 million, or 54.92%. In general, the Company and its subsidiaries' administrative expense consisted of staff expense, rental and office-facility service expenses and depreciation and amortization. The administrative expense was 13.24% of total revenue, higher than last year (8.39% in 2018). The reasons are mainly due to inclusion of THB 48.20 million full fiscal year administrative expenses of I-Secure in 2019 versus THB 11.19 million 3 months expenses for 2018, and the recognition of loss of THB 23.71 million from the changes in fair value of the consideration paid for the acquisition of I-Secure in line with the acquisition agreement to determine such consideration based on i-Secure's net profit after tax for the year 2019 and 2020.

In 2019, I-Secure's profit is better than expected, and is likely to increase further in accordance with the business trends of I-Secure, Therefore, it is necessary to adjust the estimated consideration to be paid for the acquisition and recognize the impact in the financial statements.



Net Profit and Net Margin

In 2019, the Company's net profit was THB 66.78 million, led to an increase of TIIIB 8.36 million from 2018, or 14.31%. The net margin for 2019 was 3.75%, slightly increase from 2018 which was 3.22%.

Financial Position

Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables, other receivables, cash and cash equivalent and goodwill. The Company and its subsidiaries' total assets as at December 31, 2019 and 2018 were THB 1,161.05 million and THB 1,285.96 million, respectively. The THB 124.91 million decrease in total assets, or 9.71% was mainly due to decrease in account receivables.

Cash and cash equivalent as at December 31, 2019 and 2018 was THB 260.74 million and THB 186.62 million, respectively. The increasing THB 74.11 million resulted from cash receive from account receivables.

Account receivables and other current receivables as at December 31, 2019 and 2018 was THB 540.11 million and THB 747.87 million, respectively. The decreasing THB 207.76 million resulted from receive payment from account receivables.

Inventories at as at December 31, 2019 and 2018 were THB 23.13 million and THB 36.21 million, decrease from last year THB 13.09 million.

Goodwill amounting to THB 210.00 million arose from purchase of shares at 100% shareholding of I-Secure.

Liabilities

Majority, or 84.29% of the Group's total liabilities was current liabilities consisting of trade and other current payables and payable deriving from business combination which due within one year. Significant amount of non-current liabilities composed of payable deriving from business combination and non-current provisions for employee benefit. The company's total liabilities as at December 31, 2019 and December 31, 2018 were THB 654.22 million and THB 824.00 million, respectively. The THB 169.78 million decrease in total liabilities, or 20.60% was mainly due to payment of the Short-term loans from financial institutions THB 177 million.

Shareholders' Equity

Total shareholders' equities of the Company as at December 31, 2019 and December 31, 2018 were THB 440.00 million and THB 409.86 million, respectively. The THB 30.14 million increase was due to net profit amount to THB 66.78 million and decrease for dividend paid during the year amounting to THB 36.00 million.



Please be informed accordingly.

Yours Sincerely,

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