



November 14, 2020

Subject: Management discussion and analysis for the third quarter ended September 30, 2020
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 third quarter ended September 30, 2020, as follows:

Operating Performance
Revenues

Type of Revenue	Consolidated financial statements			
	Third quarter, 2020		Third quarter, 2019	
	THB Million	%	THB Million	%
Revenue from sale	402.90	72.96	258.02	61.19
Revenue from rendering of services	146.41	26.51	161.62	38.33
Other income	2.95	0.53	2.02	0.48
Total revenue	552.26	100.00	421.66	100.00

1. Revenue from sale

For the third quarter of 2020, the Company and its subsidiaries earned revenue from sale of goods amounting to THB 402.90 million, an increase from the same period in 2019 THB 144.88 million, or 56.15% resulted from increasing revenue in CLM countries THB 52.00 million.

2. Revenue from rendering of services

For the third quarter of 2020, the Company and its subsidiaries earned revenue from rendering of services THB 146.41 million, decreased from the same period of last year THB 15.21 million, or 9.41%, mainly resulting from changes in terms and conditions in business contracts between vServe Plus Co.,Ltd and a counterparty. This leads to decrease in revenue without any changes in gross profit.

3. Other income

In the third quarter of 2020, the Company and its subsidiaries had other income amounting to THB 2.95 million, increased from the same period of last year THB 0.93 million or 46.04%. Because gain from exchange rate was higher than the same quarter of last year.



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

	Consolidated financial statements			
	Third quarter, 2020		Third quarter, 2019	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	549.31	100.00	419.64	100.00
Cost of sale of goods and rendering of services	443.80	80.79	319.54	76.15
Gross profit	105.51	19.21	100.10	23.85
Gross profit margin (%)		19.21		23.85

For the third quarter of 2020, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 443.80 million. Compared to THB 319.54 million in the same period in 2019, there was an increase THB 124.26 million, or 38.89% more than 30.90% increasing rate of revenue from sale of goods and rendering of services. In addition, cost of sale of goods and rendering of services was 80.79% of revenue from sales of goods and rendering of services, increase when compared to 76.15% in 2019. In sum, the gross profit was 19.21%, lower than 23.85% gross profit of the same period in 2019. The reason there was mainly due to rising in proportion of revenue from sales of goods compared to revenue from services while revenue from sales of goods has lower gross profit margin than the latter.

Expenses

Distribution costs

For the third quarter of 2020, the Company and its subsidiaries' distribution costs was THB 15.41 million, decreased from the same period in 2019 THB 0.82 million, or 5.04%. Distribution costs was 2.79% of total revenue, lower than that in the same period of 2019 which was 3.85%.

Administrative expenses

For the third quarter of 2020, the administrative expense was THB 54.27 million, increased from the same period in 2019 THB 1.88 million, or 3.59%. The administrative expense was 9.83% of total revenue, lower than that in the same period of last year (Third quarter in 2019:12.42%).

Net Profit and Net Margin

For the operating results of the third quarter of 2020, the Company's net profit THB 23.49 million, led to an increasing of THB 0.77 million from the same period in 2019, or 3.37%. The net margin was 4.25%, decreased from the third quarter of 2019 which was 5.39%.



Financial Position

Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables, other current receivables, cash and cash equivalent, and goodwill. The Company and its subsidiaries' total assets as at September 30, 2020 and December 31, 2019 were THB 1,351.85 million and THB 1,161.05 million, respectively. In sum, increase in total assets was THB 190.80 million or 16.43%.

Cash and cash equivalent as at September 30, 2020 and December 31, 2019 was THB 284.81 million and THB 260.74 million, respectively, increased THB 24.07 million or 9.23%.

Account receivables and other current receivables as at September 30, 2020 and December 31, 2019 was THB 662.59 million and THB 540.11 million, respectively. The THB 122.48 million increase was attributable to increasing in account receivables THB 156.67 million and decreasing in other current receivables THB 39.35 million.

Inventories as at September 30, 2020 and December 31, 2019 was THB 8.13 million and THB 23.13 million, respectively, decreased THB 15.00 million.

Liabilities

Majority, or 95.37% of the Group's total liabilities was current liabilities consisting of trade and other current payables and payable deriving from business combination. Significant amount of non-current liabilities composed of lease liabilities and provisions for employee benefit. The company's total liabilities as at September 30, 2020 and December 31, 2019 was THB 844.62 million and THB 654.24 million, respectively. The THB 190.40 million increase in total liabilities, or 29.10% was mainly due to the short-term borrowings from financial institution and lease liabilities.

Shareholders' Equity

Total shareholders' equities of the Company as at September 30, 2020 and December 31, 2019 was THB 455.74 million and THB 440.00 million, respectively. Increased from net profit THB 92.79 million and decreased from dividend paid THB 78.000 million.

Please be informed accordingly.

Yours Sincerely,

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