



May 12, 2023

Subject: Management discussion and analysis for the first quarter ended March 31, 2023
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 first quarter ended March 31, 2023, as follows:

Operating results

Operating results of the Company and its subsidiaries (Unit : Million Baht)	Q1/2023	Q1/2022	Changes +/-
Revenue from sales and services	483.2	369.2	30.9%
Gross profit	101.1	87.9	15.1%
Other income	5.6	5.7	(1.6%)
Share of profit of associate	(0.7)	1.2	(>100%)
Distribution costs	(17.2)	(11.3)	52.4%
Administrative expenses	(45.4)	(46.4)	(2.3%)
Impairment gain (loss)	-	0.9	(>100%)
Finance costs	(2.9)	(1.8)	62.4%
Profit (loss) before tax	40.5	36.2	12.0%
Net profit (loss) after tax	32.2	30.7	4.8%
Non-controlling interests	(6.6)	(5.6)	18.6%
Net profit (loss) of parent company	25.6	25.1	1.8%
Gross profit margin	20.9%	23.8%	
Net profit margin	5.2%	6.7%	

Revenue from sales and services for Q1/2023 was increased from Q1/2022, delivering net profit of THB 25.6 million in Q1/2023 (Q1/2022: THB 25.1 million). While the gross profit margin of Q1/2023 was lower than that of Q1/2022, this was mainly due to the price competition in the cybersecurity business. More detailed analysis has been discussed on the followings:

1. Revenue from sales and services

For the first quarter of 2023, the Company and its subsidiaries earned revenue from sales and services amounting to THB 483.2 million, an increase from the same period in 2022 THB 114.0 million, or 30.9%. The domestic revenue increased 36%, while revenue from CLM countries increased 23%.



2. Gross profit

In Q1/2023, gross profit was THB 101.1 million (Q1/2022: 87.9 Million Baht). Gross profit margin was 20.9% decreased from same period of last year (Q1/2022: 23.8%), due to the price competition in the cybersecurity business.

3. Distribution costs

In Q1/2023, distribution costs was THB 17.2 million, 52.4% increase from Q1/2022 resulted from increasing in staff expenses and marketing expenses, to generate more revenue. Distribution costs was 3.5% of revenue (Q1/2022: 3.0%).

4. Administrative expenses

Administrative expenses of Q1/2023 was THB 45.4 million, 2.3% decrease from Q1/2022 which was THB 46.4 million. In general, the administrative expenses consisted of staff expense, rental and office-facility service expenses, depreciation and amortization. The administrative expenses was 9.3% of total revenue (12.4% in Q1/2022).

5. Net profit and Net profit margin

For the first quarter of 2023, the Company and its subsidiaries' net profit was THB 25.6 million, nearly to Q1/2022 which was THB 25.1 million. Total proportion of net profit to total revenue was 5.2% (Q1/2022: 6.7%).

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 March 31, 2023 and December 31, 2022 were THB 1,435.7 million and THB 1,446.1 million respectively. In sum, decrease in total assets was THB 10.4 million or 0.7%.

Cash and cash equivalent as at March 31, 2023 and December 31, 2022 were THB 271.5 million and THB 214.6 million, respectively, THB 56.9 million increase. Account receivables and other current receivables as at March 31, 2023 and December 31, 2022 was THB 518.8 million and THB 603.6 million, respectively, THB 84.8 million decrease.

Investment in associates as at March 31, 2023 and December 31, 2022 were THB 31.4 million and THB 32.1 million, respectively. This was investment in 18% of interests in M Intelligence's issued and paid-up ordinary shares. The decrease THB 0.7 million was due to share of loss 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 77% 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 March 31, 2023 and December 31, 2022 were THB 766.8 million and THB 808.2 million, respectively. In sum, THB 41.4 million decrease in total liabilities, or 5.1% was mainly decreased THB 64.9 million from payments to trade and other payables, and increased THB 21.2 million from short-term borrowings from financial institutions.

Shareholders' Equity

Total shareholders' equities of the Company as at March 31, 2023 and December 31, 2022 were THB 609.9 million and THB 585.5 million, respectively. Mainly, THB 24.4 million increase was due to net profit of Q1/2023.

Please be informed accordingly.

Yours Sincerely,

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