

No. DIGI 201902/009

26 February 2019

Subject: Management Discussion and Analysis - Explanation of net profit (loss) for the year ended 31 December 2018.

To: The President of Stock Exchange of Thailand

Digital Tech Public Company Limited would like to notify the operating results that the Company reported net loss for the year 2018 of Baht 319.4 million, net loss increased by Baht 150.4 million or 89% compared to prior year which were net loss of Baht 169 million. The operating results changed over 20%, main variances due to the following reasons:

1. Revenue from sales and services increase from prior year by Baht 748.2 million or 881% due following to:

Description	Year 2018 Million Baht	Year 2017 Million Baht	Change Million Baht	Change (%)
Revenue from real estate segment	800.0	54.0	746.0	1,381
Revenue from E-Commerce segment	9.2	4.7	4.5	96
Revenue from rental and service related segment	23.9	26.2	(2.3)	(9)
Total	833.1	84.9	748.2	881

Real estate segment

For the current year, the Company recognized sales of the ABOVE 39 condominium project at the selling price of Baht 800 million in August 2018.

E-Commerce segment

Revenue from this business segment increase form prior year due to increase transaction amount via electronic payment (“E-Payment) channel which the Company has collaborated with WeChat Pay in 2017. Commencing in early of 2018, the Company expand E-Payment channel by receiving collaboration with Alipay. Revenue in this business segment is therefore, increase when compared to the prior year.

2. The Company recognized cost of ABOVE 39 project’s condominium sales which presented under cost of sales and services for the year 2018 in the amount Baht 780.9 million, resulted cost of sales and service increase by Baht 760.9 million or 596% compared to prior year.

The Company reported net losses from such assets disposition in statement of income for the year ended 31 December 2018 of Baht 56.3 million (after deduction of selling expenses related) which is main reason of net loss increase for the 2018, compared to the prior year.

3. Selling expenses for the year 2018 are Baht 83 million, an increase of Baht 59.8 million or 257%, mainly came from the selling expenses from disposition of the ABOVE 39 condominium project comprised brokerage and registration fees for the transferred of assets right which responsible to pay by the Company, as the Seller.
4. Administrative expenses for the year 2018 are Baht 127.9 million, an increase of Baht 68.5 million or 115%, mainly resulted from impairment loss from leasehold right of land and building improvement due following to the termination lease of ABC World land and building which effective of termination in January 2019. Impairment losses of assets presented under administrative expenses and cost of services for the year 2018 in the amount of Baht 13.4 million and Baht 23.9 million, respectively. Moreover, administrative expenses increase in this year due to recognize share based payment of Baht 61.2 million which are non-monetary expenses items and non-recurring.
5. Corporate income tax for the year 2018 are Baht 21.9 million, increase by Baht 21.1 million or 2,731% from prior year due to taxable profit from sales of ABOVE 39 condominium which calculated from the difference of selling price and taxable cost of investment received by way of Entire Business Transfer in 2016.

Please be informed in accordingly.

Your sincerely,

(Mr. Amarit Sukhavanij)

Chief Executive Officer