

Netbay IR 02/2563

27 February 2020

Subject: Management Discussion and Analysis for the year 2019

To: The President The Stock Exchange of Thailand

Overview of Operating Results for the year 2019

Service income of Netbay Public Company Limited (“the Company”) and its subsidiary for the year ended 2019 was Baht 411.65 million, increasing Baht 50.04 million or 13.84% from the year ended 2018. The growth of revenues from Digital Business Services derived from the Company that was able to maintain its existing customers and expand more new customers, including enhance the variety of services. In addition, the growth of e-commerce in Thailand positively affects Company’s revenue.

Cost of services for the year ended 2019 was Baht 80.78 million, increasing Baht 10.21 million or 14.47% from the year ended 2018.

Service and administrative expenses for the year ended 2019 was Baht 160.39 million, increasing Baht 18.28 million or 12.87% from the year ended 2018, in line with total revenues. The proportion of service and administrative expenses to total revenue from service was 38.96%, decrease from last year (2018: 39.30 %). This showed the Company’s ability to maintain proportion of service and administrative expenses to total revenues.

In the fourth quarter of the year 2019, the Company and its subsidiary had more expenses than previous quarters. Major expenses are expenses related to the preparation for business expansion and enhance quality of service for instance;

- 1) consulting fee and audit fee including standard certification fee related to preparation for being a service provider of the Revenue Department according to Information security for data message generation, transfer and storage service providers of Electronic Transactions Development Agency (ETDA).

- 2) consulting fee relating to preparation for the Personal Data Protection Act. (PDPA).
- 3) consulting fee relating to certification for ISO 27001: 2013.

In addition, the Company and its subsidiary have increased the provision for long-term employee benefits according to the calculation of provision for long-term employee benefits as the result of government bonds yield, a significant factor in the calculation, has changed. The company and subsidiary have additional long-term employee benefits of Baht 2.3 million (the Company only: Baht 1.5 million) as a result. Provision for long-term employee benefits calculated by actuarial.

The company's net profit for the year ended 2019 was Baht 179.08 million, increasing Baht 30.27 million or 20.34% from the year ended 2018. The rise in net profit was due to the growth in revenue and the efficiency in the management of service and administrative expenses of the Company.

As at December 31, 2019, the Company's total assets was Baht 647.22 million and total liabilities was Baht 147.52 million. Shareholders' equity amounted Baht 499.70 million, increasing Baht 27.83 million from the end of year 2018 due to the increase in net operating profit during the year.

Debt to equity ratio as at December 31, 2019 was 0.30 (31 December 2018: 0.29). Book value per share was Baht 2.50 (31 December 2018: Baht 2.36 per share).

Please be informed accordingly.

Yours sincerely,



(Mr. Pichit Viwatrujirapong)

Chief Executive Officer

Netbay Public Company Limited