



24 February 2022

Management Discussion and Analysis

For the year 2021

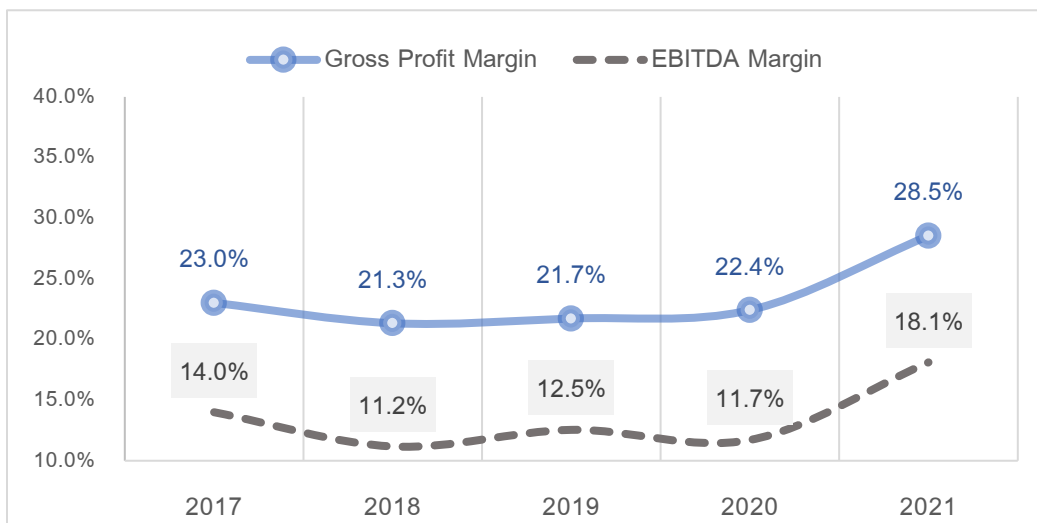
T.K.S. Technologies Public Company Limited and its subsidiaries (“the Company”) would like to report the operating results for the year ended December 31, 2021 which has been audited by a certified public accountant as follows:

1. Operating Performance Analysis

Financial Performance for the year ended December 31, 2021

For 2021 performance, the Company had revenue from sale of goods and rendering of services amounting to THB 1,717.4 million, decreasing by 9.2% from the last year, as a result of the delay in demand of banking and the export sector, from the impact of the COVID-19 situation and decrease in sales of plastic card business unit which was disposed by the Company during 2021. However, in terms of operating profit, the Company's profitability has been significantly improved through efficient management of production costs and control of operating expenses. The Company's gross profit was THB 490.2 million, an increasing by 15.6% from the previous year. And had EBITDA of THB 311.1 million, an increase of 40.4%. The Company has continuously adjusted its business plans and strategy to retain its main business and increase competitiveness by focusing on the potential growth business unit such as warehouse management and fulfillment, security label and packaging and technology platform etc.

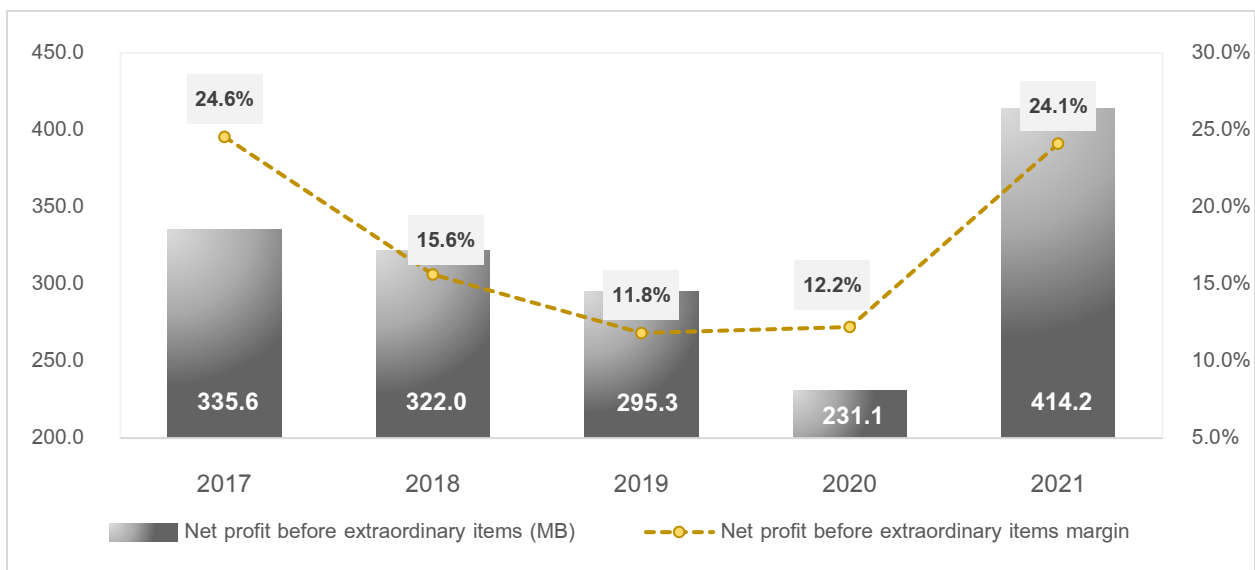
Profitability Ratio Year 2017 - 2021





The Company's net profit for the year 2021 (before extraordinary items) was THB 414.2 million, an increase of 79.2%, due to an increase in operating profit of THB 100.7 million or 977.7%, and an increase in profit sharing from investment in associates and joint ventures by THB 82.4 million or 34.1 which mainly came from an investment in Synnex (Thailand) Co., Ltd, which engages in the business of distributing products in IT equipment, software and information systems (IT Ecosystem) and has received upside factors from the impact of the COVID-19 situation in terms of increased IT product demand from government policies that encourage people to work from home including changing the teaching style of the education sector and corporate sector that also emphasize remote working and online meetings via electronic devices.

Net profit margin Year 2017 - 2021



During Q3'2021, the Company restructured its security printing and solution business unit and recognized profit from the sale of ordinary shares of TBSP Public Company Limited ("TBSP") as an extraordinary item in the consolidated financial statements of THB 784.5 million and also reclassified an investment in TBSP from a subsidiary to an associated company due to its remaining of 25% shareholding in TBSP. Moreover, the Company invested in newly issued ordinary shares of SABUY Technology Public Company Limited ("SABUY"), a leader in providing the services of electronic payment (Fintech Ecosystem), totaling of THB 984.5 million. The Company and SABUY will create synergy to expand business channels and forms of business operations and increase the variety of business strategies for TBSP's plastic card business where TBSP will have the opportunity to access a new customer base in the electronic money market and the management of food center systems market who are existing business partners of SABUY. At the same time, the Company and TBSP will have the opportunity to jointly invest in the business of the distribution of products via vending machines which is a business that is in line with the digital economy trend and the current change in consumer behavior which has an emphasis on the increasing use



of electronic appliances to enter into transactions. The Company believes that the joint investment made by the Company, TBSP, and SABUY will be able to create income growth for all parties involved in the future.

Unit: Million THB	YE2021	YE2020	YoY	
			Million THB	% +/-
Revenue from sales and services	1,717.4	1,891.6	(174.2)	(9.2)
Cost of sales and services	(1,227.2)	(1,467.5)	240.3	(16.4)
Gross profits	490.2	424.1	66.1	15.6
Selling and administrative expense	(370.4)	(409.4)	39.0	(9.5)
Other income	19.1	16.0	3.1	19.4
EBITDA	311.1	221.6	89.5	40.4
Depreciation & amortization	(172.2)	(190.9)	18.7	(9.8)
Finance cost	(30.5)	(35.9)	5.4	(15.0)
Income tax	(18.0)	(5.1)	(12.9)	252.9
Net profits from operations	90.4	(10.3)	100.7	977.7
Profits sharing from investment in associates and joint ventures	323.8	241.4	82.4	34.1
Net profit before extraordinary items	414.2	231.1	183.1	79.2
Net gains from group restructuring	784.5	-	784.5	100.0
Net profits for the year	1,198.7	231.1	967.6	418.7
Earnings per share (THB)	2.58	0.50	2.08	420.0

The Company has continuously focused on adapting its businesses to keep up with digital disruption by developing the innovation of information technology and has internally restructured its group of companies to create a synergy both in terms of market and product development and in terms of reducing production capital to increase its overall competitiveness to maintain its existing business base alongside finding new business partners. Currently, the Company has invested in 4 major businesses as below:

1. Security & Fulfillment Solution Business – through an investment in T.K.S. Siampress Management Company Limited (“SPM”)
2. IT Trading & Distribution Business - through an investment in Synnex Public Company Limited (“SYNNEX”)



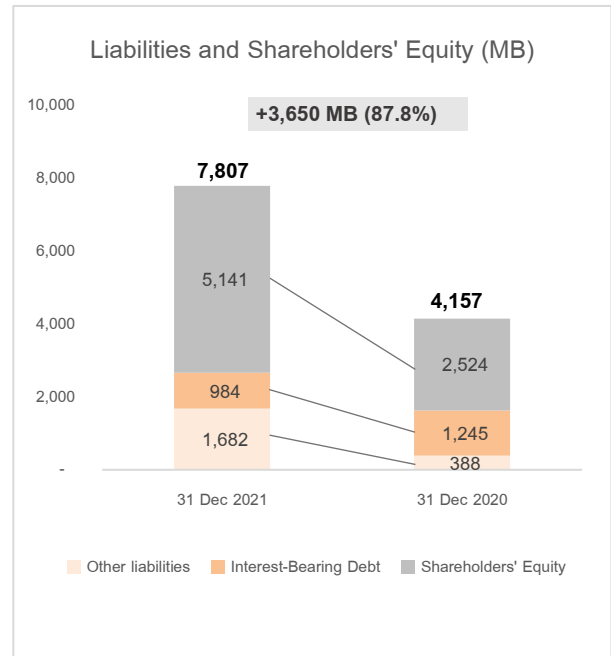
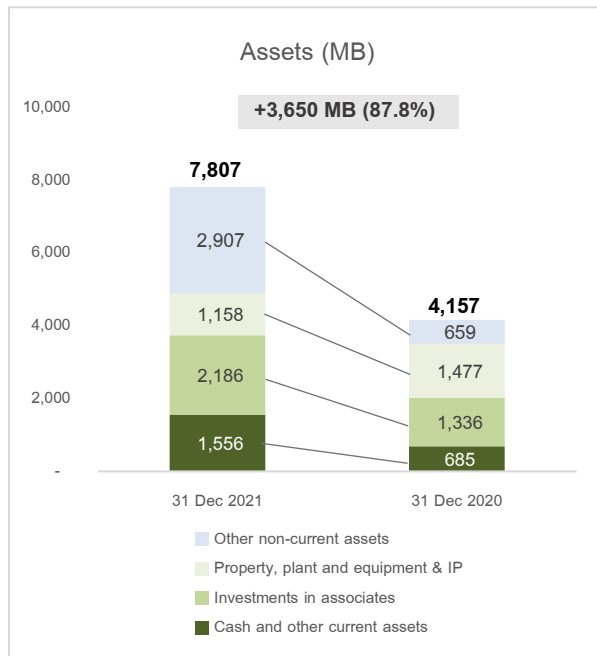
3. Fintech Business - through an investment in SABUY and TBSP and;
4. Technology Platform Business- through an investment in Gofive Company Limited (“Gofive”)

2. Financial Position Analysis

Financial Position as of 31 December 2021

Description	Financial Position as of					
	31 December 2021		31 December 2020		Change	
	MB	%	MB	%	MB	%
Total assets	7,807.4	100.0	4,157.5	100.0	3,649.9	87.8
Total liabilities	2,666.0	34.1	1,633.1	39.3	1,032.9	63.2
Total shareholders and equity	5,141.4	65.9	2,524.4	60.7	2,617.0	103.7
Key financial ratio						
Debt to Equity ratio	0.52		0.65			
Interest Bearing Debt to Equity ratio	0.19		0.50			

2.1 Statement of Financial Position and key financial ratio





Assets

As of December 31, 2021, the Company had total asset of THB 7,807.4 million, increased by 87.8% at THB 3,649.9 million from December 31, 2020 and variance of assets were described as follows:

- Cash and cash equivalent and other current assets increase by THB 871 million from share receivable from selling of investment in subsidiary totaling of THB 1,020 million while operating assets are trade accounts receivable and inventories tends to decrease.
- Investment in associates and joint venture increase by THB 850 million mainly came from the recognition of profit sharing from investments in associates (Synnex) during the year and the reclassification of investment in subsidiary to investment in associates since the Company sold TBSP shares at 73.48 percent and had remaining interest in TBSP shares only at 25 percent. Therefore, the Company lost its control in TBSP and was required to re-measure its investment at fair value as of the date of reclassification totaling of THB 682 million
- Property plant and equipment and investment property decrease by THB 319 million due to the deconsolidation of PPE totaling of THB 639 million from the consolidated financial statement due to the loss of control in subsidiary. In addition, during Q4/2021, the Company purchased land and building from an associate in the amount of THB 496.5 million, which is classified as investment properties.
- Other non-current assets increase by THB 2,248 million from the investment in SABUY totaling of THB 984.5 million which is equivalent to 9.68 percent of total number of shares. Such investment was classified as other non-current financial assets in balance sheet and required for fair value adjustment amounting to THB 1,756 million which is recognized as gains from investments in equity instruments in other components of shareholders' equity. There were also goodwill written-off in the amount of THB 490 million from the consolidated financial statements due to loss of control in the subsidiary.

Liabilities

As of December 31, 2021, the Company had total liabilities of THB 2,666.0 million, increased by 63.2% at THB 1,032.9 million from December 31, 2020 and details of the significant increase were described as follows:

- Other liabilities increase by THB 1,294 million from share payable from internal group restructuring totaling of THB 1,020 million and deferred tax liabilities increased by THB 319 million as a result of the fair value adjustment of non-current financial assets during the year.



- Interest-bearing debt decrease by THB 261 million due to the deconsolidation of subsidiary's short-term and long-term loans from financial institutions of THB 279 million and the repayment of long-term loans during the year totaling of THB 164 million. In Q4/2021, the Company entered into a long-term loan agreement from a local financial institution in the amount of THB 217.5 million for the purpose of purchasing land and buildings from an associate.

Shareholder's Equity

As of December 31, 2021, the Company had total shareholder's equity of THB 5,141.4 million, increased by 103.7% at THB 2,617.0 million from December 31, 2020 which mainly came from net profit for the year 2021 amounting to THB 1,198.7 million and gain from fair value measurement in equity instruments (net of deferred tax liabilities) through other comprehensive income of THB 1,404.8 million. During the year, the Company paid a dividend of THB 138.7 million.

Debt to Equity ratio

The debt-to-equity ratio as of December 31, 2021 was 0.52, a slight decrease from the previous year at 0.65. However, Interest-Bearing Debt to Equity Ratio as of December 31, 2021 was 0.19, decreased from 0.50 as of December 31, 2020 due to the deconsolidation of subsidiary's interest-bearing debt of THB 279 million and the repayment of long-term loans during the year totaling of THB 164 million.

2.2 Cash flows statement

Cash flows (Unit : Million THB)	For the year Ended 31 December 2021
Net cash flows provided by operating activities	148.6
Net cash flows used in investing activities	(321.1)
Net cash flows provided by financing activities	118.3
Net increase (decrease) in cash and cash equivalents during the year	(54.2)
Cash and cash equivalents at the beginning of the year	162.7
Cash and cash equivalents at the ending of the year	108.5

For the year ended December 31, 2021, the Company had cash flows activities as follows:

- Cash flows provided by operating activities of THB 148.6 million, mainly caused by profit for the year after adjustments to reconcile profit to cash receipts of THB 331.2 million and cash paid from operations and tax payment of THB 182.6 million.
- Cash flows used in investing activities of THB 321.1 million from the net cash paid between cash received from the sale of investment in TBSP company of THB 889.4 million and dividend received from associate of THB 370.7 million against with cash paid for investment in SABUY and other financial assets of THB



1,002.8 million. In addition, had the purchase of property, plant and equipment, intangible assets and investment properties was paid during the year in the amount of THB 574.3 million.

- Cash flows provided by financing activities of THB 118.3 million, mainly caused by cash received from loans repayment from associates of THB 260.0 million and received additional long-term loans from financial institutions during the year in the amount of THB 217.5 million. While dividends paid during the year was THB 138.6 million THB and the repayment of long-term loans from financial institutions and lease liabilities (including interest paid) totaling of THB 223.2 million.

As a result, as of December 31, 2021 the Company had total cash and cash equivalents of THB 108.5 million, decreased by THB 54.2 million from the last year.

Please kindly be informed accordingly.

Sincerely yours,

(Jutiphan Mongkolsuthree)
Chief Executive Officer