



# T.K.S. TECHNOLOGIES PUBLIC COMPANY LIMITED



## T.K.S. TECHNOLOGIES PUBLIC COMPANY LIMITED

### Management Discussion and Analysis (MD&A)

Operating Performance and Financial Position

For the 1<sup>st</sup> quarter ended March 31, 2022



9 May 2022

## Management Discussion and Analysis

### For the 1<sup>st</sup> quarter ended March 31, 2022

T.K.S. Technologies Public Company Limited (“the Company”) and its subsidiaries would like to report the operating performance and financial position for the 1<sup>st</sup> quarter ended March 31, 2022 as reviewed by the authorized Company auditor as follows:

#### 1. Operating Performance Analysis

##### Financial Performance for the 1<sup>st</sup> quarter ended March 31, 2022

Unit: Million THB	Quarter	Quarter	Quarter	YoY	QoQ
	1/2021	4/2021	1/2022	% +(-)	% +(-)
Revenue from sales and services	470.4	344.0	398.1	(15.4)	15.7
Cost of sales and services	(336.6)	(248.6)	(267.6)	(20.5)	7.6
Gross profits	133.8	95.4	130.5	(2.5)	36.8
Selling and administrative expense	(96.3)	(64.4)	(73.8)	(23.4)	14.6
Other income	5.0	7.1	5.3	6.0	(25.4)
EBITDA	91.0	70.1	92.1	1.2	31.4
Depreciation & amortization	(48.5)	(32.0)	(30.1)	(37.9)	(5.9)
Finance cost	(8.2)	(5.5)	(7.2)	(12.2)	30.9
Income tax	1.1	(4.3)	(11.5)	1,145.5	167.4
Net profits from operations	35.4	28.3	43.3	22.3	53.0
Profits sharing from investment in associates and joint ventures	71.8	93.6	99.5	38.6	6.3
Net profit for the period	107.2	121.9	142.8	33.2	17.1
Gross profit margin	28.4	27.7	32.8	4.3	5.0
EBITDA margin	19.3	20.4	23.1	3.8	2.8
Net profit margin	22.8	35.4	35.9	13.1	0.4
Earnings per share (THB)	0.23	0.26	0.30	32.8	17.8



### Summary of operating performance

The Company's net profit for the 1st quarter ended March 31, 2022 was amount THB 142.8 million, an increase from the same period of the previous year (YoY) by THB 35.6 million or 33.2%, as a result of 2 major components as below:

- An increase in operating profit of THB 7.9 million or 22.3% was a result of efficient management of both cost production and operating expenses. Moreover, the Company also had sales increment from potential growth business units such as security label & packaging and technology platform which can generate high gross margin. This resulted in a decrease in sales and service income compared to the same period of the previous year from plastic card business unit does not significantly affect the net profit from operations.
- An increase in profit sharing from investment in associates and joint ventures by THB 27.7 million or 38.6% which mainly came from an investment in Synnex (Thailand) PCL, 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 changing the teaching style of the education sector and corporate sector that also emphasize remote working and online meetings via electronic devices. In addition, the Company also recognized profit sharing from investment in Plus Tech Innovation Public Company Limited ("PTECH"), formerly known as TBSP Public Company Limited ("TBSP"), during Q1/2022.

When compared to Q4/2021 (QoQ), the Company had net profit for the period increased by THB 20.9 million or 17.1%, mainly due to an increase in operating profit from revenue growth in the security label business and digital printing business. It also received an increase in profit sharing from investments in associates and joint ventures from PTECH in Q1/2022.

### Revenue from sales and services

The Company had revenue from sales and services in amount THB 398.1 million, a decrease from the same period of the previous year (YoY) amounting to THB 72.3 million or 15.4%, mainly due to a decrease in sales of the plastic card business unit which was disposed by the Company since Q3/2021. When compared to Q4/2021 (QoQ), the Company's revenue from sales and services increased by THB 54.1 million or 15.7% from the security label and digital printing business units.



### **Gross profit**

The Company had gross profit of THB 130.5 million, decreased from the same period of last year (YoY) amounting to THB 3.3 million or 2.5%, but the gross profit margin was shown at 32.8%, an increase from the same period last year (YoY), which has a gross profit margin of 28.4%, as a result of efficient management of cost production and focus on expanding on the potential growth business which can generate high gross margin. While comparing to Q4/2021 (QoQ), the Company's gross profit increased by THB 35.1 million or 36.8%, mainly from higher in sales from the security label and digital printing business unit.

### **Selling and administrative expense**

The Company had selling and administrative expenses of THB 73.8 million, a decrease from the same period of the previous year (YoY) amounting to THB 22.5 million or 23.4%, the main reasons came from the control of operating expenses and a decrease in selling and administrative expenses in the plastic card business unit. While comparing to Q4/2021 (QoQ), the Company's selling and administrative expenses increased by THB 9.4 million or 14.6% in line with sales increment.

### **Finance cost**

The Company had finance cost of THB 7.2 million, a decrease from the same period of the previous year (YoY) by THB 1.0 million or 12.2% due to a decrease in long-term borrowings from financial institutions from gradual repayment during the period. While comparing to Q4/2021 (QoQ), the Company's finance cost increased by 1.7 million baht or 30.9% due to an increase in long-term loans from financial institutions for the group restructuring which was completed at the end of the Q4/2021.



## 2. Financial Position Analysis

### 2.1 Statement of Financial Position and Key Financial Ratio

Description	Financial Position as of					
	31 March 2022		31 December 2021		Change	
	MB	%	MB	%	MB	%
Total assets	7,102.7	100.0	7,807.4	100.0	(704.7)	(9.0)
Total liabilities	1,729.6	24.4	2,666.0	34.1	(936.4)	(35.1)
Total shareholder's equity	5,373.1	75.6	5,141.4	65.9	231.7	4.5
Key financial ratio						
Debt to Equity ratio	0.32		0.52			
Interest Bearing Debt to Equity ratio	0.19		0.19			

#### Assets

As of March 31, 2022, the Company had total asset of THB 7,102.7 million, decreased by 9% at THB 704.7 million from December 31, 2021 and the change of total assets were described as follows:

- Cash and cash equivalent and other current assets decrease by THB 985 million from share receivable from selling of investment in subsidiary totaling of THB 1,020 million, while trade accounts receivable tends to increase from sale increment in March.
- Investment in associates and joint venture increase by THB 197 million which mainly came from the additional investment in the capital increase in PTECH (formerly known as TBSP) of 10,209,711 shares (par value of 1 Baht per share) at the price per share 10 Baht, totaling of THB 102.1 million, in order to maintain the shareholding at 25% and the recognition of profit sharing from Synnex and PTECH during the period.
- Property plant and equipment and investment property decrease by THB 32 million mainly due to depreciation during the period. In addition, the Company reclassified one of investment property as a non-current asset held for sale due to its selling plan in the Q2/2022 in the value of not more than THB 40 million.
- Other non-current financial assets increase by THB 116 million from the recognition of gains from fair value measurement of investments in Sabuy Technology Public Company Limited ("SABUY") which was recognized through other components of equity.



### Liabilities

As of March 31, 2022, the Company had total liabilities of THB 1,729.6 million, decreased by 35.1% at THB 936.4 million from December 31, 2021 and details of the significant decrease were described as follows:

- Other liabilities decreased by THB 985 million from repayment the share payable from internal group restructuring totaling of THB 1,020 million and trade accounts payable increased by THB 31 million, due to the stock of raw materials for production in Q2/2022.
- Interest-bearing debt increased by THB 49 million mainly due to an increase in short-term loans from financial institutions for using as working capital in the business operations.

### Shareholder's Equity

As of March 31, 2022, the Company had total shareholder's equity of THB 5,373.1 million, increased by THB 231.7 million or 4.5% from December 31, 2021 which mainly came from net profit for the period amounting to THB 142.8 million and gain from fair value measurement in equity instruments (net of deferred tax liabilities) through other components of equity totaling of THB 93 million.

### Debt to Equity ratio

The debt-to-equity ratio as of March 31, 2022 was 0.32, decreased from 0.52 as of December 31, 2021 due to decrease in share payables from the group restructuring which was paid during the period.

## 2.2 Cashflows statement

Cash flows (Unit : THB million)	Quarter 1/2022
Net cashflows provided by operating activities	72.9
Net cashflows used in investing activities	(116.9)
Net cashflows provided by financing activities	40.5
Net (decrease) in cash and cash equivalents during the period	(3.5)
Cash and cash equivalents at the beginning of the period	108.5
Cash and cash equivalents at the ending of the period	105.0

The Company had total cash and cash equivalents of THB 105.0 million, a decrease of THB 3.5 million from the previous year which can be described as following cashflow activities:



- Net cashflows provided by operating activities of THB 72.9 million, mainly caused by the net profit for the period of THB 81.7 million and cash paid for tax payment of THB 9.1 million.
- Net cashflows used in investing activities of THB 116.9 million, mainly from cash paid for capital increase in associate PTECH of THB 102.1 million, as well as purchases of property, plant and equipment, and intangible assets during the period in the amount of THB 17.4 million.
- Net cashflows provided by financing activities of THB 40.5 million, mainly due to net cash received from short-term borrowings in the amount of THB 85.4 million and net cash paid for long-term loans, lease liabilities and interest expenses totaling of THB 44.9 million.

Please kindly be informed accordingly.

Sincerely yours,

(Jutiphan Mongkolsuthree)

Chief Executive Officer