



T.K.S. TECHNOLOGIES PUBLIC COMPANY LIMITED
บริษัท ที.เค.เอส. เทคโนโลยี จำกัด (มหาชน)

Management Discussion and Analysis (MD&A)

Operating Performance and Financial Position

For the 1st quarter ended March 31, 2024



DRIVING TRANSFORMATION



TKS



Executive Summary

Revenue from sales and services	Net profits from operation	Profit sharing from associates
THB 380.5 million	THB 48.0 million	THB 45.0 million
Decrease 6.4% YoY	Increase 55.9% YoY	Decrease 13.9% YoY

T.K.S. Technologies Public Company Limited (“the Company”) and its subsidiaries would like to report the operating performance and financial position for the 1st quarter ended March 31, 2024. The Company had revenue from sales and services in amount THB 380.5 million, a decrease from the same period of the previous year (YoY) amounting to THB 25.9 million or 6.4%, mainly due to decline in sales of a special project in security printing solution and sales of digital printing solution. GP margin was 34.4%, an increase from the same period of the previous year, which has a gross margin of 29.8%, mainly due to the Company still continued its efficiency production cost management and the Company focus on expanding Growth Business, such as Technology Platform Business which has a higher gross profit margin.

The Company had a net profit from operations of THB 48.0 million, an increase of THB 17.2 million or 55.9% from the previous year which mainly came from an increase in gross margin and a decrease in selling and administrative expenses. In addition, the Company also recognized the profit sharing from investments in associates decreased by THB 7.2 million or 13.9%

Total assets as of March 31, 2024 was at THB 5,246.5 million, an increase of THB 150.4 million or 3.0% from December 31, 2023, mainly due to Cash and trade accounts receivable tends to increase from sale increased compared to Q4/2023. The company’s financial position is still strong with debt to equity ratio at 0.30x.

As of December 31, 2023, the net asset value of the Company (NAV) based on the consolidated financial statements compared to the Company’s market capitalization and the book value adjusted by the fair value of the investment in associates net with deferred tax liabilities was shown as follows;



Sustainability Development at T.K.S. Group

- Selected by the Stock Exchange of Thailand (SET) as a sustainable stock or **SET ESG Ratings for the year 2023 at A rating** (Previously known as THSI Sustainable Stocks)
- ISB Leader Award** from the **I-EA-T Sustainable Business Awards 2023 (ISB Awards)**, a project to develop social achievement criteria for sustainable development of the Industrial Estate Authority of Thailand (IEAT)
- CSR-DIW Continuous Award 2023** from the project to promote industrial factories to have social and community responsibility for sustainable development goals
- Corporate Governance Rating (CGR) 'Excellence' 2023** and **CAC Certified** has been renewed for membership of the Thai Private Sector Collective Action against Corruption (CAC) from Thai Institute of Directors (IOD)
- 3Rs Award** for the project "Improving Industrial Waste Management Efficiency Towards **Zero Waste to Landfill**" for the year 2023
- Trophy of **Eco Factory Excellence Award** from the Federation of Thai Industries
- Trophy and certificate of honor for the **Outstanding Greenhouse Gas Reduction Network Factory for the year 2023** from the Industrial Estate Authority of Thailand (IEAT)
- Green Star Award** at the Sustainability Awards for the year 2023

Overview Business Strategy - Tech Ecosystem Builder

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 6 major businesses as below:-

- Security & Fulfillment Solution Business – through an investment in Siampress Company Limited (“SPC”)
- Technology Platform Business- through an investment in Gofive Company Limited (“Gofive”)
- Corporate Venture Capital in Tech Startup Company through an investment in Next Ventures Company Limited (“NEXT VENTURES”)
- IT Trading & Distribution Business - through an investment in Synnex Public Company Limited (“SYNNEX”)
- Fintech and services through own ecosystem - through an investment in Sabuy Technology Public Company Limited (“SABUY”) and Plus Tech Innovation Public Company Limited (“PTECH”)
- Fully integrated IT solutions and services - through an investment in Metro Systems Corporation Public Company Limited (“MSC”) and Advanced Information Technology Public Company Limited (“AIT”)



Operating Performance Analysis

Financial Performance for the 1th quarter 2024

Revenue and Gross Profit

The Company had revenue from sales and services in amount of THB 380.5 million, a decrease from the previous year (YoY) amounting to THB 25.9 million or 6.4%, mainly due to decline in sales of a special project in security printing solution and sales of digital printing solution. While comparing to Q4/2023 (QoQ), The Company had revenue from sales and services increase by amounting to THB 51.4 million or 15.6% from the increase in security printing solution and sales of digital printing solution.

A gross profit for the period was 34.4%, an increase from the previous year (YoY), which had a gross profit margin of 29.8%. While comparing to Q4/2023 (QoQ) also increased, mainly due to the Company still continued its efficiency production cost management and the Company focus on expanding Growth Business, such as Technology Platform Business which has a higher gross profit margin.

Selling and administrative expense

The Company had selling and administrative expenses of THB 70.3 million, a decrease from the previous year (YoY) amounting to THB 8.9 million or 11.2% due to decrease in postage cost related to lower sales volume. While comparing to Q4/2023 (QoQ), the Company had selling and administrative expenses increase of THB 6.8 million or 10.8% due to selling expense related to higher sales volume of security printing & digital printing solution.

Finance cost and Income Tax

The Company had finance cost of THB 8.0 million, an increase from the previous year (YoY) by THB 1.5 million or 22.8% due to an increase in short-term borrowings from financial institutions. While comparing to Q4/2023 (QoQ), the Company's finance cost slightly decreases due to a partial long-term loan repayment.

The Company had income tax of THB 11.4 million, an increase from the previous year (YoY) by THB 3.8 million or 49.9% and comparing to Q4/2023 (QoQ) also increase due to an increase in the net profits from operations.

Profit sharing from investment in associates and dividend received from investment

The Company recognized the profit sharing from investments in associates of THB 45 million, a decrease from the previous year (YoY) of THB 7.2 million or 13.9%. While comparing to Q4/2023 (QoQ), declining in the profit sharing from associates mainly came from the loss sharing from PTECH.

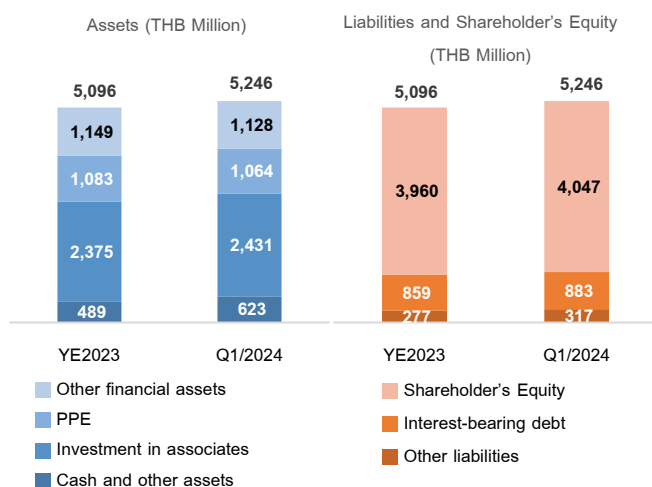
Gain (loss) from extraordinary items

During the Q1/2024, the Company sold derivative instrument – warrant and recognized in profit/loss on sales of warrant.

Q1/2023 and Q4/2023, The Company recognized losses from fair value measurement of derivative instrument – warrant net from income tax expenses amounting to THB 2.7 million and amounting to THB 10.0 million, respectively. Moreover, during Q1/2023, the Company had professional fee related to investing activities amounting to THB 3 million. Thus, totaling loss from extraordinary items was THB 5.7 million.



Financial Position Analysis



Assets

As of March 31, 2024, the Company had total assets of THB 5,246 million, increased by 2.5% at THB 150.4 million from December 31, 2023 and the major decrement of total assets were described as follows:

- Cash and cash equivalent and other assets increase by THB 133 million, mainly form Cash proceeds from short-term borrowings from financial institutions and trade accounts receivable tends to increase from sale increased compared to Q4/2023.
- Investment in associates increased by 55 million which mainly due to the recognition of profit sharing from SYNEX during the year.

Liabilities

As of March 31, 2024, the Company had total liabilities of THB 1,199.3 million, increased by THB 63 million or 5.5% from December 31, 2023 and details of the significant decrease were described as follows:

- Other liabilities increased by THB 40 million from the trade accounts payable increased by THB 34 million, due to the stock of raw materials for production in Q2/2024
- Interest-bearing debt increased by THB 23 million, mainly due to the increase in short-term loans during the period.

Shareholder's Equity

As of March 31, 2024, the Company had total shareholder's equity of THB 4,047 million, increased by THB 87.2million or 2.2% from December 31, 2023 which mainly came from net profits from operations of Q1/2023 amounting to THB 93.6 million and loss from fair value measurement in equity instruments (net of deferred tax liabilities) through other components of equity totaling of THB 7.6 million.

the Company has repurchased the shares under the hares Repurchase Project (Treasury Stock) f for the financial management purposes totaling 1.32 million shares, equivalent to 0.26% of issued share and paid-up capital, at a total cost of Baht 9.27 million with an equivalent amount had been appropriated from retained earnings to treasury stock reserve.

Debt to Equity Ratio

The debt-to-equity ratio as of March 31, 2024 was 0.30x, slightly increased from as of December 31, 2023. While the interest-bearing debt to equity ratio as of March 31, 2024 was at 0.22x, as equal to the ended previous year.

Fair value

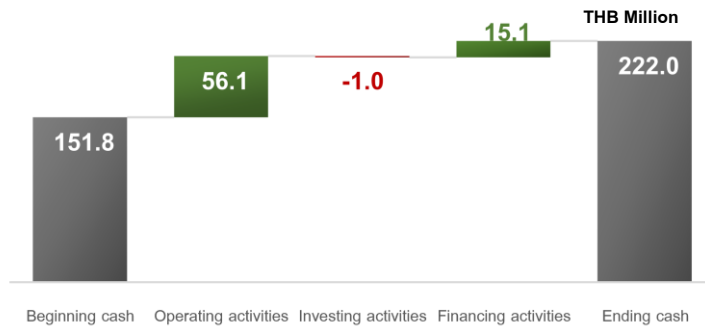
The following table presents the carrying amount and fair value of assets measured at fair value or disclosed in the consolidated financial statements and notes to financial statements as at March 31, 2024.

	Unit: THB million	
	Carrying Amount	Fair Value
Assets measured at fair value		
Investment in equity securities and derivative	1,026	1,026
Assets disclosed fair value		
Investment in associates	2,431**	4,085

** The carrying amount of investments in associates was measured using the equity method in accordance with applicable accounting standards.



Cashflows statement



The Company had total cash and cash equivalents of THB 222.0 million, an increase of THB 70.2 million from the previous year which can be described as following cashflow activities:

- Net cash flows provided by operating activities of THB 56.1 million from operating profit for the year and income tax payment during the period of THB 6.2 million.
- Net cash flows provided by investing activities of THB 57.5 million, mainly from the Company paid for the purchase of fixed assets of THB 11.8 million. While there was a cash received from sold warrant of THB 5.5 million and repayment from loan to employees of THB 4.6 million.
- Net cashflows provided by financing activities of THB 15.1 million, mainly due to net cash received from received against and repayment loans during the period.



Financial Information

Financial Performance for the 1st quarter ended March 31, 2024

Unit: THB Million	Quarter	Quarter	Quarter	YoY	QoQ
	1/2023	4/2023	1/2024	% +(-)	% +(-)
Revenue from sales and services	406.4	329.1	380.5	(6.4%)	15.6%
Cost of sales and services	(285.3)	(230.8)	(249.5)	(12.5%)	8.1%
Gross profits	121.1	98.3	130.9	8.1%	33.0%
Selling and administrative expense	(79.2)	(63.5)	(70.3)	(11.2%)	10.8%
Other income	3.0	0.6	6.7	123.7%	1,276.8%
EBIT	44.9	35.4	67.3	50.1%	90.0%
Finance cost	(6.5)	(8.3)	(8.0)	22.8%	(2.4%)
Income tax	(7.6)	(4.7)	(11.4)	49.9%	137.6%
Net profits from operations	30.8	22.4	47.9	55.9%	113.8%
Profits sharing from investment in associates	52.2	52.5	45.0	(13.9%)	(14.3%)
Loss from extraordinary items **	(5.7)	(10.0)	0.7	(112.6%)	(107.2%)
Net profit for the period	77.3	64.9	93.6	21.1%	44.1%
Depreciation & amortization	31.5	(32.7)	(30.6)	(2.9%)	(6.4%)
EBITDA	76.4	68.1	97.9	28.2%	43.8%
Gross profit margin (%)	29.8%	29.9%	34.4%	4.6%	4.5%
EBITDA margin (%)	18.8%	20.7%	25.7%	6.9%	5.0%
Operating profit margin (%)	7.6%	6.8%	12.6%	5.0%	5.8%
Earnings per share (THB)	0.15	0.12	0.17	16.2%	41.3%

** Loss from extraordinary items comprise of:

- Q1'2024: In February 2024, the Company sold derivative instrument – warrant and recognized in profit and loss on sales of warrant.
- Q4'2023: The Company recognized loss from fair value measurement of derivative instrument – warrant net from income tax expenses amounting to THB 10.0 million.
- Q1'2023: The Company recognized loss from fair value measurement of derivative instrument – warrant net from income tax expenses amounting to THB 2.7 million. Moreover, during Q1'2023, the Company had professional fee related to investing activities amounting to THB 3 million. Thus, totaling loss from extraordinary items was THB 5.7 million.



Financial Information (Cont'd)

Statement of Financial Position and Key Financial Ratio

Description	Financial Position as of					
	31 March 2024		31 December 2023		Change	
	MB	%	MB	%	MB	%
Total assets	5,246.5	100.0	5,096.1	100.0	150.4	3.0
Total liabilities	1,199.3	22.9	1,136.3	22.3	63.0	5.5
Total shareholder's equity	4,047.1	77.1	3,959.9	77.7	87.2	2.2
Key financial ratio						
Debt to Equity ratio	0.30x		0.29x			
Interest Bearing Debt to Equity ratio	0.22x		0.22x			

Cashflows statement

Cashflows (Unit : THB million)	For the three-month period ended 31 March 2024	For the three-month period ended 31 March 2023
Net cashflows provided by operating activities	56.1	14.3
• Cashflow from operation	103.8	74.0
• Change in working capital	(41.5)	(54.2)
• Net tax paid	(6.2)	(5.5)
Net cashflows used in investing activities	(1.0)	(74.3)
Net cashflows used in financing activities	15.1	42.6
Net (decrease) in cash and cash equivalents during the period	70.2	(17.4)
Cash and cash equivalents at the beginning of the period	151.8	211.2
Cash and cash equivalents at the ending of the period	222.0	193.8

Please kindly be informed accordingly.

Sincerely yours,

(Jutiphan Mongkolsuthree)

Chief Executive Officer