



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 3rd quarter ended September 30, 2024



DRIVING TRANSFORMATION



TKS



Executive Summary

Revenue from sales and services	Net profits from operation	Profit sharing from associates
THB 1,142.5 million	THB 144.4 million	THB 113.2 million
Decrease 1.4% YoY	Increase 68.3% YoY	Decrease 19.7% 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 nine-month period ended September 30, 2024. The Company had revenue from sales and services in amount THB 1,142.5 million, a decrease from the same period of the previous year (YoY) amounting to THB 16.6 million or 1.4%, mainly due to decline in sales of a special project in security printing solution and sales of digital printing solution. GP margin was 35.4%, an increase from the same period of the previous year, which has a gross margin of 29.5%, 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 144.4 million, an increase of THB 58.6 million or 68.3% 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 27.8 million or 19.7%

Total assets as of September 30, 2024 was at THB 4,617.0 million, a decrease of THB 479.1 million or 9.4% from December 31, 2023, mainly due to is the sale of investments and derivatives, particularly warrants, and the recognition of impairment losses on investments in associated companies during the period. The company's financial position is still strong with debt to equity ratio at 0.34x.

As of September 30, 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)
- Awarded a **5-star "Excellent" CG Scoring** for three consecutive years (2022-2024), consistently ranking in the Top Quartile among peers by Market Capitalization in 2024. Achieved the highest score of 100 points or **"Outstanding AGM Checklist"** for four consecutive years (2021-2024) in the quality assessment of Annual General Meetings by the Stock Exchange of Thailand.
- CAC Certified** has been renewed for membership of the Thai Private Sector Collective Action against Corruption (CAC) from Thai Institute of Directors (IOD)
- ISB Leader Award** from the **I-EA-T Sustainable Business Awards 2024 (ISB Awards)**, a project to develop social achievement criteria for sustainable development of the Industrial Estate Authority of Thailand (IEAT)
- Green Industry Award** for environmentally friendly business practices and Trophy of **Eco Factory Excellence Award** for the year 2024 from the Federation of Thai Industries
- Green Star Award** at the Sustainability Awards for the year 2024
- CSR-DIW Continuous Award 2024** from the project to promote industrial factories to have social and community responsibility for sustainable development goals
- 3Rs Award** for the project "Improving Industrial Waste Management Efficiency Towards **Zero Waste to Landfill**" for the year 2023
- 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)

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”)



Overview Business Strategy - Tech Ecosystem Builder (Cont'd)

4. IT Trading & Distribution Business - through an investment in Synnex Public Company Limited ("SYNNEX")
5. Fintech and services through own ecosystem - through an investment in Sabuy Technology Public Company Limited ("SABUY") and Plus Tech Innovation Public Company Limited ("PTECH")
6. 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 3rd quarter 2024

Revenue and Gross Profit

The Company had revenue from sales and services in amount of THB 369.9 million, an decrease from the previous year (YoY) amounting to THB 3.2 million or 0.9%, while comparing to Q2/2024 (QoQ), The Company had revenue from sales and services decrease by amounting to THB 22.2 million or 5.7% from the decrease in security printing solution and sales of digital printing solution.

A gross profit for the period was 33.9%, an increase from the previous year (YoY), which had a gross profit margin of 29.3%. While comparing to Q2/2024 (QoQ) also decreased, 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 70.1 million, a decrease from the previous year (YoY) amounting to THB 1.9 million or 2.6% due to decrease in transportation, and postage cost related to lower sales volume. While comparing to Q2/2024 (QoQ), the Company had selling and administrative expenses decrease of THB 4.9 million or 6.5% 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 8.5 million, an increase from the previous year (YoY) by THB 0.6 million or 7.6% due to an increase in short-term borrowings from financial institutions. While comparing to Q2/2024 (QoQ), the Company's finance cost slightly increases due to short-term borrowings from financial institutions.

The Company had income tax of THB 6.6 million, an increase from the previous year (YoY) by THB 1.6 million or 32.0% also increase due to an increase in the net profits from operations. While comparing to Q2/2024 (QoQ), the Company's income tax expense decreased slightly."

Profit sharing from investment in associates and dividend received from investment

The Company recognized the profit sharing from investments in associates of THB 32.0 million, a decrease from the previous year (YoY) of THB 22.9 million or 41.7%. While comparing to Q2/2024 (QoQ) a decrease THB 4.2 million or 11.6%, declining in the profit sharing from associates mainly came from the loss sharing from PTECH.

Gain (loss) from extraordinary items

Q3'2024: The Company had professional fee related to investing activities amounting to THB 0.6 million.

Q2'2024: The Company recognized an impairment loss of THB 264.0 million on its investment in an associate company.

Q3'2023: The Company recognized loss from fair value measurement of derivative instrument – warrant net from income tax expenses amounting to THB 11.1 million, and the Company had professional fee related to investing activities amounting to THB 1.5 million. Thus, totaling loss from extraordinary items was THB 12.6 million.



Operating Performance Analysis (Cont'd)

Financial Performance for the nine-month period ended September 30, 2024

Revenue and Gross Profit

The Company had revenue from sales and services in amount of THB 1,142.5 million, a decrease from the previous year (YoY) amounting to THB 16.6 million or 1.4%, mainly due to decline in sales of a special project in security printing solution and sales of digital printing solution.

A gross profit for the period was 35.4%, an increase from the previous year (YoY), which had a gross profit margin of 29.5%, 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 215.5 million, a decrease from the previous year (YoY) amounting to THB 11.2 million or 4.9%. Due to the decrease in revenues, transportation, and postage costs have also declined.

Finance cost and Income Tax

The Company had finance cost of THB 24.4 million, an increase from the previous year (YoY) by THB 2.3 million or 10.4% due to an increase in short-term borrowings from financial institutions.

The Company had income tax of THB 27.2 million, an increase from the previous year (YoY) by THB 6.9 million or 34.0% 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 113.2 million, a decrease from the previous year (YoY) of THB 27.8 million or 19.7%, declining in the profit sharing from associates mainly came from the loss sharing from PTECH.

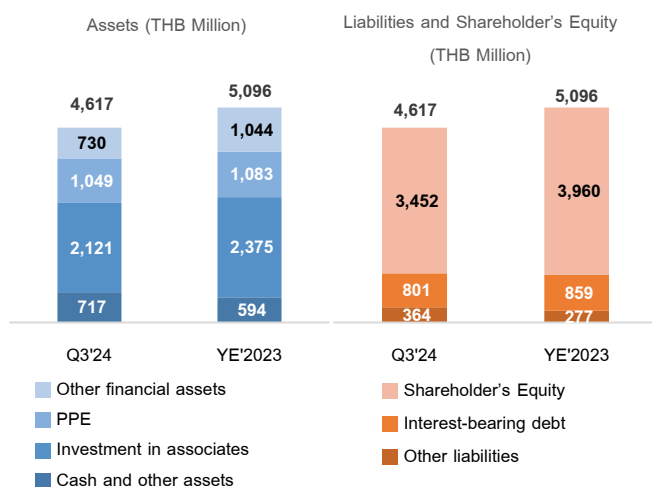
However, the Company recognized dividends from its major investments, MSC and AIT, amounting to THB 32.6 million during the period, which partially offset the decrease in the share of profits from associates.

Gain (loss) from extraordinary items

For the nine-month period ended September 30, 2024, The Company recognized an impairment loss of THB 264.0 million on its investment in an associate company and sold derivative instrument – warrant and recognized in profit/loss on sales of warrant of THB 0.1 million.



Financial Position Analysis



Assets

As of September 30, 2024, the Company had total assets of THB 4,617 million, decreased by THB 479 million or 9.4% from December 31, 2023 and the major increase and decrease of total assets were described as follows:

- Cash and cash equivalent and other assets increase by THB 123 million, mainly from cash from short-term loans and dividends received from investments during the period.
- Other financial assets decreased by THB 314 million which mainly from sale of investments and derivative instruments - warrants during the period.
- Investment in associate companies decreased by THB 254 million. The main reason was the recognition of an impairment loss on investment in associate companies of THB 264.0 million.

Liabilities

As of September 30, 2024, the Company had total liabilities of THB 1,165 million, increased by THB 29 million or 2.5% from December 31, 2023 and details of the significant increase were described as follows:

- Other liabilities increased by THB 87 million from the trade accounts payable increased by THB 79 million, due to the stock of raw materials for production in Q3/2024

Shareholder's Equity

As of September 30, 2024, the Company had total shareholder's equity of THB 3,452 million, decreased by THB 508 million or 12.8% from December 31, 2023 which mainly came from net profit for the nine-month period amounting to THB 26 million and loss from fair value measurement in equity instruments (net of deferred tax liabilities) through other components of equity totaling of THB 301 million, during the year 2024, the Company paid an annual dividend of THB 146 million in cash.

the Company has repurchased the shares under the hares Repurchase Project (Treasury Stock) for the financial management purposes totaling 12.90 million shares, equivalent to 2.54% of issued share and paid-up capital, at a total cost of Baht 102.65 million with an equivalent amount had been appropriated from retained earnings to treasury stock reserve.

Debt to Equity Ratio

The debt-to-equity ratio and interest-bearing debt to equity ratio as of September 30, 2024 was 0.34x and 0.23x, respectively, slightly higher than those at the end of December 31, 2023.

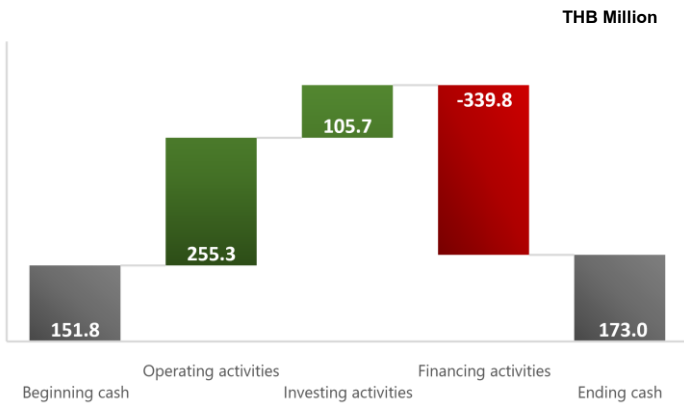
The following table presents the carrying amount and fair value of assets measured at fair value or disclosed in the consolidated financial statements and notes to financial statements as at September 30, 2024.

	Unit: THB million	
	Carrying Amount	Fair Value
Assets measured at fair value		
Investment in equity securities and derivative	729	729
Assets disclosed fair value		
Investment in associates	2,121*	5,118

* 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 173.3 million, an increase of THB 21.2 million from the previous year which can be described as following cashflow activities:

- Net cash flows from operating activities of THB 255.3 million from operating profit for the year and income tax payment during the period of THB 21.8 million.
- Net cash flows from investing activities of THB 105.7 million, mainly from the Company received dividends from SYNEX and other investments, namely MSC and AIT, totaling THB 150.1 million, and cash proceeds from the sale of investments of THB 48.3 million. Net cash used in purchasing fixed assets was THB 50.9 million, net cash used in acquiring investments was THB 40.3 million, and net cash provided from loans to other entities was THB 10.0 million.
- Net cashflows used in financing activities of THB 339.8 million, mainly due to net cash received from received against and repayment loans during the period THB 51.1 million, dividend payments amount to THB 145.8 million, and cash paid for treasury stock of THB 102.6 million.



Financial Information

Financial Performance for the 3rd quarter ended September 30, 2024

Unit: THB Million	Quarter	Quarter	Quarter	YoY	QoQ
	3/2023	2/2024	3/2024	% +(-)	% +(-)
Revenue from sales and services	373.1	392.1	369.9	(0.9%)	(5.7%)
Cost of sales and services	(263.8)	(244.5)	(244.5)	(7.3%)	0.0%
Gross profits	109.3	147.6	125.4	14.7%	(15.0%)
Selling and administrative expense	(72.0)	(75.0)	(70.1)	(2.6%)	(6.5%)
Other income	3.9	4.9	(4.3)	(210.3%)	(187.8%)
EBIT	41.2	77.5	51.0	23.8%	(34.2%)
Finance cost	(7.9)	(7.9)	(8.5)	7.6%	7.6%
Income tax	(5.0)	(9.3)	(6.6)	32.0%	(29.0%)
Net profits from operations	28.3	60.3	35.9	26.9%	(40.5%)
Profits sharing from investment in associates	54.9	36.2	32.0	(41.7%)	(11.6%)
Dividend received from investment	7.2	25.3	7.4	2.8%	(70.8%)
Gain (loss) from extraordinary items *	(12.6)	(264.0)	(0.6)	(95.2%)	(99.8%)
Net profit for the period	77.8	(142.2)	74.7	(4.0%)	(152.5%)
Depreciation & amortization	(31.2)	(27.4)	(27.9)	(10.6%)	1.8%
EBITDA	72.5	104.9	78.8	8.7%	(24.9%)
Gross profit margin (%)	29.3%	37.7%	33.9%	15.7%	(10.1%)
EBITDA margin (%)	19.4%	26.8%	21.3%	9.8%	(20.5%)
Operating profit margin (%)	7.6%	15.4%	9.7%	27.7%	(37.0%)
Earnings per share (THB)	0.15	(0.29)	0.15	0.0%	(151.7%)

* Profit (loss) from extraordinary items comprise of:

- Q3'2024: The Company had professional fee related to investing activities amounting to THB 0.6 million.
- Q2'2024: The Company recognized an impairment loss of THB 264.0 million on its investment in an associate company.
- Q3'2023: The Company recognized loss from fair value measurement of derivative instrument – warrant net from income tax expenses amounting to THB 11.1 million, and the Company had professional fee related to investing activities amounting to THB 1.5 million. Thus, totaling loss from extraordinary items was THB 12.6 million.



Financial Information (Cont'd)

Financial Performance for the nine-month period ended September 30, 2024

Unit: THB Million	9M	9M	YoY
	2023	2024	% +(-)
Revenue from sales and services	1,159.1	1,142.5	(1.4%)
Cost of sales and services	(817.0)	(738.5)	(9.6%)
Gross profits	342.1	404.0	18.1%
Selling and administrative expense	(226.7)	(215.5)	(4.9%)
Other income	12.8	7.5	(41.4%)
EBIT	128.2	196.0	52.9%
Finance cost	(22.1)	(24.4)	10.4%
Income tax	(20.3)	(27.2)	34.0%
Net profits from operations	85.8	144.4	68.3%
Profits sharing from investment in associates	141.0	113.2	(19.7%)
Dividend received from investment	41.4	32.6	(21.3%)
Gain (loss) from extraordinary items *	(41.5)	(263.9)	535.9%
Net profit for the period	226.7	26.3	(88.4%)
Depreciation & amortization	(93.9)	(86.8)	(7.6%)
EBITDA	222.1	282.2	27.1%
Gross profit margin (%)	29.5%	35.4%	19.9%
EBITDA margin (%)	19.2%	24.7%	28.6%
Operating profit margin (%)	7.4%	12.6%	70.8%
Earnings per share (THB)	0.44	0.04	(90.9%)

* Profit (loss) from extraordinary items comprise of:

- For the nine-month period ended September 30, 2024, The Company recognized an impairment loss of THB 264.0 million on its investment in an associate company and sold derivative instrument – warrant and recognized in profit/loss on sales of warrant of THB 0.1 million.
- For the nine-month period ended September 30, 2023: The Company recognized loss from fair value measurement of derivative instrument – warrant net from income tax expenses amounting to THB 35.6 million. Any changing in fair value of such derivative instrument will be recognized in profit/loss. Moreover, the Company had professional fee related to investing activities amounting to THB 5.9 million. Thus, totaling a loss from extraordinary items was THB 41.5 million.



Financial Information (Cont'd)

Statement of Financial Position and Key Financial Ratio

Description	Financial Position as of					
	30 September 2024		31 December 2023		Change	
	MB	%	MB	%	MB	%
Total assets	4,617.0	100.0	5,096.1	100.0	(479.1)	(9.4)
Total liabilities	1,164.7	25.0	1,136.2	22.3	28.4	(2.5)
Total shareholder's equity	3,452.3	75.0	3,959.9	77.7	(507.5)	(12.8)
Key financial ratio						
Debt to Equity ratio	0.34x		0.29x			
Interest Bearing Debt to Equity ratio	0.23x		0.22x			

Cashflows statement

Cashflows (Unit: THB million)	For the nine-month period	For the nine-month period
	ended 30 September 2024	ended 30 September 2023
Net cashflows from (used in) operating activities	255.3	40.4
• Cashflow from operation	297.8	218.1
• Change in working capital	(25.4)	(64.5)
• Net tax paid	(17.1)	(113.2)
Net cashflows from investing activities	105.7	100.2
Net cashflows used in financing activities	(339.8)	(203.6)
Net increase (decrease) in cash and cash equivalents during the period	21.2	(63.0)
Cash and cash equivalents at the beginning of the period	151.8	211.2
Cash and cash equivalents at the ending of the period	173.0	148.2

Please kindly be informed accordingly.

Sincerely yours,

(Jutiphan Mongkolsuthree)

Chief Executive Officer