

1 March 2021

Re: Management Discussion and Analysis for the period ended 31 December 2020

To: President
The Stock Exchange of Thailand

T.K.S. Technologies Public Company Limited (“the Company”) and its subsidiaries (“the Group”) would like to clarify the operating results for the period ended 31 December 2020 which has been audited by a certified public accountant, as follows:

Description	Y2020		Y2019		YoY	
	MB	%	MB	%	MB	%
Revenue from sale of goods and rendering of services	1,891.6	100.0	2,496.9	100.0	(605.3)	(24.2)
Cost of sales of goods and rendering of services	1,467.5	77.6	1,964.1	78.7	(496.5)	(25.3)
Gross Profit	424.1	22.4	532.8	21.3	(108.8)	(20.4)
Gain on disposal of property, plant and equipment	-	-	146.9	5.9	(146.9)	(100.0)
Selling and Administrative expenses	409.4	21.6	401.9	16.1	7.4	1.9
Share of profit of investments in an associate and joint ventures	241.4	12.8	193.4	7.7	48.0	24.8
Profit for the year	231.1	12.2	409.8	16.4	(178.7)	(43.6)
Basic earnings per share (Baht)	0.50		0.84			

In 2020, although total Profit for the year were significantly decrease from the previous year due to the COVID-19 pandemic, resulting in the decline sale of products in the banking and export sector. However, as a result of the Group's restructuring of printing business since Quarter 2/2020, the Group has an economy of scope, which helps to reduce production costs, increased overall gross profit margin and efficient management of selling and administrative expenses.

The Group's has shown revenue from sales and services amounted to THB 1,891.6 million, a decrease of THB 605.3 million or 24.2% from last year, mainly caused by significantly lower revenues from Security Document Solution and Card Solution. Gross profit was THB 424.1 million, a decrease of THB 108.8 million or 20.4% from the last year. While selling and administrative expenses was THB 409.4 million, an increase of THB 7.4 million or 1.9% from the last year, mainly caused by one-times expenses from restructuring of printing business. Excluding one-times expenses, selling and administrative expenses decrease of THB 27.0 million and Profit sharing from investments in associates increase of THB 48.0 million or 24.8%. As a result, net profit amounted to THB 231.1 million, a decrease of THB 178.7 million or 43.6% from the last year. The main factor causing the operating results in 2020 to change more than 20% from the last year was higher Profit sharing from investments in associate, lower Non-recurring gain on disposal of assets of Subsidiary in 2019 and lower Gross profit.

Financial Position

Description	As at 31 Dec 2020	As at 31 Dec 2019	YoY	
	MB	MB	MB	%
Total assets	4,157.5	4,239.8	(82.3)	(1.9)
Cash and cash equivalents	162.7	100.4	62.3	62.0
Trade accounts receivable and other receivables	344.5	460.4	(115.9)	(25.2)
Inventories	175.4	265.3	(89.9)	(33.9)
Investments in joint ventures	1,336.3	1,236.9	99.3	8.0
Fix assets	1,540.8	1,562.3	(21.5)	(1.4)
Total liabilities	1,633.2	1,746.2	(113.0)	(6.5)
Short-term loans from financial institutions	474.6	417.0	57.6	13.8
Trade accounts payable and other payables	265.9	332.9	(67.0)	(20.1)
Long-term loans from financial institutions	672.2	812.7	(140.5)	(17.3)
Finance lease liabilities	98.3	19.7	78.6	397.9
Non-current provisions for employee benefits	78.5	121.5	(43.0)	(35.4)
Total equity	2,524.4	2,493.7	30.7	1.2

Consolidated financial position as at 31 December 2020 represented healthy with total assets THB 4,157.5 million, -1.9% compared with ending 2019. Without Goodwill of THB 490.1 million, Company showed total assets of THB 3,667.5 million while total liabilities accounted THB 1,633.2 million and total equity showed at THB 2,524.4 million.

Please kindly be informed accordingly.

Yours faithfully,

(Jutiphan Mongkolsuthree)

Managing Director