



BPS Technology Public Company Limited

Management Discussion and Analysis (MD&A) Q3/2024



www.bpstechthai.com

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Subject: Financial Status Discussion and Analysis and Performance
Attention: Directors and Managers
Stock Exchange of Thailand

Executive Summary

BPS Technology Public Company Limited operates as a distributor of electrical connection equipment inside buildings and solar cell equipment, including procuring, designing, and installing electrical systems and solar cells. The Company has a plan to expand its business to products that provide convenience and safety within the home by developing Smart Property and Smart Wellness technologies, as most Thais are now focusing more on taking care of their health.

Currently, the economic situation in the construction industry and the housing industry has slowed down, affecting the Company's operations, and resulting in quite high price competition. In addition, there are new competitors in the market. Manufacturers are starting to compete in the market. Therefore, the Company has expanded its customer base to the modern retail industry, hotels, resorts, and government agencies, and added online channels, which have an average growth trend of 5% in 2025.

Summary of important events and developments

1. The Company has signed a memorandum of understanding with Mas Metal Work (Thailand) Co., Ltd., whereby Mas Metal Work (Thailand) Co., Ltd. will provide support in the design of roof structure products in collaboration with BPS Technology Public Company Limited to link with the Company's solar cell installation business to provide customers with an alternative for roof installation with solar cell.
2. The Company has developed a Supply Chain Management system as software that connects BPS, customers, and suppliers to order products and control stock in real-time.
3. The Company has developed a Properties Management System to connect with the Company's 24/7 Monitoring System, focusing on safety and customer pain points to develop after-sales service, which increases service channels.

Key financial information

Overview of the Company's operating results

Summary of operating results for the 3rd quarter and 9-month period of 2024

Unit: million baht

	3rd quarter 2024			9-month period of 2024			2nd quarter 2024		
	Amount	Change	% Increase (Decrease)	Amount	Change	% Increase (Decrease)	Amount	Change	% Increase (Decrease)
Operating revenue	116.58	(110.49)	(48.66)	403.81	(170.14)	(29.65)	124.89	(8.31)	(6.66)
Cost of sales and services	96.26	(100.03)	(50.97)	336.40	(153.22)	(31.30)	103.90	(7.64)	(7.37)
Net profit (loss)	0.63	(6.41)	(91.06)	3.97	(13.58)	(77.40)	(0.65)	1.29	196.93

Operating results in the 3rd quarter of 2024

The Company had operating revenue in Q3/2024 totaling 116.58 million baht, a decrease of 110.49 million baht or 48.66 percent from Q3/2023. The main reason was a decrease in revenue from sales of electrical products by 46.44 million baht, or 29.16 percent, a decrease from energy products by 8.26 million baht, or 78.30 percent, and a decrease from rooftop solar cell installation services by 51.90 million baht, or 98.50 percent. This was due to the slowdown in the real estate economy, large construction projects reducing the number of orders for both electrical and energy systems, and rooftop solar cell installation services receiving smaller projects than those received in Q3/2023. Operating revenue in Q3/2024 decreased by 8.31 million baht, or 6.66 percent, from Q2/2024.

The Company had a total cost of sales and services of 96.25 million baht, a decrease of 100.04 million baht or 50.97 percent from Q3/2023, and the Company had a decrease in the cost of sales and services of 7.64 million baht or 7.37 percent from Q2/2024, in line with the decrease in revenue.

The Company had a net profit of 0.63 million baht, a decrease of 6.41 million baht or 91.06 percent compared to Q3/2023 due to lower revenue. However, the Company had a net profit for Q3/2024, an increase of 196.93 percent from Q2/2024 due to lower selling and administrative expenses, including lower expenses for the offering of common shares.

Operating results for the 9 months of 2024

For the 9 months ended September 30, 2024, total operating revenue was 403.81 million baht, a decrease of 170.14 million baht or 29.65 percent from the first 9 months of 2023. Revenue from sales of goods decreased in almost all product categories because real estate customers delayed their product orders. Contractor customers decreased because contractors began to make late payments. Therefore, the Company strictly considered loans to reduce future bad debt problems. Revenue from services decreased because the Company received smaller projects compared to

projects received in the first 9 months of 2023 and there was additional revenue from communication signal services (FTTx) in 2024. Other revenue decreased from exchange rate gains and losses, accounting for 98.38 percent due to currency fluctuations.

The Company had a cost of sales and services for the 9 months ended September 30, 2024, of 336.40 million baht, a decrease of 153.22 million baht or 31.30 percent from the first 9 months of 2023, in line with the decrease in revenue.

The Company had a net profit of 3.97 million baht, a decrease of 13.58 million baht or 77.40 percent from the first 9 months of 2023, due to a significant decrease in revenue and an increase in distribution expenses and administrative expenses, including advertising expenses, sales promotion expenses, operating expenses related to the offering of shares to the Stock Exchange of Thailand, and annual increases in employee salaries in all departments.

Operating revenue for the 9 months

Unit: million baht

Revenue from the main business	9-month 2024	9-month 2023	Y67 to Y66 %	Q3 to Q2 %
Revenue from sales of electrical connection products and rooftop solar energy products	383.20	499.13	(23.23%)	(4.85%)
Revenue from installing rooftop solar power projects and building electrical connection systems	19.56	71.52	(72.66%)	(70.50%)
Total revenue from the main business	402.76	570.65	(29.42%)	(6.48%)
Other revenue	1.05	3.29	(68.09%)	(60.98%)
Total revenue	403.81	573.95	(29.65%)	(6.66%)

For the 9 months of 2024, the Company had a total sales revenue of 383.20 million baht, a decrease of 115.93 million baht or 23.23 percent from the 9 months of 2023, mainly due to

- Revenue from sales of electrical system products, amounting to 363.49 million baht, decreased by 96.13 million baht or 20.92 percent from Q3/2023 due to a decrease in the number of product calls from real estate customers and contractors due to a slowdown in construction projects for both condominiums and small houses.
- Revenue from sales of energy products, amounting to 18.44 million baht, decreased by 11.77 million baht or 38.96 percent from Q3/2023 due to the slowdown in purchase orders from factory customers.
- Revenue from sales of IOT products of 0.22 million baht, decreased by 4.23 million baht from Q3/2023 due to sales with installation of Home Automation products decreasing by 88.78 percent and Data Center products decreasing by 100 percent.
- Revenue from sales of other products (construction equipment, furniture sales) amounted to 1.05 million baht, a decrease of 3.80 million baht or 78.35 percent from Q3/2023

Revenue from installing rooftop solar power projects and building electrical connection systems

In Q3/2024, the Company had revenue of 19.56 million baht, a decrease of 51.96 million baht or 72.66 percent from the same period of the previous year, which was 71.52 million baht. The reason was that in Q3/2024, the Company received more work installing rooftop solar power projects for customers in the group of smaller industrial factories than in the same period of the previous year and revenue from providing rooftop solar cell installation services for model homes for residents and interior decoration and extension work for residents decreased in total.

Other revenue

In Q3/2024, there was 1.05 million baht, a decrease of 2.24 million baht or 68.09 percent from the same period of the previous year, which was 3.29 million baht, because in 2023 there was a profit from the exchange rate of 2.47 million baht, while in 2024 there was a profit from the exchange rate of only 0.05 million baht. When compared to Q2/2024, other income decreased by 60.98 percent because in Q2/2024 there was interest income from deposits of 0.11 million baht, while in Q3/2024 there was no interest income, including a loss from the exchange rate of 0.11 million baht from the appreciation of the baht.

Profitability

Unit: million baht

	9-month 2024	9-month 2023	Y67 to Y66 %	Q3 to Q2 %
Gross profit (sales)	65.26	78.53	(16.90%)	(0.35%)
Gross profit (services)	1.10	2.50	(56.00%)	(0.01%)
Pre-tax profit	5.18	22.17	(76.64%)	223.71%
EBIDA	14.15	30.91	(54.23%)	66.97%

The Company had gross profit from sales of goods for the 9 months of 2024 of 65.26 million baht, a decrease of 16.90 percent from the same period of the previous year, which was 78.53 million baht, due to decreased revenue. The Company had gross profit from sales of goods in the third quarter of 2024, a decrease of 0.35 percent from the second quarter of 2024, due to the same decrease in sales.

The Company had a gross profit from services for the 9 months of 2024 of 1.10 million baht, a decrease of 56.00 percent from the same period of the previous year, which was 2.50 million baht, due to the number of projects received being lower and the size of the projects being smaller compared to the same period of the previous year. The gross profit from services decreased by 0.01 percent from Q2/2024 because there were projects that continued from Q2/2024, and the work site could not be installed in Q3/2024, resulting in no progress.

The Company's pre-tax profit for the 9 months of 2024 decreased by 76.64 percent from the same period of the previous year due to lower revenue, as well as increased distribution expenses, including advertising expenses, sales promotion expenses, expenses for operating the share offering with the Stock Exchange of Thailand, and employee salaries of all departments that are adjusted upwards every year. In Q3,2024, the Company's pre-tax profit increased

by 223.71 percent from Q2/2024 because the Company has successfully listed on the Stock Exchange, resulting in reduced related expenses.

The Company has EBIDA for the 9 months of 2024 of 14.15 million baht, a decrease of 16.76 million baht or 54.23 percent from the same period of the previous year, and EBIDA in Q3/2024 increased by 66.97 percent from Q2/2024 because Q2/2024 had a loss.

Operating expenses and financial costs for the 9 months

Unit: million baht

	9-month 2024	9-month 2023	Y67 to Y66 %	Q3 to Q2 %
Distribution expenses	27.63	26.92	2.64%	(12.97%)
Administrative expenses	32.51	32.62	(0.31%)	(7.80%)
Financial costs	2.09	2.72	(23.17%)	(10.77%)
Income tax	1.21	4.61	(73.76%)	663.72%

Distribution expenses

The Company had distribution expenses for the 9 months of 2024 of 27.63 million baht, an increase of 2.64 percent compared to the same period of the previous year, which was due to the recruitment of additional personnel in the sales and marketing departments for market expansion and future sales growth, increased expenses for organizing sales promotion activities to stimulate online sales, advertising expenses for the Company's products, and an increase in employee salaries for 2024. Distribution expenses in Q3/2024 decreased by 12.97 percent from Q2/2024.

Administrative expenses

Administrative expenses for the 9 months of 2024 amounted to 32.51 million baht, a decrease of 0.11 million baht or 0.31 percent when compared to the same period of the previous year, which was 32.62 million baht, resulting from lower expenses for legal consultants, system development consultants, and financial consultants (FA) due to the completion of the stock market listing in Q2/2024. Administrative expenses in Q3/2024 decreased by 7.80 percent from Q2/2024 due to advertising expenses and bank fees related to additional credit lines with Siam Commercial Bank and lower fees for land mortgages as collateral with Siam Commercial Bank.

Financial costs

Financial costs for the 9 months of 2024 amounted to 2.09 million baht, a decrease of 0.63 million baht or 23.17 percent compared to the same period of the previous year, which was 2.72 million baht, due to the Company having good liquidity and not borrowing additional money from financial institutions, using less overdraft credit line, and using the money received from the IPO to pay off debts to creditors instead of paying by promissory notes, resulting in lower interest expenses on promissory notes, and financial costs in Q3/2024 decreasing by 10.77 percent from lower interest on promissory notes and lower interest on long-term loans.

Income tax expenses

Income tax expenses for the 9-month period of 2024 amounted to 1.21 million baht, a decrease of 3.40 million baht or 73.76 percent when compared to the same period of the previous year, which amounted to 4.61 million baht, due to a decrease in operating profit, and income tax expenses in Q3/2024 increased by 663.72 percent from Q2/2024 because in Q2/2024 the operating results resulted in a loss.

Summary of financial position as of Q3/2024

Asset

Unit: million baht

	September 30, 2024	December 31, 2023	Increase (Decrease)	% Increase (Decrease)
Current assets	289.03	204.19	84.84	41.55%
Non-current assets	157.88	149.87	8.01	5.35%
Total assets	446.91	354.06	92.85	26.23%

Total assets as of September 30, 2024, amounted to 446.91 million baht, an increase of 92.85 million baht or 26.23 percent when compared to total assets as of December 31, 2023, which amounted to 354.06 million baht, resulting from an increase in bank deposits of 108.02 million baht, a decrease in trade and other receivables of 27.52 million baht, in line with lower sales compared to October - December 2023, an increase in inventories of 4.21 million baht and an increase in fixed deposits secured by the bank of 10 million baht.

Asset quality

Trade receivables

Unit: million baht

	Consolidated financial statements	
	September 30, 2024	December 31, 2023
Trade receivables	86.89	104.36
Deduct Expected credit loss allowance	(8.95)	(8.76)
Total trade receivables - net	77.94	95.60

As of September 30, 2024 and December 31, 2023, The Company recorded an allowance for expected credit losses of THB 8.95 million and THB 8.76 million, respectively. The Company recognizes expected credit losses on trade receivables without waiting for a credit impairment event to occur. The Company will use the method of calculating the allowance for credit losses by calculating according to the ECL table to consider the allowance for expected losses throughout the life of trade receivables and companies that have insurance to reduce risk.

Inventory

Unit: million baht

	Consolidated financial statements	
	September 30, 2024	December 31, 2023
Inventory	89.66	84.38
<u>Deduct</u> allowance for depreciated goods	(9.40)	(8.34)
Inventory -net	80.26	76.04

As of September 30, 2024, the Company recorded a net realizable value adjustment of inventories of Baht 1.06 million from the end of the previous year. The Company estimates the net realizable value of inventories based on changes in selling prices or costs directly related to events occurring after the end of the period (NRV) and takes into account the movement of inventories and the current economic conditions (Aging). Management believes that the current net realizable value adjustment of inventories is sufficient.

Sources of Funding

Unit: million baht

	September 30, 2024	December 31, 2023	Increase (Decrease)	% Increase (Decrease)
Current liabilities	126.77	138.98	(12.22)	(8.80%)
Non-current liabilities	36.94	41.13	(4.19)	(10.19%)
Total liabilities	163.71	180.11	(16.41)	(9.12%)
Shareholders' equity	283.20	173.94	109.26	62.82%

Total liabilities

Total liabilities as of September 30, 2024 amounted to 163.71 million baht, a decrease of 16.41 million baht or 9.12 percent compared to total liabilities as of December 31, 2023, which amounted to 180.11 million baht, resulting from a decrease in short-term loans from financial institutions by 13.81 million baht, an increase in trade and other payables by 2.81 million baht, resulting from an increase in advance revenue for goods by 10.41 million baht, a decrease in trade payables by 5.00 million baht, a decrease in accrued corporate income tax by 1.71 million baht, resulting from a decrease in the company's net profit, and a decrease in long-term loans by 4.50 million baht.

Shareholders' equity

Shareholders' equity as of September 30, 2024, amounted to 283.20 million baht, an increase of 109.26 million baht or 62.82 percent compared to shareholders' equity as of December 31, 2023, which amounted to 173.94 million baht. The increase was due to a capital increase by offering 120 million ordinary shares in the Stock Exchange, with a par value of 0.50 baht per share and an offering price of 0.90 baht per share, totaling 105.29 million baht (net of capital increase expenses of 3.39 million baht and net of income tax of capital increase expenses of 0.68 million baht), and an increase from operating profit for the nine months of 3.97 million baht.

Appropriateness of capital structure

The debt-to-equity ratio as of September 30, 2024, was 0.58 times, a decrease compared to the debt-to-equity ratio as of December 31, 2023, which was 1.04 times, resulting from the decrease in debt and the increase in shareholders' equity from the registered capital increase, including the premium on shares received from the offering of common shares.

Cash flow		For the 9 months ended September 30, 2024, there was a net increase in cash and cash equivalents of 108.03 million baht, with the Company having net cash brought forward at the beginning of the period of 11.89 million baht and net cash at the end of the period of 119.91 million baht. Details of cash flows for each activity are as follows:
(million baht)	9-month 2024	
Net cash from operating activities	38.49	Cash flow from operating activities of 38.49 million baht from a decrease in trade receivables of 27.32 million baht, trade payables of 3.15 million baht, an increase in inventories of 5.28 million baht, and income tax payments of 2.62 million baht.
Net cash (used in) investing activities	(13.45)	
Net cash from financing activities	82.99	
Net increase in cash and cash equivalents	108.03	
Cash and cash equivalents at the beginning of the period	11.89	
Cash and cash equivalents at the end of the period	119.91	

For cash flow used in investment activities, the amount of 13.45 million baht, mostly used to purchase assets for installing solar cells on the warehouse roof and building a training center for learning about installing solar cells on the roof, the amount of 4.01 million baht, and used to guarantee the opening of a credit line with a financial institution, the amount of 10 million baht.

Cash flow from financing activities amounted to 82.99 million baht, mostly from the issuance of common shares amounting to 108.03 million baht and from the issuance of common shares amounting to 3.39 million baht, including the repayment of short-term and long-term loans and the payment of liabilities under lease agreements totaling 21.62 million baht.

Key financial ratios

	9-month	9-month	
	2024	2023	
Return rate (%)			Return on asset and return on equity decreased from the first 9 months of 2023 due to decrease in operating profit in the first 9 months of 2024.
Return on Asset (ROA)	1.41	10.10	
Return On Equity (ROE)	0.89	4.96	
Liquidity ratio (times)			Current ratio and quick ratio increased from the first 9 months of 2023 due to an increase in current assets in the form of cash and cash equivalents.
Current ratio	2.28	1.47	
Quick turnover ratio	1.65	0.92	
Asset and Liability Management (Day)			
Average collection period	59	58	Average collection period slightly increased from 58 days to 59 days. The company has a policy of providing trade credit and considering credit limits according to the appropriateness of the customer.
Average product sales period	64	44	
Average repayment period	80	72	
Debt Ratio Analysis (times)			
Interest payment capacity	2.56	1.33	Average product sales period increased by 20 days from the previous year from 44 days to 64 days and in the first 9 months of 2024 from calling products according to the planned calling plan but selling less products.
DSCR	1.89	4.96	
Loans from financial institutions to debt	5%	8%	
Debt to equity ratio analysis (times)			
Total debt to equity (D/E Ratio)	0.58	1.04	Average payment period increased from 72 days in the previous year to 80 days in the first 9 months of 2024 which is still within the specified credit term (90-120) days.

Note: Asset and liability management is calculated from 274 days.

Debt Ratio Analysis Interest coverage ratio increased from 1.33 times in the previous year to 2.56 times in the first 9 months of 2024 due to a decrease in short-term and long-term borrowings by 18.31 million baht. However, the debt service coverage ratio (DSCR) decreased from 4.96 times in the previous year to 1.89 times in the first 9 months of 2024 due to a decrease in operating profit.

Debt to Equity Ratio Analysis Total debt to equity (D/E Ratio) decreased from 1.04 times in the previous year to 0.58 times in the first 9 months of 2024 due to the company increasing its capital from the offering of shares in the stock market for 108 million baht.

Factors that may affect future operations or growth

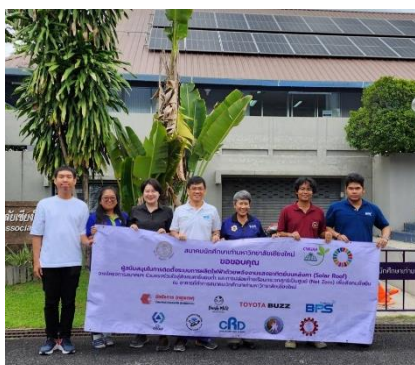
The Company's future growth will continue to focus on both horizontal and vertical customer groups by introducing the BIM Model system to develop the Kitting Box system to control costs for contractors and project owners. The Company will also focus on selling products and services related to energy and Fiber Optic systems more as it is in line with the trend of the energy and technology industries.

Factors that may affect future operations or growth: The introduction of technology into business operations still takes time to develop and requires skilled personnel because technology is developing and changing rapidly, including customer interests or consumer behaviors that are also changing rapidly. Therefore, the Company must develop quickly. Skilled personnel are therefore an important part that helps the Company to grow in the future.

Sustainability development

The Company is committed to conducting business in line with the sustainable development and growth approach in managing and operating per the scope of sustainable development by creating value for the Company and all stakeholders in both the short and long term. The Company adheres to the principles and practices based on social responsibility, management per the principles of good governance, and the Company's good corporate governance policy to create transparency, responsibility for the Board of Directors' duties, and build trust along with sustainable business development, taking into account all dimensions: society, environment, and economy under the principles of good corporate governance.

The Company is conscious of its role and duty as a good member of society by operating or controlling in compliance with relevant laws and regulations and being socially responsible. The Company prioritizes and is responsible for the community and society regarding the environment, including supporting, cooperating, assisting, and volunteering for activities that are beneficial to the community and society.



Please kindly be informed accordingly.

Respectfully yours,

Ms.Pattaraporn Kaewpoca
Chief Financial Officer