KCE ELECTRONICS
PUBLIC COMPANY LIMITED
Registration No. 0107535000354

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August 13, 2025

The Director and Manager
The Stock Exchange of Thailand

Re: Information on Second Quarter of 2025 Operating Results

Management Commentary on Q2 Strategic Developments

Following the strategic direction communicated at year-end 2024, the Company has continued to execute on its growth initiatives aimed at enhancing operational efficiency and strengthening market presence in Europe. As part of this ongoing strategy, two key acquisitions were completed to solidify our control over sales distribution across the region.

In Q4 2024, we successfully acquired a sales distribution office in the United Kingdom. This marked a significant step forward in aligning our go-to-market strategy with local market dynamics and improving our responsiveness to customer needs.

Building on this momentum, in April 2025, the Company completed the acquisition of a German-based distribution entity. This transaction involved the purchase of 100% of the shares and voting rights of KCE Printed Circuit Boards GmbH, a distributor of PCBs in Germany and Europe, for a total investment of Bt392.15 million (EUR 10.65 million). With this acquisition, we have now achieved full control over our sales and distribution channels in the key European markets.

The strategic rationale behind these acquisitions is centered on maximizing operational synergies, improving sales execution, and ensuring consistent brand presence across Europe. By bringing sales operations fully in-house, we are now better positioned to serve our customers more efficiently, respond to market demands with greater agility, and create long-term value for our stakeholders.

We are confident that these strategic moves will enhance our competitive positioning and contribute meaningfully to sustainable revenue growth and profitability across the region.

U.S. Tariff Situation and Export Revenue Impact

In regard to recent developments concerning the U.S. import tariffs, we would like to provide an update on the potential impact to the company’s business performance, particularly in the American region.

Sales to the American region currently represent approximately 21% of the company’s total revenue, of which 15% is derived from customers in the United States, and the remaining 6% from other countries within the region.

Despite the recent announcement of tariff rate adjustments by the U.S. government, the company has not received any signals of reduced order volumes or pricing pressure directly related to the tariff changes. This is primarily because printed circuit boards (PCBs), which are the company’s core products, remain a critical component in the production of various electronic devices. Our customers continue to place high value on our consistent quality of both products and services, which they consider an integral part of their manufacturing processes.

The decline in sales to the Americas region in 2Q25 compared to 1Q25 was not driven by U.S. customers, but rather by reduced orders from other countries such as Brazil and Mexico, as part of their internal inventory and stock management plans.

In addition, we are pleased to report that some new potential customers from the U.S. have already reached out for plant visits and sample evaluations. This indicates continued interest and confidence in our capabilities, despite the external trade environment.

We also remain in close and proactive communication with our U.S. customers to closely monitor any changes in their plans or potential impacts arising from new trade regulations. Our position as a reliable, strategic partner is well recognized by our customer base.

We firmly believe that our long-standing commitment to quality, reliability, and professional service will continue to differentiate us in the market and ensure we meet and exceed customer expectations, even in a more challenging global trade landscape.

Second Quarter of 2025 Operating Results

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the second quarter of 2025 based on reviewed consolidated financial statements for the three-month period ended June 30, 2025. The Group's revenue are total at Bt3,343.1 million with a net profit of Bt182.1 million, compared to Bt4,246.1 million total revenue and Bt635.1 million net profit in the second quarter of 2024. A summary of the Company's operating performance in the second quarter of 2025 and 2024 is shown in the following table:

Operating performance

[Amount: in Million Baht]	2Q25	1Q25	*%Change* Q-o-Q [2Q25 VS. 1Q25]	2Q24	*%Change* Y-o-Y [2Q25 VS.2Q24]
FX: THB/USD	33.0165	33.8179		36.5593	
FX: THB/EUR	37.1186	35.3725		39.1615	
Total Revenue	3,343.1	3,425.9	*-2.42*	4,246.1	*-21.27*
Sales Revenue	3,285.4	3,324.0	*-1.16*	4,011.9	*-18.11*
[Sales Revenue, USD	$99.5	$98.3	*+1.24*	$109.7	*-9.32]*
Cost of Sales	2,690.6	2,745.2		3,017.7	
Gross margin, (%)	18.1%	17.4%		24.8%	
Selling & Administration	435.3	410.4	*+6.05*	545.1	*-20.14*
Operating profit *	179.3	175.5	*+2.21*	530.8	*-66.21*
Net Profit	182.1	229.8	*-20.74*	635.1	*-71.32*
Net Profit Margin (%)	*5.5%*	*6.9%*		*15.8%*	

[Remark * Excludes foreign exchange rate effects and special exceptional items]

Total Revenue

The total consolidated revenue for 2Q25 was reported at Bt3,343.1million, representing a decrease of 2.4% quarter-over-quarter (Q-o-Q) and 21.3% year-over-year (Y-o-Y). This total includes Bt3,285.4 million from product sales and Bt57.7 million from other income.

Other income in 2Q25 declined from Bt101.9 million in 1Q25 and Bt234.2 million in 2Q24. When comparing 2Q25 to 2Q24, the significant drop in other income was primarily due to foreign exchange impacts, the recognition of foreign exchange gains decreased by Bt40.1 million. In addition, other income in 2Q24 included a one-time gain of Bt136.7 million from the sale of assets, mainly from the disposal of an old factory.

Sales Revenue

Consolidated Product sales revenue for 2Q25 was reported at Bt3,285.4 million, representing a decrease of 1.16% Q-o-Q and 18.11% Y-o-Y. The appreciation of the Thai Baht against the USD and Euro during the period significantly impacted revenue recognition in Thai Baht terms, resulting in a reduction of approximately Bt32.8 million compared to 1Q25 and Bt246.6 million compared to 2Q24. The Baht's continued strengthening from 1Q25 to 2Q25, especially when compared to the same period last year (2Q24), where the average booking exchange rate was around 10% weaker, further intensified the Y-o-Y impact. This stronger currency effect was a key driver behind the notable drop in sales revenue in Baht terms, despite smaller changes in revenue when measured in original currency. (Table 1)

The total volume of PCB shipments for sales in 2Q25 decreased by 3.35% Q-o-Q and 12.14% Y-o-Y. Shipments of special-grade PCBs (HDI) declined by 3.57% from 1Q25 and dropped significantly by 31.32% compared to 2Q24 (Table 5).

The decline in HDI PCB export volume during the period was primarily due to delays in vessel space confirmation, which is managed by customers under the agreed Incoterms. Excluding this logistical factor, the HDI shipment volume would have remained roughly in line with that of 1Q25. Looking ahead, HDI order bookings for 3Q25 are expected to remain at a normal level, with no sign of a downward trend.

By region, shipment volumes to Europe continued their growth trend, increasing by 2.7% Q-o-Q. Sales to the European region represent nearly 50% of the company's total revenue, making it our largest market. The company's strategy to strengthen direct sales distribution in this region is expected to enhance pricing control and customer engagement, supporting long-term competitive advantage.

For the American region, shipment volumes declined by 14.6% quarter-on-quarter, primarily due to delivery rescheduling and inventory management by customers in Brazil and Mexico. Orders from U.S. customers continued to be placed as usual.

Refer to the price negotiation since the beginning of the year, customers have requested annual price reductions, which has resulted in a 4% reduction in overall revenue. This continued pricing pressure has been a key factor contributing to the decline in profitability in 2Q25.

As of the end of June 2025, the company still has a high backlog of orders totaling approximately USD 5.8 Million. Additionally, some products, valued at around USD 1.3 million, were delayed in delivery due to customer shipment authorization issues; these will contribute to revenue in 3Q25.

Cost of Sales and Gross Profit

In 2Q25, the company reported a gross profit margin of 18.1%, improving from 17.4% in 1Q25, but lower than 24.8% in 2Q24. The Y-o-Y margin contraction was primarily driven by two key factors: the annual price reductions requested by customers and the appreciation of the Thai Baht, which negatively affected revenue recognition in local currency.

Another factor impacting the margin in 2Q25 was the adjustment related to the acquisition of a sales distribution company in Germany. As the entity was transitioned into a subsidiary, the company had to eliminate the internal profit margin on inventory held by the German subsidiary during consolidation. This adjustment impacted the margin by approximately Bt24.0 million, which will be recognized once the products are sold to end customers.

One significant cost component was copper, a core material in PCB manufacturing. The impact of copper price increased the cost of sales by approximately 0.28% Q-o-Q and 1.36% Y-o-Y, further weighing on margins. While global copper prices are set by international markets, the company has proactively worked with key suppliers to reduce premium charges related to supplier operating costs.

Regarding overhead costs, electricity consumption showed a downward trend; however, full cost savings were not yet achieved, largely due to the underutilization of machinery during the initial phase of new machine installations, which involved test runs and learning curve processes.

On the positive side, chemical costs, another major cost element in the PCB process, showed signs of reduction in 2Q25 and are expected to decline further from 3Q25 onward as new suppliers are integrated.

Production utilization remained suboptimal at 66%, flat from 1Q25 and down from 73% in 2Q24, due to ongoing market softness and new machine installation activity. As a result, the company continued to carry fixed overhead costs such as depreciation, factory maintenance, and permanent labor, despite the lower operating capacity.

Despite revenue pressures, the company's ongoing cost optimization efforts helped to deliver a 2Q25 gross margin of 18.1%, an improvement over the previous quarter. These efforts remain a strategic priority as the company continues navigating macroeconomic challenges while positioning itself for long-term efficiency and competitiveness.

Administrative and Selling Expenses

Total selling, general, and administrative expenses amounted to Bt435.3 million in 2Q25, or 13.2% of sales, higher than Bt410.4 million or 12.3% of sales in 1Q25, but lower than Bt545.1 million or 13.6% of sales in the same period of the previous year.

Selling expenses for 2Q25 totaled Bt80.1 million, representing 2.4% of sales, a decrease from Bt88.3 million or 2.7% of sales in 1Q25, but a significant decrease from Bt128.1 million or 3.2% of sales in 2Q24.

The year-on-year decline was primarily driven by lower sales commissions and freight costs, consistent with the overall decrease in sales volume. Additionally, following the acquisition of the UK and Germany sales offices as subsidiaries, intercompany sales commission expenses of Bt26.9 million in 2Q25 were eliminated in the consolidated financial statements, compared to higher commission expenses of Bt36.8 million in 2Q24, which were previously recorded as external payments. With the change in structure, selling staff costs of approximately Bt17.0 million for the UK and Germany were added to the Group's selling expenses instead of commission payments in 2Q25. This shift in cost structure, along with overall lower sales-related expenses, contributed to the reduction in selling expenses compared to the same period last year.

Administrative expenses in 2Q25 totaled Bt355.2 million, representing 10.8% of sales, an increase from Bt322.1 million or 9.70% of sales in 1Q25, but a decrease from Bt416.9 million or 10.4% of sales in 2Q24.

The year-on-year decrease was primarily due to a one-time loss of Bt76.6 million recognized in 2Q24 from asset impairment provisions. In contrast, administrative expenses in 2Q25 included additional costs related to the newly acquired subsidiaries in the UK and Germany, totaling Bt60.2 million. This amount comprised of Bt17.6 million in amortization of customer relationship assets under purchase price allocation (PPA) accounting, one-time legal service fee of Bt10.7 million related to the acquisition process and general administrative expenses of UK and Germany office amount Bt31.9 million. There was a reduction in employee benefit expenses in Thailand of approximately Bt34.0 million, resulting from a workforce reduction. This helped lower overall administrative expenses during the quarter.

Net Profit

The Group reported a consolidated net profit of Bt182.1 million for the second quarter of 2025 (2Q25), representing a significant decline compared to both the previous quarter and the same period of the prior year. This decrease was primarily attributable to lower revenue recognition, driven by a reduction in selling prices, the appreciation of the Thai Baht against the U.S. dollar, and a slowdown in purchase orders from key customers in the automotive segment.

Overall, the decline in profitability was mainly caused by weaker market demand and unfavorable foreign exchange effects, which negatively impacted the Group's top-line performance. In addition, the underutilization of production capacity during the quarter further weighed on margins. Consequently, basic earnings per share for 2Q25 stood at Bt0.15.

The Group remains cautious in both the short term and long term, closely monitoring global economic conditions and customer demand trends, while continuing to focus on cost efficiency and operational improvement.

Total Asset

Total assets as of June 30, 2025, amounted to Bt18,392.4 million, consisting of current assets of Bt8,755.3 million, net property, plant and equipment of Bt7,472.2 million, intangible assets of Bt937.4 million, contract costs assets of Bt324.4 million, investment property of Bt150.0 million, right-of-use assets of Bt52.2 million, goodwill of Bt501.5 million, investments in associates of Bt23.9 million; deferred tax assets of Bt125.4 million and other non-current assets of Bt50.0 million.

Total assets decreased by Bt23.2 million, to Bt18,392.4 million from Bt18.415.7 million at the end of 2024, primarily driven by the following factors:

- A reduction in trade and other receivables of Bt402.3 million, reflecting the decline in sales volume during the quarter.
- A net decrease in property, plant, and equipment (PP&E) of Bt173.1 million, as depreciation expenses outpaced capital expenditures (CAPEX). Total CAPEX for the quarter was Bt245.0 million, with ongoing investments focused on upgrading machinery and equipment to enhance production efficiency and reduce costs.

Conversely, there were asset increases resulting from the acquisition of a sales distribution office in Germany:

- Total group goodwill increased by Bt51.2 million, including Bt38.9 million from the acquisition of the German subsidiary.
- Intangible assets increased by Bt306.0 million, primarily due to the recognition of customer relationships amounting to Bt314.0 million from the same acquisition.

Additional increases in total assets were due to:

- An increase in cash balances of Bt113.4 million, set aside to fund upcoming machinery purchases.
- An increase in inventories of Bt78.3 million, primarily due to the rescheduling of customer deliveries at the end of the quarter.

Total Liabilities

Total liabilities increased by Bt271.2 million, rising from Bt4,597.6 million at the end of 2024 to Bt4,868.8 million as of June 30, 2025. The key drivers of this increase were:

- An increase in short-term and long-term loans from financial institutions totaling Bt249.9 million.
- A decrease in trade and other current payables by Bt94.5 million, primarily due to the settlement of outstanding payables related to a share purchase agreement.
- An increase in deferred tax liabilities of Bt84.6 million due to the amortization of customer relationship assets and an increase in provisions for employee benefits of Bt31.2 million, mainly associated with the acquisition of the German subsidiary.

As of June 30, 2025, Net Interest-bearing Debt to Equity ratio was 0.10 times compared to 0.08 times as of December 31, 2024

Shareholders' Equity

As of June 30, 2025, shareholders' Equity was Bt13,523.7 million, a decrease of Bt294.4 million from Bt13,818.1 million as of December 31, 2024 due mainly to operating profit of 1st half year amounted Bt430.8 million, net with dividend payment of Bt725.2 million.

Analysis of performance

Table 1: Foreign currency exchange rates and sales in foreign currency

(Unit: Million)

	2Q 2025		1Q 2025		Q-o-Q Effect		2Q 2024		Y-o-Y Effect	
Currency	Rates	Sales	Rates	Sales	%	Gain (Loss)	Rates	Sales	%	Gain (Loss)
USD	33.0165	$60.27	33.8179	$61.64	(2.4)	(48.30)	36.5593	$71.39	(9.7)	(213.51)
EUR	37.1186	€10.17	35.3725	€10.49	4.9	17.76	39.1615	€12.53	(5.2)	(20.77)
JPY	0.2219	¥0.05	0.2193	¥0.07	1.2	0.00	0.2314	¥0.02	(4.1)	0.00
CNY	4.5207	¥25.62	4.6086	¥27.52	(1.9)	(2.25)	5.0001	¥31.12	(9.6)	(12.28)
Total effect					**M Baht**	(32.79)			**M Baht**	(246.56)

Table 2: Raw material prices and purchased volume

Key Material		2Q 2025		1Q 2025		Q-o-Q Effect		2Q 2024		Y-o-Y Effect	
		Unit price	Volume	Unit price	Volume	%	'000 US$	Unit price	Volume	%	'000 US$
Copper Foil (KCE)	KG.	$12.08	448,054	$11.55	302,518	4.55	235.27	$11.35	398,554	6.39	324.95
Copper Foil (TLM)	KG.	$12.09	708,179	$11.49	439,685	5.28	429.17	$11.29	610,702	7.09	567.29
Copper Anode	KG.	$9.92	434,400	$9.66	438,400	2.73	114.36	$10.02	553,600	(1.00)	(43.47)
Fiber glass	METRE	$0.49	3,679,824	$0.47	5,025,018	2.91	50.46	$0.47	3,413,180	4.10	70.31
						Total US$	829.26			Total US$	919.08

The effect from copper usage on product sales price was increase about 0.28 %and 1.36 % to sales Q-o-Q and Y-o-Y respectively

Table 3: Consignment Sales

(Amount: in Million Baht)

	2Q 2025			2Q 2024		
	Stock Filling	Usage	Unrealized revenue (Higher Usage)	Stock Filling	Usage	Unrealized revenue (Higher Usage)
April	277.2	299.6	(22.4)	375.8	379.9	(4.1)
May	305.4	329.3	(23.9)	372.1	335.4	36.7
June	325.0	302.8	22.2	365.7	374.1	(8.4)
Total 2Q	907.6	931.7	(24.1)	1,113.6	1,089.4	24.2

Table 4: Sales and volume shipment, by Region (PCB Sales @ Factory price)

Region		2Q24	3Q24	4Q24	Y2024	1Q25	2Q25	%Increase/(Decrease) Y-o-Y 2Q25 / 2Q24	%Increase/(Decrease) Q-o-Q 2Q25 / 1Q25
EUROPE	SALES-USD	51,323,989	45,561,417	39,104,614	189,252,548	41,105,235	42,048,400	(18.07)	2.29
	VOLUME-SQFT	3,611,564	3,039,597	2,593,986	12,967,571	2,883,734	2,963,165	(17.95)	2.75
AMERICA	SALES-USD	20,422,688	21,014,606	17,104,910	76,986,077	20,271,145	17,389,842	(14.85)	(14.21)
	VOLUME-SQFT	1,598,635	1,614,860	1,348,041	5,985,905	1,670,028	1,425,880	(10.81)	(14.62)
ASIA	SALES-USD	4,297,941	4,120,387	4,437,820	16,536,083	4,216,397	4,540,020	5.63	7.68
(Excl.CHINA)	VOLUME-SQFT	339,666	317,993	329,936	1,278,235	326,016	351,454	3.47	7.80
CHINA	SALES-USD	10,098,865	8,320,069	8,343,464	36,307,871	7,958,629	7,443,008	(26.30)	(6.48)
	VOLUME-SQFT	818,234	661,473	668,592	2,908,898	672,747	620,711	(24.14)	(7.73)
LOCAL	SALES-USD	8,547,380	11,819,587	11,030,873	40,863,438	10,520,305	10,430,039	22.03	(0.86)
	VOLUME-SQFT	813,605	1,085,215	954,426	3,712,078	976,097	948,925	16.63	(2.78)
TOTAL-USD		94,690,863	90,836,066	80,021,681	359,946,017	84,071,712	81,851,309	(13.56)	(2.64)
TOTAL-SQFT		7,181,704	6,719,139	5,894,981	26,852,688	6,528,622	6,310,135	(12.14)	(3.35)

Table 5: Sales and volume shipment, by Product mix (PCB Sales @ Factory price)

Product-Mix		2Q24	3Q24	4Q24	Y2024	1Q25	2Q25	%Increase /(Decrease) Y-o-Y 2Q25 / 2Q24	%Increase /(Decrease) Q-o-Q 2Q25 / 1Q25
02 Layer	SALES-US$	8,377,024	9,047,875	7,850,281	34,595,880	8,057,654	8,075,432	(3.60)	0.22
	VOLUME-SQFT	916,347	963,127	834,369	3,703,663	892,077	885,642	(3.35)	(0.72)
04 Layer	SALES-US$	34,621,904	32,580,199	28,242,087	128,558,723	31,638,711	31,281,872	(9.65)	(1.13)
	VOLUME-SQFT	3,055,690	2,821,451	2,449,201	11,235,501	2,864,430	2,788,754	(8.74)	(2.64)
06 + Layer	SALES-US$	20,192,629	20,602,575	19,069,991	80,861,830	20,975,394	20,218,512	0.13	(3.61)
	VOLUME-SQFT	1,312,297	1,337,169	1,220,376	5,196,427	1,420,629	1,332,556	1.54	(6.20)
Special	SALES-US$	31,499,306	28,605,416	24,859,321	115,929,585	23,399,953	22,275,493	(29.28)	(4.81)
Grade	VOLUME-SQFT	1,897,372	1,597,392	1,391,036	6,717,097	1,351,486	1,303,183	(31.32)	(3.57)
TOTAL-USD		94,690,863	90,836,066	80,021,681	359,946,017	84,071,712	81,851,309	(13.56)	(2.64)
TOTAL-SQFT		7,181,704	6,719,139	5,894,981	26,852,688	6,528,622	6,310,135	(12.14)	(3.35)

Table 6: KCE - Production Capacity

Maximum Capacity:

1Q 2025 – 4Q 2025 2.10 million Sq.ft./month for Lat Krabang Plant

1Q 2025 – 4Q 2025 1.50 million Sq.ft./month for HiTech Ayutthaya Plant

Actual Capacity Utilization in 2Q 2025 66% to available capacity

Table 7: Capital Expenditure

CAPEX Plan - Y2025		**Bt 1,046 million** (exclude Rojana New Factory)
	Consisted of	Bt 553 million /Efficiency Improvement of Lat Krabang Plant Bt 445 million /Efficiency Improvement of HiTech Plant Bt 48 million /Efficiency Improvement of Thai Laminate

Actual investment in 1H 2025 Bt 327.5 million

Progress Update on New Factory Construction Plan

In light of the current global economic and political uncertainties, as well as a general slowdown in market demand, the Company has reassessed its investment strategy regarding the construction of a new factory.

Currently, our production facilities in Bangkok and Ayutthaya are operating at below 70% of their total capacity. Given this situation, the Company has carefully evaluated its investment strategy and decided to postpone the construction of the new factory. This approach ensures we optimize existing resources and maintain cost efficiency in line with our long-term competitiveness goals.

Additionally, through the process of machine selection and testing conducted at the current sites, we have gained valuable technical insights. As a result, the machinery plan that was initially intended for the new facility is now being reconsidered. The improved selection of equipment will lead to changes in the line layout and facility design, which in turn is expected to substantially lower the total investment cost if and when the new factory project resumes.

Moreover, the recent deployment of new machinery equipped with advanced technologies has significantly improved our production efficiency. The transition toward more automated manufacturing processes not only enhances productivity but also increases our capability to support more complex and diverse product requirements from customers.

The decision to temporarily hold off on new factory construction also reflects our careful consideration of manufacturing and financing costs. With this strategy, the company remains focused on maximizing the potential of existing operations and maintaining strong cost control, including the optimization of financing costs, which is essential to preserve our competitive advantage.

Nevertheless, we continue to engage closely with our existing customers and actively explore new market opportunities. We remain committed to supporting our customers' evolving needs and will provide updates on any changes to the factory expansion plan in due course.

Forwarded for your information.

Sincerely yours,

(Mrs.Voraluksana Ongkosit)
Executive Vice Chairperson

บริษัท เคซีอี อีเลคโทรนิคส์ จำกัด (มหาชน)
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