



M.D.078 /2022

May 19, 2022

Subject: Notification of management's discussion and analysis for the year 2021

To: President of the Stock Exchange of Thailand

With reference to Kang Yong Electric Public Company Limited's submission of financial statements for the year 2021 (ended March 31, 2022) duly reviewed by a certified public accountant, we would like to give clarification on the Company's operating results and financial position as follows:

Summary of financial information		Ended March 31	
		2022	2021
	(Unit)		
Total assets	Baht million	10,253	10,543
Total liabilities	Baht million	2,241	2,152
Shareholders' equity	Baht million	8,012	8,391
Revenues from sales and rendering of services	Baht million	7,898	8,286
Total revenues	Baht million	8,484	8,822
Costs of sales and rendering of services	Baht million	7,060	6,620
Gross profit	Baht million	838	1,666
Selling and administrative expenses	Baht million	1,114	1,066
Net profit	Baht million	337	998
Financial ratios			
Liquidity ratios			
Current ratio	time	4.16	4.87
Quick ratio	time	3.31	4.20
Accounts receivable turnover ratio	time	6.71	7.29
Average collection period	day	54	50
Inventory turnover ratio	time	7.24	8.52
Average age of inventories	day	50	43
Accounts payable turnover ratio	time	5.13	5.55
Repayment period	day	71	66
Cash cycle	day	33	27
Profitability ratios			
Gross profit margin	%	10.61	20.10
Net profit to sales ratio	%	4.27	12.05
Return on equity	%	4.11	14.13
Efficiency ratios			
Return on total assets	%	3.24	11.14
Return on fixed assets	%	47.11	92.51
Assets turnover ratio	time	0.82	0.98
Financial policy ratios			
Debt to equity ratio	time	0.28	0.26
Dividend payout ratio	%	*	50.08

\* In process of seeking approval from the Annual General Meeting of Shareholders 2022



Summary of operating results for FY2021 in comparison with FY2020:

Unit: Baht million	For the year ended March 31			
	2022	2021	Diff.	%
Revenues from sales and rendering of services	7,897.9	8,285.8	(387.9)	-4.7%
Costs of sales and rendering of services	7,059.7	6,620.4	439.3	6.6%
%	89.4%	79.9%	9.5%	
Gross profit	838.2	1,665.4	(827.2)	-49.7%
Selling expenses	462.6	435.1	27.5	6.3%
Administrative expenses	651.2	631.1	20.1	3.2%
Investment income and other	588.1	535.9	52.2	9.7%
Profit before income tax	312.5	1,135.1	(822.6)	-72.5%
Tax expense	(24.6)	136.8	(161.4)	-118.0%
Net profit for the year	337.1	998.3	(661.2)	-66.2%

Revenues from sales and services, by business segment

Unit: Baht million	For the year ended March 31			
	2022	2021	Diff.	%
Domestic market	3,092.0	3,225.6	(133.6)	-4.1%
Japan	3,412.8	3,491.5	(78.7)	-2.3%
Others	1,393.1	1,568.7	(175.7)	-11.2%
Export market	4,805.9	5,060.2	(254.4)	-5.0%
Total	7,897.9	8,285.8	(387.9)	-4.7%

Other export markets include 16 countries, namely Taiwan, Hong Kong, Singapore, Malaysia, Myanmar, Philippines, Vietnam, Indonesia, Australia, New Zealand, UAE, Sri Lanka, Brunei, Russia, Qatar and Kuwait.

Significant Change

The COVID-19 pandemic in Thailand and worldwide affected the Company's business operations throughout the fiscal year 2021. The difficulty in procurement of parts and raw materials, manpower management, production management, raw material shortage and price soaring increased the cost of the Company's products. The Company's expenses also increased from the cost of COVID-19 preventing and controlling measures.

Revenues from sales and services

For the fiscal year 2021, the Company's revenues from sales and rendering services decreased by 387.9 million baht or -4.7% from 8,285.8 million baht in the year 2020 to 7,897.9 million baht in the year 2021, divided into the following three major business groups as follow:

1. In the domestic market, revenue from sales and rendering services decreased from 3,225.6 million baht in 2020 to 3,092 million baht in 2021 or decreased 133.6 million baht or -4.1%, mainly due to the fewer sales of the refrigerator, electric fan, and ventilating fan.



2. Export to Japan market, revenue from sales decreased from 3,491.5 million baht in 2020 to 3,412.8 million baht in 2021 or decreased 78.7 million baht or -2.3% due to the fewer sales of the refrigerator and electric fan.
3. Export to markets elsewhere, the sales decreased from 1,568.7 million baht in 2020 to 1,393.1 million baht in 2021 or decreased 175.7 million baht or -11.2% due to the fewer sales of the refrigerator to Australia, Vietnam and Hong Kong.

### Investment income and other income

Investment income and other income for the fiscal year 2021 was 588.1 million baht, an increase of 52.2 million baht or 9.7% compared to 2020. Increased income mainly came from Net foreign exchange gain increased by 35.3 million baht, investment income increased by 3.4 million baht, and other income increased by 13.5 million baht.

### Cost of sales and expenses

The cost of sales and rendering services in 2021 accounted for 89.4% of revenues from sales and rendering services. The ratio increased by 9.5% compared to 2020 due to parts and raw materials prices soaring and electronics parts shortage; therefore, the cost of products increased.

Selling expenses increased from 435.1 million baht in 2020 to 462.6 million baht in 2021, increasing 27.5 million baht or 6.3%. As container shortages and freight costs increase has caused the cost of transporting goods abroad increases considerably.

Administrative expenses increased from 631.1 million baht in 2020 to 651.2 million baht in 2021, increasing 20.1 million baht or 3.2% due to the cost of COVID-19 preventing and controlling measures expanded 31.9 million baht when compared to the previous year.

### Profit

In the fiscal year 2021, the Company posted a gross profit margin of 838.2 million baht or 10.6%, which was a -9.5% decrease compared to the previous year. After considering the growth of the selling expenses, administrative expenses, investment income and other income, and the reduction of income tax; therefore, the net profit for the year 2021 was 337.1 million baht or 4.3% of revenues from sales and rendering services which decreased by -7.7% from the year 2020 which had 12%. The net profit rate per share has dropped from 50.42 baht per share in the year 2020 to 17.02 baht per share in the year 2021. The return on equity in the year 2021 has decreased from 14.13% in the year 2020 to 4.11% in the year 2021.



## Summary of financial position

Unit: Baht million	For the year ended March 31			
	2022	2021	Diff.	%
Cash and cash equivalents	739.3	755.5	(16.2)	-2.1%
Other current financial assets	3,030.0	3,600.0	(570.0)	-15.8%
Trade accounts receivables and Other receivables	1,230.8	1,122.1	108.7	9.7%
Value added tax refundable	54.6	33.0	21.6	65.5%
Short-term loan to related party	98.2	94.6	3.6	3.8%
Inventories	1,180.5	768.6	411.9	53.6%
Other current assets	18.0	11.8	6.2	52.5%
<b>Total current assets</b>	<b>6,351.4</b>	<b>6,385.6</b>	<b>(34.2)</b>	<b>-0.5%</b>
Other non-current financial assets	2,328.4	2,607.1	(278.7)	-10.7%
Property, plant and equipment	1,491.2	1,464.5	26.7	1.8%
Other non-current assets	82.2	85.8	(3.6)	-4.2%
<b>Total non-current assets</b>	<b>3,901.8</b>	<b>4,157.4</b>	<b>(255.6)</b>	<b>-6.1%</b>
<b>Total assets</b>	<b>10,253.2</b>	<b>10,543.0</b>	<b>(289.8)</b>	<b>-2.7%</b>
Trade accounts payables and Other payables	1,509.6	1,240.3	269.3	21.7%
Deferred tax liabilities	333.7	412.5	(78.8)	-19.1%
Non-current provisions for employee benefits	276.2	305.1	(28.9)	-9.5%
Other liabilities	121.9	194.3	(72.4)	-37.3%
<b>Total liabilities</b>	<b>2,241.4</b>	<b>2,152.2</b>	<b>89.2</b>	<b>4.1%</b>
<b>Total equity</b>	<b>8,011.8</b>	<b>8,390.8</b>	<b>(379.0)</b>	<b>-4.5%</b>
<b>Total liabilities and equity</b>	<b>10,253.2</b>	<b>10,543.0</b>	<b>(289.8)</b>	<b>-2.7%</b>

Total assets

As of March 31, 2022, the Company recorded total assets of 10,253.2 million baht, decreased -289.8 million baht or -2.7% from the corresponding period of the previous year, with changes in essential asset items as follows:

- Cash and cash equivalents as of March 31, 2022, was 739.3 million baht, decreased from the previous year by -16.2 million baht or -2.1%.
- Other current financial assets as of March 31, 2022, was 3,030 million baht, decreased from the previous year by -570 million baht or -15.8% due to a reduction in short-term deposits with financial institutions. The cash was used for business operations due to an increase in inventories.
- Trade accounts receivables and other receivables as of March 31, 2022 was 1,230.8 million baht, an increase of 108.7 million baht or 9.7% from the previous year, mainly due to an increase in trade accounts receivable. The trade accounts receivable as of March 31, 2022 accounted for 1,202.3 million baht, an increased of 106.4 million baht from 1,096 million baht in the year 2020.
- Inventories as of March 31, 2022 amounted to 1,180.5 million baht, an increase of 411.9 million baht or 53.6% from the previous year due to a shortage of electronic components. The inventory



value increased as the production capacity of parts suppliers were affected by the COVID-19 pandemic and the price of raw materials has significantly increased.

- Other non-current financial assets as of March 31, 2022, was 2,328.4 million baht, decreased by -278.7 million baht or -10.7 compared to March 31, 2021 due to the fair value adjustment of other investments.

### Total liabilities

As of March 31, 2022, the Company had total liabilities of 2,241.4 million baht, a rising of 89.2 million baht or 4.1% compared to the previous year. The significant changes are as below:

- Trade accounts payable and other payables as of March 31, 2022 was 1,509.6 million baht, an increase of 269.3 million baht or 21.7%, mainly due to the trade liabilities increased as of March 31, 2022, which was 1,147 million baht, increased from 892.7 million baht in the previous year by 254.3 million baht.
- Deferred tax liabilities as of March 31, 2022 was 333.7 million baht, a decrease of -78.8 million baht or -19.1%, mainly due to a decrease in Gain on equity investments measured at fair value through other comprehensive income.
- Other liabilities as of March 31, 2022 was 121.9 million baht, declined by -72.4 million baht or -37.3% from the previous year due to corporate income tax accrued decreased by -56.9 million baht.

Cash cycle was six days slower from 27 days in 2020 to 33 days in 2021, resulting from the difficulty in inventory management. However, current ratio changed from 4.87 times in year 2020 to 4.16 times in year 2021; as can be seen the Company still has excellent financial stability.

### Shareholders' equity

As of March 31, 2022, the Company recorded shareholders' equity of 8,011.8 million baht, decreased by -379 million baht or -4.5% from the previous year, due to various changes as follow:

- Shareholders' equity increased by 121 million baht from its comprehensive income for the year 2021 due to a net profit of 337.1 million baht and other comprehensive loss of -216.1 million baht.
- Shareholders' equity decreased from dividend payment in August 2021. the Company paid dividends to its shareholders in the total amount of 500 million baht at 25.25 baht per share, according to the shareholders' meeting as of July 22, 2021, approved the resolution.

Yours sincerely,

(Mr. Keiji Oya)

President