



M.D.046/2023

May 19, 2023

Subject: Notification of management's discussion and analysis for the year 2023

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 2022 (ended March 31, 2023) 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	
		2023	2022
	(Unit)		
Total assets	Baht million	9,645	10,253
Total liabilities	Baht million	1,746	2,241
Shareholders' equity	Baht million	7,899	8,012
Revenues from sales and rendering of services	Baht million	8,399	7,898
Total revenues	Baht million	8,765	8,484
Costs of sales and rendering of services	Baht million	7,517	7,060
Gross profit	Baht million	882	838
Selling and administrative expenses	Baht million	1,107	1,114
Net profit	Baht million	160	337
<b>Financial ratios</b>			
<i>Liquidity ratios</i>			
Current ratio	time	5.46	4.16
Quick ratio	time	4.19	3.31
Accounts receivable turnover ratio	time	7.29	6.71
Average collection period	day	50	54
Inventory turnover ratio	time	6.13	7.24
Average age of inventories	day	60	50
Accounts payable turnover ratio	time	5.82	5.13
Repayment period	day	63	71
Cash cycle	day	47	33
<i>Profitability ratios</i>			
Gross profit margin	%	10.49	10.61
Net profit to sales ratio	%	1.90	4.27
Return on equity	%	2.01	4.11
<i>Efficiency ratios</i>			
Return on total assets	%	1.60	3.24
Return on fixed assets	%	34.57	47.11
Assets turnover ratio	time	0.88	0.82
<i>Financial policy ratios</i>			
Debt to equity ratio	time	0.22	0.28
Dividend payout ratio	%	*	50.23

\* In process of seeking approval from the Annual General Meeting of Shareholders 2023



### Summary of operating results for FY2022 in comparison with FY2021:

Unit: Baht million	For the year ended March 31			
	2023	2022	Diff.	%
Revenues from sales and rendering of services	8,398.6	7,897.9	500.7	6.3%
Costs of sales and rendering of services	7,517.4	7,059.7	457.7	6.5%
%	89.5%	89.4%	0.1%	
Gross profit	881.2	838.2	43.0	5.1%
Selling expenses	493.2	462.6	30.6	6.6%
Administrative expenses	614.0	651.2	(37.2)	-5.7%
Investment income and other	368.0	588.1	(220.1)	-37.4%
Profit before income tax	142.0	312.5	(170.5)	-54.6%
Tax expense	(17.6)	(24.6)	7.0	-28.5%
Net profit for the year	159.6	337.1	(177.5)	-52.7%

### Revenues from sales and services, by business segment

Unit: Baht million	For the year ended March 31			
	2023	2022	Diff.	%
Domestic market	3,333.2	3,092.0	241.2	7.8%
Japan	3,535.9	3,412.8	123.1	3.6%
Others	1,529.6	1,393.1	136.5	9.8%
Export market	5,065.4	4,805.9	259.6	5.4%
Total	8,398.6	7,897.9	500.8	6.3%

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 Company's business operations started to recover gradually as the COVID-19 pandemic in many countries relaxed. However, in the previous year, there were conflicts between Ukraine and Russia, also China's Zero COVID policy also severely affected the difficulty in procuring parts and raw materials. The appreciation of the US dollar caused the Company the problem of high prices of primary raw materials such as steel, copper, aluminum, and resin. As well as the record-high oil prices have steadily increased all aspects of costs.

### Revenues from sales and services

For the fiscal year 2022, the Company's revenues from sales and rendering services increased by 500.7 million baht or 6.3% from 7,897.9 million baht in the year 2021 to 8,398.6 million baht in the year 2022, divided into the following three major business groups as follow:

1. In the domestic market, revenue from sales and rendering services increased from 3,092 million baht in 2021 to 3,333.2 million baht in 2022 or increased 241.2 million baht or 7.8%, mainly due to the sales expansion of the refrigerator and water pump.



2. Export to Japan market, revenue from sales increased from 3,412.8 million baht in 2021 to 3,535.9 million baht in 2022 or increased 123.1 million baht or 3.6% due to the sales expansion of the refrigerator.
3. Export to markets elsewhere, the sales increased from 1,393.1 million baht in 2021 to 1,529.6 million baht in 2022 or increased 136.5 million baht or 9.8%, mainly due to the sales expansion of the electric fan in Vietnam market.

### Investment income and other income

Investment income and other income for the fiscal year 2022 was 368 million baht, a decrease of 220.1 million baht or -37.4% compared to the fiscal year 2021. The decreased income mainly came from investment income decreased by 202.8 million baht and net foreign exchange gain reduced by 18.7 million baht, while other income increased by 3.2 million baht.

### Cost of sales and expenses

The cost of sales and rendering services in 2022 accounted for 89.5% of revenues from sales and rendering services. The ratio increased by 0.1% compared to 2021 due to electronics parts shortage and parts and raw materials prices soaring from the unfavorable exchange rate; therefore, the cost of products remained the same as the previous year.

Selling expenses increased from 462.6 million baht in 2021 to 493.2 million baht in 2022, increasing 30.6 million baht or 6.6% due to the higher prices for overseas shipping costs.

Administrative expenses decreased from 651.2 million baht in 2021 to 614 million baht in 2022, decreasing 37.2 million baht or -5.7% due to the cost of COVID-19 preventing and controlling measures reduced 32.1 million baht.

### Profit

In the fiscal year 2022, the Company posted a gross profit margin of 881.2 million baht or 10.5% of revenues from sales and rendering services, which was a 5.1% increase compared to the previous year. After considering the growth of the selling expenses, the reduction of administrative expenses and investment income and other income, and income tax; therefore, the net profit for the year 2022 was 159.6 million baht or 1.9% of revenues from sales and rendering services which decreased by -2.37% from the year 2021 which had 4.27%. The net profit rate per share has dropped from 17.02 baht per share in the year 2021 to 8.06 baht per share in the year 2022. The return on equity in the year 2022 has decreased from 4.11% in the year 2021 to 2.01% in the year 2022.



## Summary of financial position

Unit: Baht million	For the year ended March 31			
	2023	2022	Diff.	%
Cash and cash equivalents	630.6	739.3	(108.7)	-14.7%
Other current financial assets	2,820.0	3,030.0	(210.0)	-6.9%
Trade accounts receivables and Other receivables	1,072.2	1,230.8	(158.6)	-12.9%
Value added tax refundable	49.8	54.6	(4.8)	-8.8%
Short-term loan to related party	97.0	98.2	(1.2)	-1.2%
Inventories	1,271.4	1,180.5	90.9	7.7%
Other current assets	17.6	18.0	(0.4)	-2.2%
<b>Total current assets</b>	<b>5,958.6</b>	<b>6,351.4</b>	<b>(392.8)</b>	<b>-6.2%</b>
Other non-current financial assets	2,195.9	2,328.4	(132.5)	-5.7%
Property, plant and equipment	1,405.3	1,491.2	(85.9)	-5.8%
Other non-current assets	85.7	82.2	3.5	4.3%
<b>Total non-current assets</b>	<b>3,686.9</b>	<b>3,901.8</b>	<b>(214.9)</b>	<b>-5.5%</b>
<b>Total assets</b>	<b>9,645.5</b>	<b>10,253.2</b>	<b>(607.7)</b>	<b>-5.9%</b>
Trade accounts payables and Other payables	1,073.3	1,509.6	(436.3)	-28.9%
Deferred tax liabilities	290.4	333.7	(43.3)	-13.0%
Non-current provisions for employee benefits	270.0	276.2	(6.2)	-2.2%
Other liabilities	112.7	121.9	(9.2)	-7.5%
<b>Total liabilities</b>	<b>1,746.4</b>	<b>2,241.4</b>	<b>(495.0)</b>	<b>-22.1%</b>
<b>Total equity</b>	<b>7,899.1</b>	<b>8,011.8</b>	<b>(112.7)</b>	<b>-1.4%</b>
<b>Total liabilities and equity</b>	<b>9,645.5</b>	<b>10,253.2</b>	<b>(607.7)</b>	<b>-5.9%</b>

### Total assets

As of March 31, 2023, the Company recorded total assets of 9,645.5 million baht, decreased -607.7 million baht or -5.9% from the corresponding period of the previous year, with changes in essential asset items as follows:

- Cash and cash equivalents as of March 31, 2023, was 630.6 million baht, decreased from the previous year by -108.7 million baht or -14.7%.
- Other current financial assets as of March 31, 2023, was 2,820 million baht, decreased from the previous year by -210 million baht or -6.9% 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, 2023 was 1,072.2 million baht, a decrease of -158.6 million baht or -12.9% from the previous year, mainly due to a reduction in trade accounts receivable. The trade accounts receivable as of March 31, 2023 accounted for 1,041.5 million baht, decreased by -160.8 million baht from 1,202.3 million baht in the year 2021.



- Inventories as of March 31, 2023 amounted to 1,271.4 million baht, an increase of 90.9 million baht or 7.7% from the previous year due to a shortage of electronic components, inventories carried over from the last year, and higher raw material prices make more inventory value.
- Other non-current financial assets as of March 31, 2023, was 2,195.9 million baht, decreased by -132.5 million baht or -5.7 compared to March 31, 2022 due to the fair value adjustment of other investments.

### Total liabilities

As of March 31, 2023, the Company had total liabilities of 1,764.4 million baht, a reduction of 495 million baht or -22.1% compared to the previous year. The significant changes are as below:

- Trade accounts payable and other payables as of March 31, 2023 was 1,073.3 million baht, a decrease of -436.3 million baht or -28.9%, mainly due to the trade liabilities decreased as of March 31, 2023, which was 769 million baht, decreased from 1,147 million baht in the last year by 378 million baht.
- Deferred tax liabilities as of March 31, 2023 was 290.4 million baht, a decrease of -43.3 million baht or -13%, mainly due to a decrease in Gain on equity securities measured at fair value through other comprehensive income.
- Other liabilities as of March 31, 2023 was 112.7 million baht, declined by -9.2 million baht or -7.5% from the last year due to the estimated damage insurance costs are reduced by -9.2 million baht.

Cash cycle was fourteen days slower from 33 days in 2021 to 47 days in 2022, resulting from the difficulty in inventory management. However, current ratio changed from 4.16 times in year 2021 to 5.46 times in year 2022; as can be seen the Company still has excellent financial stability.

### Shareholders' equity

As of March 31, 2023, the Company recorded shareholders' equity of 7,899.1 million baht, decreased by -112.7 million baht or -1.4% from the previous year, due to various changes as follow:

- Shareholders' equity increased by 112.7 million baht from its comprehensive income for the year 2022 due to a net profit of 159.6 million baht and other comprehensive loss of -103 million baht.
- Shareholders' equity decreased from dividend payment in August 2022. the Company paid dividends to its shareholders in the total amount of 169.3 million baht at 8.55 baht per share, according to the shareholders' meeting as of July 26, 2022, approved the resolution.

Yours sincerely,

(Mr. Keiji Oya)

President