



Date 10 November 2023

Subject Management Discussion and Analysis of Operating Results for Quarter 3/2023

To Director and Manager The Stock Exchange of Thailand

Kijcharoen Engineering Electric Public Company Limited (“the Company”) would like to clarify the Management Discussion and Analysis of the Company operating result for the period ended 30 September 2023, which has been reviewed by certified public accountants as follows:

Operating Results of the Company

(Unit : Million Baht)

Operating Results	9-Months		Changed		% of Sales	
	2023	2022	Inc(Dec)	Inc(Dec)%	2023	2022
Sales of goods	808.19	755.71	52.48	6.94%	100.00%	100.00%
Cost of sales	(558.86)	(545.11)	13.75	2.52%	(69.15)%	(72.13)%
Gross profit	249.33	210.60	38.73	18.39%	30.85%	27.87%
Other income	3.91	3.18	0.73	22.96%	0.48%	0.42%
Selling expenses	(37.20)	(27.27)	9.93	36.41%	(4.60)%	(3.61)%
Administrative expenses	(59.57)	(58.66)	0.91	1.55%	(7.37)%	(7.76)%
Other gain (loss), net	0.05	0.07	(0.02)	(28.57)%	(0.01)%	(0.01)%
Finance cost	(6.94)	(7.33)	(0.39)	(5.32)%	(0.86)%	(0.97)%
Profit before income tax	149.58	120.59	28.99	24.04%	18.51%	15.96%
Income tax	(27.81)	(22.36)	5.45	24.37%	(3.44)%	(2.96)%
Net profit for the period	121.77	98.23	23.54	23.96%	15.07%	13.00%

Operating Results	Quarter 3	Quarter 2	QoQ		% of Sales	
	2023	2023	Inc(Dec)	Inc(Dec)%	Q3'2023	Q2'2023
Sales of goods	281.07	287.48	(6.41)	(2.23)%	100.00%	100.00%
Cost of sales	(187.31)	(205.87)	(18.56)	(9.02)%	(66.64)%	(71.61)%
Gross profit	93.76	81.61	12.15	14.89%	33.36%	28.39%
Other income	1.15	1.65	(0.50)	(30.30)%	0.41%	0.57%
Selling expenses	(12.71)	(12.26)	0.45	3.67%	(4.52)%	(4.26)%
Administrative expenses	(20.59)	(19.89)	0.70	3.52%	(7.33)%	(6.92)%
Other gain (loss), net	(0.01)	0.03	0.04	(133.33)%	0.00%	0.01%
Finance cost	(1.86)	(2.47)	(0.61)	(24.70)%	(0.66)%	(0.86)%
Profit before income tax	59.74	48.67	11.07	22.75%	21.25%	16.93%
Income tax	(11.24)	(9.06)	2.18	24.06%	(4.00)%	(3.15)%
Net profit for the period	48.50	39.61	8.89	22.44%	17.26%	13.78%



For the operating results for 9-months and 3-months of 2023, sales of goods of the Company amounted to Baht 808.19 million and Baht 281.07 million, accordingly and net profit for 9-months and 3-months amounted to Baht 121.77 million and Baht 48.50 million, accordingly mainly due to the following reasons:

Sales of goods

For 9-months of 2023, sales of goods of the Company amounted to Baht 808.19 million increased from the same period of 2022 by Baht 52.48 million or increased by 6.94 percent, mainly due to the increase of sale orders from customers from the ongoing promotional activities since early 2023. Mainly the Company's revenues is still KJL standard products, standard cabinet, wireway, and pull box with a proportion of 70.72 percent.

Compared with quarter 2 year 2023, decreased by Baht 6.41 million or decreased by 2.23 percent due to revenue from KJL standard products slightly decreased depend on promotional activities in each period.

Cost of sales

For 9-months of 2023, the Company's cost of sales amounted to Baht 558.86 million, which increased from the same period of 2022 by Baht 13.75 million or increased by 2.52 percent following the increase in revenue. An employees costs slightly increased from the annual salary adjustments including utility costs, repair and maintenance costs and factory consumable increased slightly consistent with an increase in production. However, costs of sales decreased when compared with cost of sales to sales ratio, due to the price of main raw material decrease.

Compared with quarter 2 year 2023, the Company's cost of sales decreased by Baht 18.56 million or increased by 9.02 percent due to the price of main raw material decrease and electricity expenses slightly decreased from the installation of the solar roof was partially completed in quarter 3 of 2023.

Selling expenses

For 9-months of 2023, the Company's selling expenses amounted to Baht 37.20 million, which increased from the same period of 2022 by Baht 9.93 million or increased by 36.41 percent, mainly due to marketing expenses in making public relations media and organizing various activities to enhance relationship with customers and the Company's network continuously in year 2023.

Compared with quarter 2 year 2023, the Company's selling expenses increased by Baht 0.45 million or increased by 3.67 percent. However selling expenses nearly the same when compared with expenses to sales ratio.

Administrative expenses

For 9-months of 2023, the Company's administrative expenses amounted to Baht 59.57 million, which increased from the same period of 2022 by Baht 0.91 million or increased by 1.55 percent, no significant change compared with expenses to sales ratio.



Compared with quarter 2 year 2023, administrative expenses of the Company increased by Baht 0.70 million or increased by 3.52 percent, however administrative expenses nearly the same compared with expenses to sales ratio.

Finance cost

For 9-months of 2023, finance cost of the Company amounted to Baht 6.94 million decreased from the same period of 2022 by Baht 0.39 million or decreased by 5.32 percent and decrease from the quarter 2 year 2023 by Baht 0.61 million or decreased by 24.70 percent, mainly due to repayments of promissory notes and long-term loans from financial institution on schedule.

Net profit

For 9-months of 2023, net profit of the Company amounted to Baht 121.77 million, which increased from the same period of 2022 by Baht 23.54 million or increased by 23.96 percent. Net profit margin was 15.07 percent, which increased from the same period of 2022, and net profit of the Company increase by Baht 8.89 million or increased by 22.44 percent compared with quarter 2 year 2023 mainly due to the decrease in main raw material prices and promotional activities in each period, resulting in the Company's gross profit and net profit being continuously good. Including, the Company has implemented the industrial technology 4.0 production control systems by invest automatic machines to increase production efficiency and well-cost controlled. In addition, the Company effectively manages the selling and administrative expenses and finance costs.

Statement of Financial Position

(Unit : Million Baht)

Financial Position	At 30 Sep 2023	At 31 Dec 2022	Inc(Dec)	Inc(Dec)%
Total current assets	402.88	649.65	(246.77)	(37.99)%
Total non-current assets	680.88	475.88	205.00	43.08%
Total assets	1,083.76	1,125.52	(41.76)	(3.71)%
Total current liabilities	400.75	413.06	(12.31)	(2.98)%
Total non-current liabilities	92.79	136.13	(43.34)	(31.84)%
Total liabilities	493.53	549.19	(55.66)	(10.13)%
Issued and fully paid-up share capital	116.00	58.00	58.00	100.00%
Share premium	379.97	379.97	-	-
Retained earnings-Appropriated	5.80	5.80	-	-
Retained earnings-Unappropriated	88.46	132.57	(44.11)	(33.27)%
Total equity	590.23	576.33	13.90	2.41%
Total liabilities and equity	1,083.76	1,125.52	(41.76)	(3.71)%

Assets

As at 30 September 2023, total assets of the Company decreased by Baht 41.76 million or decreased by 3.71 percent from the year ended 2022, mainly due to repayments of promissory notes and long-term loans from financial institution on schedule including an investment in building, machinery and equipment to expand the production capacity and meet customers' demand, as well as the growth of both public and private investments in related industries which is likely to grow continuously.

Liabilities

As at 30 September 2023, total liabilities of the Company amounted to Baht 493.53 million, which decreased by Baht 55.66 million or decreased by 10.13 percent from the year ended 2022 due to repayments of promissory notes and long-term loans from financial institution on schedule.

Equity

As at 30 September 2023, the equity of the Company increased by Baht 13.90 million or increased by 2.41 percent from the year ended 2022 due to the Company's net profit amounted to Baht 121.77 million net with, the cash dividend payment amounted to Baht 107.88 million.

Liquidity and capital adequacy

(Unit : Million Baht)

Cashflow	9-Months			
	2023	2022	Inc(Dec)	Inc(Dec)%
Net cash generated from (used in) operating activities	152.68	82.34	70.34	85.43%
Net cash generated from (used in) investing activities	(174.56)	(26.62)	147.94	555.75%
Net cash generated from (used in) financing activities	(251.70)	(56.04)	195.66	349.14%
Net increase (decrease) in cash and cash equivalents	(273.58)	(0.32)	273.26	85,393.75%
Cash and cash equivalents at the beginning of the period	349.79	1.03	348.76	33,860.19%
Cash and cash equivalents at the end of the period	76.21	0.71	75.50	10,633.80%

As at 30 September 2023, cash and cash equivalents of the Company amounted to Baht 76.21 million, which increased by Baht 75.50 million from the same period of 2022, mainly due to 1) cash and cash equivalents received from issuance of ordinary shares in quarter 4 year 2022, and 2) net cash used in investing activities increased by Baht 147.94 million mainly from payment for construction cost of factory building, machinery and equipment of Baht 174.55 million to expand the production capacity, 3) net cash used in financing activities amounted to Baht 195.66 million mainly from dividend paid, repayments of promissory notes and long-term loans from financial institution on schedule.

**Key Financial Ratios**

Key Financial Ratios	For the period ended 30 September 2023	For the year ended 31 December 2022	Inc(Dec)
Current Ratio (times)	1.01	1.57	(0.56)
Cash Cycle (days)	34.86	28.69	6.17
Debt to Equity ratio (times)	0.84	0.95	(0.11)

Current Ratio

For 9-months of 2023, current ratio of the Company was 1.01 times, which reduce from the year 2022 to 0.56 times due to the payment for investment in building, machinery and equipment following the demand of customers and repayments of promissory notes for decreased finance costs which was according to the purpose of utilization of capital increase by initial public offering.

Cash Cycle

For 9-months of 2023, the Company had a cash cycle of 34.86 days, which increased from the year 2022 by 6.17 days because the Company had a higher average inventory days due to stock more products from new products released in quarter 2 and 3 year 2023 and continuously produce products to send to customers according to the Company's organized sale promotion activities. In addition, The company also had higher average collection days and average payment days. However, The Company has followed up and coordinated with customers causing the debtor to pay debts as scheduled. As a result, the cash cycle of the Company was slower but it did not affect the overall liquidity of the Company.

Debt to Equity ratio

For 9-months of 2023, the total debt to equity ratio of the Company was 0.84 times, which decreased from 2022 by 0.11 times, mainly due to decreased in total liabilities by 10.13 percent from the year 2022 due to repayments of promissory notes and long-term loans from financial institution on schedule.