

No. M.D.054 /2024

May 20, 2024

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 2023 (ended March 31, 2024) 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	
		2024	2023
	(Unit)		
Total assets	Baht million	11,115	9,645
Total liabilities	Baht million	1,747	1,746
Shareholders' equity	Baht million	9,368	7,899
Revenues from sales and rendering of service	Baht million	7,079	8,399
Total revenues	Baht million	7,771	8,765
Costs of sales and rendering of services	Baht million	6,109	7,517
Gross profit	Baht million	970	882
Selling and administrative expenses	Baht million	867	1,107
Net profit	Baht million	738	160
<b>Financial ratios</b>			
<i>Liquidity ratios</i>			
Current ratio	time	7.65	5.46
Quick ratio	time	6.67	4.19
Accounts receivable turnover ratio	time	6.99	7.29
Average collection period	day	52	50
Inventory turnover ratio	time	6.13	6.13
Average age of inventories	day	60	60
Accounts payable turnover ratio	time	6.44	5.82
Repayment period	day	57	63
Cash cycle	day	55	47
<i>Profitability ratios</i>			
Gross profit margin	%	13.71	10.49
Net profit to sales ratio	%	10.42	1.90
Return on equity	%	8.54	2.01
<i>Efficiency ratios</i>			
Return on total assets	%	7.11	1.60
Return on fixed assets	%	77.86	34.57
Assets turnover ratio	time	0.75	0.88
<i>Financial policy ratios</i>			
Debt to equity ratio	time	0.19	0.22
Dividend payout ratio	%	*	4.10

\* In process of seeking approval from the Annual General Meeting of Shareholders 2024

#### Summary of operating results for FY2023 in comparison with FY2022:

Unit: Baht million	For the year ended March 31			
	2024	2023	Diff.	%
Revenues from sales and rendering of services	7,079.3	8,398.6	(1,319.3)	-15.7%
Costs of sales and rendering of services	6,108.8	7,517.4	(1,408.6)	-18.7%
%	86.3%	89.5%	-3.2%	
Gross profit	970.5	881.2	89.3	10.1%
Selling expenses	291.4	493.2	(201.8)	-40.9%
Administrative expenses	575.1	614.0	(38.9)	-6.3%
Investment income and other	691.7	368.0	323.7	88.0%
Profit before income tax	795.7	142.0	653.7	460.4%
Tax expense	58.1	(17.6)	75.7	-430.1%
<b>Net profit for the year</b>	<b>737.6</b>	<b>159.6</b>	<b>578.0</b>	<b>362.2%</b>

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

Unit: Baht million	For the year ended March 31			
	2024	2023	Diff.	%
Domestic market	2,962.1	3,333.2	(371.1)	-11.1%
Japan	3,136.4	3,535.9	(399.5)	-11.3%
Others	980.8	1,529.6	(548.8)	-35.9%
Export market	4,117.2	5,065.4	(948.2)	-18.7%
<b>Total</b>	<b>7,079.3</b>	<b>8,398.6</b>	<b>(1,319.4)</b>	<b>-15.7%</b>

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.

#### Revenues from sales and services

For the fiscal year 2023, the Company's revenues from sales and rendering services decreased by 1,319.3 million baht or -15.7% from 8,398.6 million baht in the year 2022 to 7,079.3 million baht in the year 2023, divided into the following three major business groups as follow:

1. In the domestic market, revenue from sales and rendering services decreased by 371.1 million baht or -11.1% from 3,333.2 million baht in 2022 to 2,962.1 million baht in 2023, mainly due to the sales reduction of the refrigerator and water pump.
2. Export to Japan market, revenue from sales decreased from 3,535.9 million baht in 2022 to 3,136.4 million baht in 2023 or decreased 399.5 million baht or -11.3% due to the sales reduction in all products.
3. Export to markets elsewhere, the sales decreased from 1,529.6 million baht in 2022 to 980.8 million baht in 2023 or decreased 548.8 million baht or -35.9%, mainly due to the sales reduction in all products.



### Investment income and other income

Investment income and other income for the fiscal year 2023 was 691.7 million baht, an increase of 323.7 million baht or 88.0% compared to 2022. The increased income mainly came from investment income increased by 326.6 million baht, net foreign exchange gains improved by 11.6 million baht and while other income decreased by 13.0 million baht.

### Cost of sales and expenses

The cost of sales and rendering services in 2023 accounted for 86.3% of revenues from sales and rendering services. The procurement difficulty was eased; however, parts and raw materials prices were still soaring from the unfavorable exchange rate; therefore, the cost of products ratio decreased by 3.2% compared to the previous year.

Selling expenses decreased from 493.2 million baht in 2022 to 291.4 million baht in 2023, reducing 201.8 million baht or -40.9% due to the less container shortage problems and costs for overseas shipping decreased.

Administrative expenses decreased from 614.0 million baht in 2022 to 575.1 million baht in 2023, decreasing 38.9 million baht or -6.3% due to a decrease in finished goods storage costs of 16.7 million baht and a decrease in product development fee of 24.1 million baht.

### Profit

In the fiscal year 2023, the Company posted a gross profit margin of 970.5 million baht or 13.7% of revenues from sales and rendering services, which was a 10.1% increase compared to the previous year. After considering the declining of the selling expenses, the reduction of administrative expenses and a growth in investment income and other income, and income tax; therefore, the net profit for the year 2023 was 737.6 million baht or 10.42% of revenues from sales and rendering services which increased by 8.52% from the year 2022 which had 1.90%. The net profit rate per share has risen from 8.06 baht per share in the year 2022 to 37.25 baht per share in the year 2023. The return on equity in the year 2023 has increased from 2.01% in the year 2022 to 8.54% in the year 2023.



### Summary of financial position

Unit: Baht million	For the year ended March 31			
	2024	2023	Diff.	%
Cash and cash equivalents	222.3	630.6	(408.3)	-64.7%
Other current financial assets	4,412.8	2,820.0	1,592.8	56.5%
Trade accounts receivables and Other receivables	953.9	1,072.2	(118.3)	-11.0%
Value added tax refundable	37.2	49.8	(12.6)	-25.3%
Short-term loan to related party	97.8	97.0	0.8	0.8%
Inventories	722.4	1,271.4	(549.0)	-43.2%
Other current assets	6.7	17.6	(10.9)	-61.9%
<b>Total current assets</b>	<b>6,453.1</b>	<b>5,958.6</b>	<b>494.5</b>	<b>8.3%</b>
Other non-current financial assets	3,214.6	2,195.9	1,018.7	46.4%
Property, plant and equipment	1,365.5	1,405.3	(39.8)	-2.8%
Other non-current assets	81.6	85.7	(4.1)	-4.8%
<b>Total non-current assets</b>	<b>4,661.7</b>	<b>3,686.9</b>	<b>974.8</b>	<b>26.4%</b>
<b>Total assets</b>	<b>11,114.8</b>	<b>9,645.5</b>	<b>1,469.3</b>	<b>15.2%</b>
Trade accounts payables and Other payables	824.4	1,073.3	(248.9)	-23.2%
Deferred tax liabilities	547.4	290.4	257.0	88.5%
Non-current provisions for employee benefits	275.1	270.0	5.1	1.9%
Other liabilities	99.6	112.7	(13.1)	-11.6%
<b>Total liabilities</b>	<b>1,746.5</b>	<b>1,746.4</b>	<b>0.1</b>	<b>0.0%</b>
<b>Total equity</b>	<b>9,368.3</b>	<b>7,899.1</b>	<b>1,469.2</b>	<b>18.6%</b>
<b>Total liabilities and equity</b>	<b>11,114.8</b>	<b>9,645.5</b>	<b>1,469.3</b>	<b>15.2%</b>

### Total assets

As of March 31, 2024, the Company recorded total assets of 11,114.8 million baht, increased 1,469.3 million baht or 15.2% from the corresponding period of the previous year, with changes in essential asset items as follows:

- Cash and cash equivalents as of March 31, 2024, was 222.3 million baht, decreased from the previous year by -408.3 million baht or -64.7%.
- Other current financial assets as of March 31, 2024, was 4,412.8 million baht, increased from the previous year by 1,592.8 million baht or 56.5% due to an expansion in short-term deposits with financial institutions
- Trade accounts receivables and other receivables as of March 31, 2024 was 953.9 million baht, a decrease of -118.3 million baht or -11.0% from the previous year, mainly due to a reduction in trade accounts receivable. The trade accounts receivable as of March 31, 2024 accounted for 908.8 million baht, decreased by -132.7 million baht from 1,041.5 million baht in the year 2023.
- Inventories as of March 31, 2024 amounted to 722.4 million baht, a decrease of -549 million baht or -43.2% from the previous year as the Company achieved the efficient inventory management.

• Other non-current financial assets as of March 31, 2024, was 3,214.6 million baht, increased by 1,018.7 million baht or 46.4% compared to March 31, 2023 due to the fair value adjustment of other investments.

### Total liabilities

As of March 31, 2024, the Company had total liabilities of 1,746.5 million baht, a slightly increase of 0.1 million baht or 0.00% compared to the previous year. The significant changes are as below:

- Trade accounts payable and other payables as of March 31, 2024 was 824.4 million baht, a decrease of -248.9 million baht or -23.2%, mainly due to the trade liabilities decreased as of March 31, 2024, which was 541.8 million baht, fell from 769.0 million baht in the last year by 227.1 million baht.
- Deferred tax liabilities as of March 31, 2024 was 547.4 million baht, an increase of 257.0 million baht or 88.5%, mainly due to an increase in Gain on equity securities measured at fair value through other comprehensive income.
- Other liabilities as of March 31, 2024 was 99.6 million baht, declined by -3.1 million baht or -11.6% from the last year due to the estimated damage insurance costs are reduced by -7.2 million baht.

Cash cycle was eight days slower from 47 days in 2022 to 55 days in 2023, resulting from the difficulty in inventory management. However, current ratio changed from 5.46 times in year 2022 to 7.65 times in year 2023; as can be seen the Company still has excellent financial stability.

### Shareholders' equity

As of March 31, 2024, the Company recorded shareholders' equity of 9,368.2 million baht, increased by 1,469.1 million baht or 18.6% from the previous year, due to various changes as follow:

- Shareholders' equity increased by 1,469.1 million baht from its comprehensive income for the year 2023 due to a net profit of 737.6 million baht and other comprehensive profits of 812.7 million baht.
- Shareholders' equity decreased from dividend payment in August 2023. the Company paid dividends to its shareholders in the total amount of 81.2 million baht at 4.10 baht per share, according to the shareholders' meeting as of July 26, 2023, approved the resolution.

Yours sincerely,

  
(Mr. Keiji Oya)  
President