

No. CEO/010/2023

November 9, 2023

Subject: Company's operating results for the 3rd quarter of 2023 ended September 30, 2023

To: The President

The Stock Exchange of Thailand

Yuasa Battery (Thailand) Public Company Limited ("the Company") would like to clarify the operating results for the third quarter of 2023 ended September 30, 2023, as follows:

Performance Overview, Q3/2023

For the third quarter of 2023, the Company posted a net profit of 30.49 million baht, increasing by 1.32 million baht from the second quarter or 4.5%, but decreasing 8.48 million baht or 21.8% compared to the third quarter of 2022.

1. Operating Results

Unit: Million baht	Q3/ 2023	Q2/ 2023	QoQ	Q3/ 2022	YoY	9M 2023	9M 2022	YoY
Sales of goods	659.56	653.61	0.9%	693.01	(4.83%)	1,951.96	1,930.43	1.1%
Cost of sales	506.37	510.16	(0.7%)	535.07	(5.4%)	1,521.83	1,516.62	0.3%
Gross margin	153.19	143.45	6.8%	157.94	(3.0%)	430.14	413.81	3.9%
Other income	3.43	2.95	16.5%	4.06	(15.4%)	8.65	10.29	(16.0%)
Selling and administrative expenses	116.52	110.96	5.0%	112.72	3.4%	334.68	320.21	4.5%
Finance cost	0.17	0.18	(8.5%)	0.21	(19.7%)	0.54	0.63	(14.6%)
Income tax expenses	9.45	6.08	55.4%	10.10	(6.5%)	21.20	22.75	(6.8%)
Net profit	30.49	29.17	4.5%	38.97	(21.8%)	82.36	80.51	2.3%
Earnings per share (Baht/share)	0.28	0.27	4.5%	0.36	(21.8%)	0.77	0.75	2.3%

1.1 Quarterly operating results

- Sales of goods:** The Company recorded sales of goods totaling 659.56 million baht, an increase of 0.9% or 5.95 million baht compared to the second quarter of 2023, owing to an increase of 17.01 million baht or 14.0% in export revenue following the higher demand for motorcycle batteries in foreign original equipment manufacturers (OEMs). Meanwhile, revenue from domestic OEMs decreased by 5.19 million baht from the record in the second quarter due to the impact of loan criteria tightening on automotive OEMs.

\ In addition,...

In addition, some motorcycle OEMs continued to be affected by the shortage of other manufacturing parts. Revenue from the domestic replacement market declined by 2.92 million baht following the pressure from the market situation, competition as well as the liquidity of the retailers.

Sales revenue, compared to the same quarter of the year 2022, decreased by 4.83% or 33.45 million baht, mainly due to lower sales in the automotive and motorcycle OEM market.

- ii. Cost of sales: The Company's cost of sales totaled 506.37 million baht or 76.8% of sales of goods. The proportion is lower than in the last period which was at 78.1% of sales of goods mainly due to cost of raw materials, and is lower than in the same period of last year which was at 77.2% of sales of goods primarily because of lower direct labor costs and manufacturing overhead.
- iii. Selling and administrative expenses: The Company's selling and administrative expenses totaled 116.52 million baht or 17.67% of sales of goods. Compared with the second quarter of 2023, the ratio of selling and administrative expenses to sales of goods rose 0.69%, and the amount increased by 5.56 million baht, from which an increase of 3.12 million baht was due to sales promotional activities, e.g., distributor workshop programs and royalty fees that followed higher sales volume and revenue. In addition to the increase in selling expenses, administrative expenses increased by 2.44 million baht, mainly from asset write-offs amounting to 1.32 million baht following the changes in their applications during the building improvement process.

In comparison with the same period last year, the ratio of selling and administrative expenses to sales of goods increased by 1.40% with an increase in value of 3.80 million baht. The amount included an increase of 1.52 million baht in sales and marketing expenses even though royalty fees and excise tax declined in line with lower sales revenue, and an increase of 2.28 million baht in administrative expenses mainly due to personnel and IT expenses.

1.2 Nine-month operating results

- i. Sales of goods: The Company recorded 1.1% higher sales of goods than in the first nine months of the previous year or an increase of 21.54 million baht, owing to the growth in the export market, other markets and domestic replacement market by 4.7%, 3.7% and 0.7%, respectively. This was the result of the higher product demand, especially motorcycle batteries. Meanwhile, sales revenue from OEM markets decreased by 0.3%.

- ii. Cost of sales: The Company's cost of sales totaled 1,521.83 million baht or 78.0% of sales of goods. The ratio decreased from the first nine months of 2022, which stood at 78.6%. The main reasons were the decrease in direct labor costs and manufacturing overhead.
- iii. Selling and administrative expenses: Compared with the first nine months of 2022, selling and administrative expenses increased by 14.48 million baht, while their ratio to sales of goods was 0.6% higher due to an increase in sales and marketing expenses.

2. Financial Position

Table showing summaries of financial position

Unit: Million baht	Sept 30, 2023	Dec 31, 2022	Increase/ (Decrease)	%
Assets				
Current assets				
Cash and cash equivalents	333.29	414.82	(81.53)	(19.7%)
Trade and other receivables	357.72	393.45	(35.73)	(9.1%)
Inventories	395.78	317.65	78.13	24.6%
Other current assets	12.30	8.77	3.54	40.3%
Total current assets	1,099.10	1,134.68	(35.59)	(3.1%)
Non-current assets				
Property, plant, and equipment	444.88	407.65	37.24	9.1%
Other non-current assets	36.02	36.09	(0.07)	(0.2%)
Total non-current assets	480.91	443.74	37.17	8.4%
Total assets	1,580.01	1,578.42	1.58	0.1%
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	361.58	399.36	(37.78)	(9.5%)
Other current liabilities	39.16	50.44	(11.28)	(22.4%)
Total current liabilities	400.75	449.80	(49.06)	(10.9%)
Total non-current liabilities	111.65	106.13	5.51	5.2%
Total liabilities	512.39	555.94	(43.54)	(7.8%)
Shareholders' equity	1,067.61	1,022.48	45.13	4.4%
Total liabilities and shareholders' equity	1,580.01	1,578.42	1.58	0.1%

2.1 The Company's total assets as of September 30, 2023, totaled 1,580.01 million baht, consisting of current assets of 1,099.10 million baht and non-current assets of 480.91 million baht.

Current assets decreased by 35.59 million baht compared to the amount as of December 31, 2022. Cash and cash equivalents decreased by 81.53 million baht, mainly due to the shortened payment terms for raw materials and the increase in raw material inventories following the increased sales forecast. Meanwhile, trade and other receivables decreased by 35.73 million baht on account of strengthened account receivable management. The value of non-current assets, on the other hand, increased by 37.17 million baht, mostly from the construction projects and the addition of machinery and equipment.

2.2 The Company's total liabilities as of September 30, 2023, were 512.39 million baht - a decrease of 43.54 million baht from the total liabilities as of December 31, 2022. This was due to the decrease of trade and other payables by 37.78 million baht, which followed changes in the payment terms for raw materials. Meanwhile, other current liabilities decreased by 11.28 million baht owing to the payment of corporate income tax payables. Non-current liabilities, on the contrary, increased by 5.51 million baht, mainly due to the accrued employee benefits.

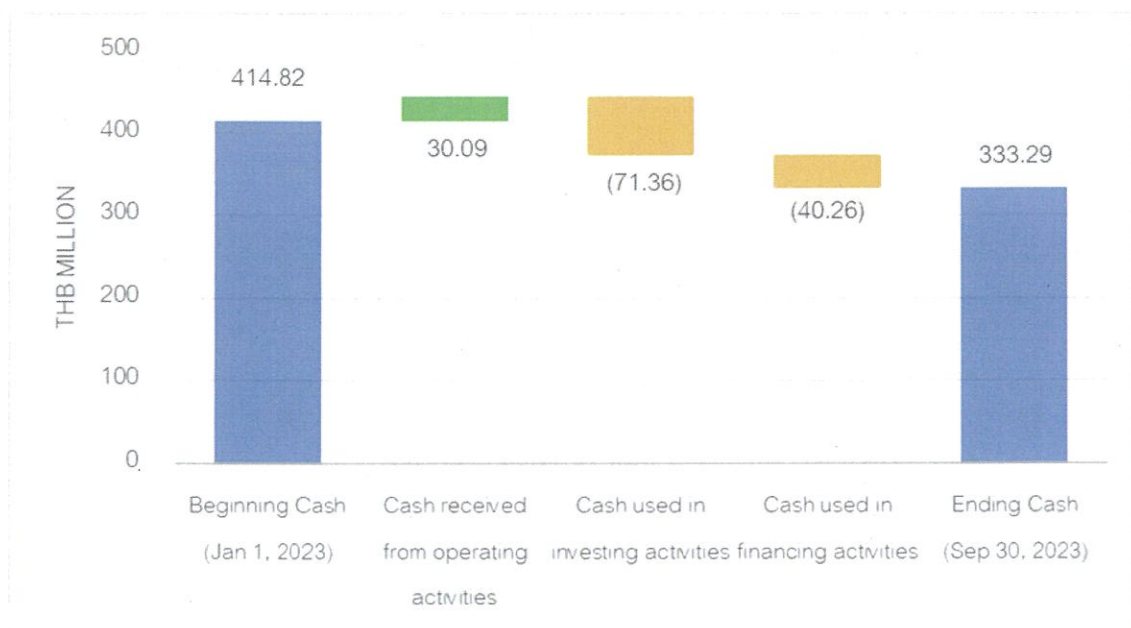
2.3 The Company's shareholders' equity as of September 30, 2023, totaled 1,067.61 million baht, an increase of 45.13 million baht or 4.4% from the end of last year as a consequence of:

(+) Profits in the first nine months of 2023 amounted to 82.36 million baht.

(-) Dividend payment to the shareholders derived from 2022's operating results of 37.23 million baht.

3. Cash flows

Chart summarizing cash flows of the 9-month period



As of September 30, 2023, the Company recorded cash and cash equivalents totaling 333.29 million baht. Details of each activity were summarized as follows:

3.1 Net cash flows from operating activities totaled 30.09 million baht. Key issues affecting changes were the following:

- (+) Operating profits of 152.63 million baht;
- (+) Trade and other receivables decrease 36.83 million baht;
- (-) Inventories decrease 77.31 million baht;
- (-) Other current assets increase 3.54 million baht;
- (-) Trade and other payables decrease 44.02 million baht;
- (-) Cash paid for employee benefits 0.65 million baht;
- (-) Other current liabilities decrease 2.55 million baht.
- (+) Cash received from interest income 0.48 million baht
- (-) Cash paid for interest expenses 0.08 million baht
- (-) Case paid for corporate income tax 31.71 million baht

3.2 Net cash flows used in investing activities totaled 71.36 million baht — 56.05 million baht of which was spent on buildings, machinery, and equipment; 1.37 million baht was the acquisition of intangible assets and 14.13 million baht was advanced payment for fixed asset acquisition. The Company also received cash from the sales of machinery and equipment totaling 0.19 million baht.

3.3 Net cash flows used in financing activities totaled 40.26 million baht — 3.03 million baht of which was the payment of lease liabilities, while 37.23 million baht was the dividend paid.

4. Financial ratio

Key financial ratio items

	Q3/ 2023	Q2/ 2023	Q3/ 2022	9M2023	9M2022
Profitability ratio (%)					
Gross profit margin	23.23	21.95	22.79	22.04	21.44
Operating profit margin	6.08	5.42	7.11	5.33	5.38
Net profit margin	4.62	4.46	5.62	4.22	4.17
Return on equity (ROE)	2.90	2.80	4.02	7.88	8.34

	Q3/ 2023	Q2/ 2023	Q3/ 2022
Liquidity ratio (times)			
Current ratio*	2.74	2.90	2.41
Quick ratio*	1.72	1.82	1.76
Account Receivable turnover	1.92	1.92	1.75
Collection period (days)	47	47	52
Account Payable turnover	2.69	2.59	2.01
Payment period (days)	34	35	45

*ratio as of September 30, 2023; June 30, 2023; and September 30, 2022.

The Company's current ratio and quick ratio as of September 30, 2023, decreased from the end of the previous quarter and increased from the same period of 2022, mainly as a consequence of the changes in the current liabilities. The average collection period was 47 days, which remained unchanged from the last quarter, but decreased from the same period last year which was 52 days. The decrease was due to close and continuous account receivable monitoring. The payment period was at the same level as in the previous quarter, owing to the payment term shortening for lower raw material prices. Nevertheless, the shorter payment period did not affect the Company's liquidity management.

The nine-month operating profit margin was year-on-year lower, mainly due to the ratio of selling and administrative expenses to sales of goods going higher, while the proportion of other income declined slightly.

Please be informed accordingly.

Yours sincerely,



Mr. Akira Kiyomizu
Chief Executive Officer