

17 May 2022

To: President
The Stock Exchange of Thailand

Re: Management Discussion and Analysis (MD&A) for the First Quarter of 2022 ending as at 31 March 2022

P.C.S. Machine Group Holding Public Company Limited (the “Company”) would like to inform the Management Discussion and Analysis (MD&A) for the first quarter of 2022 ending at 31 March 2022 as follow;

Financial Overview

Descriptions	Quarter 1 2022	Quarter 4 2021	Quarter 1 2021	Changes QoQ (%)	Changes YoY (%)	Ratio to Sales Q1-22	Ratio to Sales Q4-21	Ratio to Sales Q1-21
Sales Revenue	1,137.1	420.3	1,063.4	170.5%	6.9%			
- Local Business	1,047.6	888.9	937.1	17.9%	11.8%			
- Overseas Business	89.5	(468.6)	126.3	119.1%	-29.1%			
Other Revenue	27.7	27.1	23.4	2.2%	18.4%			
Total Revenue	1,234.0	460.6	1,081.4	167.9%	14.1%			
Cost of Goods Sold	883.4	312.9	814.9	182.3%	8.4%	77.7%	74.4%	76.6%
- Local Business	784.5	701.6	698.7	11.8%	12.3%	74.9%	78.9%	74.6%
- Overseas Business	98.9	(388.7)	116.2	125.4%	-14.9%	110.5%	-82.9%	92.0%
Gross Profit	253.7	118.9	248.5	113.4%	2.1%	22.3%	28.3%	23.4%
- Local Business	263.2	187.3	238.4	40.5%	10.4%	25.1%	21.1%	25.4%
- Overseas Business	(9.5)	(68.4)	10.1	86.1%	-194.1%	-10.6%	-14.6%	8.0%
SG&A	105.3	25.7	123.5	309.7%	-14.7%	9.3%	6.1%	11.6%
- Local Business	68.7	61.7	46.6	11.3%	47.4%	6.6%	6.9%	5.0%
- Overseas Business	36.6	(36.0)	76.9	201.7%	-52.4%	40.9%	-7.7%	60.9%
Net Profits for the Period	211.0	(1.1)	119.8	19281.8%	76.1%	17.1%	-0.2%	11.1%
- Local Business	204.2	140.4	175.3	45.4%	16.5%	19.5%	15.3%	18.7%
- Overseas Business	(44.0)	(29.3)	(20.7)	-50.2%	-112.6%	-49.2%	-6.3%	-16.4%
- Government subsidies re impact from Covid	69.2	79.8	0.0	-13.3%	n.a.	5.6%	17.3%	0.0%
- Loss from discontinued operation	1.7	(66.3)	(3.3)	102.6%	151.5%	0.1%	-14.4%	-0.3%
- Impairment of overseas assets	0.0	(89.7)	0.0	n.a.	n.a.	0.0%	-19.5%	0.0%
- Loss on sales of investment properties	0.0	0.0	(32.1)	n.a.	n.a.	0.0%	0.0%	-3.0%
- Gain (Loss) on Fx	(20.2)	(36.0)	0.6	43.9%	-3466.7%	-1.6%	-7.8%	0.1%
Fx THB/Euro	36.8184	37.5083	36.3346					

The Automotive Industry Club, the Federation of Thai Industries, reported the information of overall automotive industry in the first quarter of 2022 presenting a gradual improvement of automotive industry in Thailand amid the outbreak of the Coronavirus Disease 2019 (“COVID-19”). This resulted an improvement of the automotive market in Thailand, resulting the first quarter of 2022 domestic car sales of 231,189 units, increasing 22.67% compared to the same period of 2021 of 188,463 units. Vehicle export of 243,124 units declined 5.81% comparing to the first quarter of 2021 of 258,108 units. Total production of cars in the first quarter of 2022 was 480,078 units, increasing 3.06% compared to the same period of 2021 of 465,833 units, whereas the production of 1-ton pickup truck was totaling 333,585 units, increasing 15.63% compared to the same period of 2021 of 288,481 units.

Sales Revenue

Pursuant to the improvement of auto industry in Thailand since 2021 amid a slowdown of European auto industry and the outbreak of the Coronavirus Disease 2019 (“COVID-19”), the Company and its subsidiaries recorded Sales Revenue in the first quarter of 2022 at Baht 1,137.1 million, increasing 6.9% from Baht 1,063.4 million in the same period of 2021, and increasing 170.5% from Baht 420.3 million in the fourth quarter of 2021, which resulted from changes of sales revenue from local and overseas business as follow;

- Local business: Sales revenue was at Baht 1,047.6 million in the first quarter of 2022, increasing 11.8% from Baht 937.1 million in the same period of 2021, and increasing 17.9% from Baht 888.9 million in the fourth quarter of 2021, due to adjustment for program order from customers pursuant to car model change per overall improved auto market in the country.
- In the first quarter of 2022, the Company recorded the sales revenue generating from overseas business in the amount of Baht 89.5 million, decreasing 29.1% from Baht 126.3 million in the same period of 2021. Overseas sale revenue in negative number of Baht 468.6 million in the fourth quarter of 2021 was due to accounting adjustment in sale revenue of one subsidiary in Germany (PWH), which was under insolvency procedure since December 2021, resulted in separation of sale revenue record to extraordinary item under Loss from Discontinued Operation.

Cost of Goods Sold (COGS) and Gross Profit

In the first quarter of 2022, the Company and its subsidiaries recorded COGS of Baht 883.4 million, increasing 8.4% from Baht 814.9 million in the same period of 2021, with the ratio of COGS to sales revenue of 77.7%, and increasing 182.3% from Baht 312.9 million in the fourth quarter of 2021, which resulted from changes of COGS from local and overseas business as follow;

- Local business: COGS recorded at Baht 784.5 million in the first quarter of 2022, increasing 12.3% from Baht 698.7 million in the same period of 2021 and increasing 11.8% from Baht 701.6 million in the fourth quarter of 2021, in relation to local sales revenue. The ratio of COGS to sales revenue in the first quarter of 2022 was 74.9%, slightly higher from 74.6% in the same period of 2021, but decreasing from 78.9% in the fourth quarter of 2021.
- Overseas business: COGS of Baht 98.9 million in the first quarter of 2022, decreasing 14.9% from Baht 116.2 million in the same period of 2021. COGS for overseas was in negative number of Baht 388.7 million in the fourth quarter of 2021 was due to accounting adjustment of one subsidiary in Germany (PWH), which was under insolvency procedure, resulted in separation of COGS record to extraordinary item under Loss from Discontinued Operation.

As a result, in the first quarter of 2022, the Company and its subsidiaries had a gross profit of Baht 253.7 million, increasing 2.1% from Baht 248.5 million in the same period of 2020 and increasing 113.4% from Baht 118.9 million in the fourth quarter of 2021. The gross profit margin was at 22.3% in the first quarter of 2022.

Selling, General and Administrative Expenses (SG&A)

In the first quarter of 2022, the Company and its subsidiaries recorded SG&A of Baht 105.3 million, decreasing 14.7% from Baht 123.5 million in the same period of 2021, and increasing 309.7% from Baht 25.7 million in the fourth quarter of 2021, with the ratio of SG&A to sales revenue of 9.3%, which resulted from changes of SG&A from local and overseas business as follow;

- Local business: SG&A recorded at Baht 68.7 million in the first quarter of 2022, increasing 11.7% from Baht 61.5 million in the same period of 2021, and increasing 11.3% from Baht 61.7 million in the fourth quarter of 2021, due mainly to accounting expense regarding tools and supplies of goods produced for a customer whose contract had completed, together with expense related to Covid-19 for the employees. The ratio of SG&A to sales revenue in the first quarter of 2022 was 6.6%.
- Overseas business: SG&A of Baht 36.6 million in the first quarter of 2022, decreasing 41.0% from Baht 62.0 million in the same period of 2021 with SG&A to sales revenue at 40.9%. SG&A for overseas was in negative number of Baht 36.0 million in the fourth quarter of 2021 was due to accounting adjustment of one subsidiary in Germany (PWH), which was under insolvency procedure, resulted in separation of SG&A record to extraordinary item under Loss from Discontinued Operation.

Foreign Exchange Gain / Loss

In the first quarter of 2022, the Company recorded the unrealized loss from foreign exchange of Baht 20.2 million, comparing to the unrealized foreign exchange gain of Baht 0.6 million in the same period of 2021, from loan to overseas subsidiaries, which the exchange rate as at 31 March 2022 was 36.8184 Baht per Euro.

Government subsidies re impact from Covid

In the first quarter of 2021, the Company recorded the subsidies from Germany government regarding impact from Covid outspread situation for one subsidiary of the Company (PWG) in the amount of Baht 69.2 million, which the Company submitted the application in March 2022 and it was an additional application following the same submission in December 2021 in the amount of Baht 79.8 million.

Net Profit

In the first quarter of 2022, the Company and its subsidiaries recorded a net profit of Baht 211.0 million with the ratio of net profit to sales revenue of 17.1%, the earning per share of Baht 0.14, increasing 76.1% compared with the net profit in the same period of 2021 of Baht 119.8 million. If excluding unrealized gain/loss from foreign exchange, the Company shall record a higher net profit of Baht 231.2 million, comparing to a normal profit of Baht 152.2 million in the same period of 2021. Financial performance for local and overseas business could be analyzed as follow;

- Local business: The Company recorded a net profit of Baht 204.2 million in the first quarter of 2022, increasing 16.5% from Baht 175.3 million in the same period of 2021, with the ratio of local net profits to sales revenue of 19.5%, but increasing by 45.4% from Baht 140.4 million in the fourth quarter of 2021.
- Overseas business: The Company encountered a net loss of Baht 44.0 million in the first quarter of 2022, higher loss by 112.6% from net loss of Baht 20.7 million in the same period of 2021, while the net loss was higher 50.2% from Baht 29.3 million in the fourth quarter of 2021.

Statement of Financial Position

Descriptions	As of 31 March 2022	As of 31 December 2021	Changes + / (-)
Current Assets	3,256.7	3,163.0	93.8
Non-current Assets	2,469.9	2,473.5	(3.6)
Total Assets	5,726.6	5,636.4	90.2
Current Liabilities	472.9	594.8	(121.9)
Non-current Liabilities	405.3	416.1	(10.9)
Total Liabilities	878.2	1,011.0	(132.8)
Paid-up Share Capital	1,525.0	1,525.0	0.0
Share Premium	2,741.7	2,741.7	0.0
Retained Earnings	507.5	296.6	210.9
Total Shareholders' Equity	4,848.4	4,625.4	223.0

Total Assets as of 31 March 2022 were Baht 5,726.6 million. Current Assets increased by Baht 93.8 million from Baht 3,163.0 million as of 31 December 2021. Cash and cash equivalents increased by Baht 26.1 million from profitable business operation, especially local business. Account Receivable increased by Baht 9.2 million in accordance with improving sales revenue in the first quarter of 2022. Non-current asset slightly decreased of Baht 3.6 million.

Total liabilities as of 31 March 2022 were Baht 878.2 million, decreased by Baht 132.8 million from 31 December 2021, which was short-term payable as well as higher payment to suppliers by the end of period.

Equity as of 31 March 2022 were Baht 4,848.4 million, increased by 223.0 million comparing to the equity as of 31 December 2021 according to the profitable operation of the Company.

Cash Flow Statement

Descriptions	As of 31 March 2022	As of 31 March 2021	Changes +/(-)
Cash flows from operating activities	172.0	123.2	48.8
Cash flows from (used in) investing activities	(151.3)	25.5	(176.8)
Cash flows used in financing activities	(12.4)	(59.2)	46.8
Increase (Decrease) in Translation Adjustment (Fx)	18.0	9.0	9.0
Net increase (decrease) in cash and cash equivalents	26.3	98.9	(72.6)
Cash and cash equivalents at the end of period	1,055.5	904.9	150.6

The Company's net cash flow as of 31 December 2021 was Baht 1,055.5 million. Cash flow from operating activities was Baht 172.0 million and Cash flow from investing activities of Baht 151.3 million due mainly to fixed-deposit to bank accounts and investment in foreign currency treasury. Cash used in financing activities of Baht 12.4 million.

Please be informed accordingly.

Sincerely Yours,



(Mr. Angkrit Rungrotkitiyot)

Chief Executive Officer