

23 February 2023

To: President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis (MD&A) for the Financial Year 2022 Ending as at 31 December 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 financial year 2022 ending at 31 December 2022 as follow;

Executive Summary for the Overview of Financial Performance

The Automotive Industry Club, the Federation of Thai Industries, reported the information of overall automotive industry improvement in 2022. Total production of vehicles in 2022 was 1,883,515 units, improving 11.7% from 1,685,705 units. The domestic car sales in 2022 was 849,388 units, increasing 11.9% from 759,119 units in 2021, whereas the vehicle export of 1,000,256 units increased 4.3% comparing to that of 2021 of 959,194 units, and the production of 1-ton pickup trucks was 1,242,658 units, increasing 18.3% from 1,050,202 units in 2021.

The Company and its subsidiaries recorded Sales Revenue of Baht 4,217.2 million in 2022, increasing 8.8% from Baht 3,875.6 million in 2021, which mainly resulted from the recovery of sales revenue from local business which was at Baht 3,913.6 million in 2022, or increasing 11.4% from Baht 3,512.0 million in 2021, due to the change of major customers' orders from the car model change according to the relieving of overall automotive market in Thailand. Sales Revenue from the overseas business in 2022 was in the amount of Baht 303.6 million, declining 16.5% from Baht 363.6 million in 2021, as a consequence of European economy downturn affected by the Ukraine/Russia conflict together with the energy prices rapidly rising. However, in 2022, the semiconductor shortage crisis which occurred in the previous years was gradually relieving, so there was the slightly increase of tooling sale during the end of 2022 for the overseas business.

For Cost of Goods Sold (COGS) in 2022, the Company and its subsidiaries recorded COGS of Baht 3,280.7 million, increasing 9.7% from Baht 2,990.0 million in 2021, with the ratio of COGS to sales revenue of 77.8%, compared to 77.1% in 2021, which resulted from the higher of production and sales. Besides, an increase in raw material cost to sale revenue resulted by an increase of raw material prices in accordance with the global market prices. On the contrary, the declining in production cost to sale revenue was as a result of the economy of scale, including a continued cost reduction and expense saving programs.

In accordance with the changes in Sale Revenue and COGS as described above in 2022, the Company and its subsidiaries recorded a favorable gross profit of Baht 936.5 million, increasing 5.7% from that of Baht 885.6 million in 2021. Gross profit margin slightly softened from 22.9% to be 22.2% in 2022, contributed from gross profit of local business of Baht 970.3 million and a loss of overseas business of Baht 33.8 million, respectively.

For the Selling, General and Administrative Expenses (SG&A), the Company and its subsidiaries recorded SG&A of Baht 398.4 million, decreasing 3.2%, which was increasing from the local business of 5.7% pursuant to higher sales revenue and decreasing from the overseas business of 12.6% since, in the previous year, there was the loss from sale of investment property. The ratio of SG&A to sales revenue was 9.0%, compared to 10.1% in 2021.

In 2022, the Company recorded the unrealized loss from foreign exchange of Baht 20.6 million compared to the unrealized gain of Baht 38.5 million in 2021 pursuant to loans for overseas subsidiaries. The exchange rate of Baht currency against Euro as of 31 December 2022 was at Baht 36.4494.

The Company and its subsidiaries recorded a net profit of Baht 664.1 million, with the earning per share of Baht 0.435, increasing 31.8% compared to the net profit in 2021 of Baht 503.7 million. If excluding unrealized gain/loss from foreign exchange and other extraordinary items, the Company shall record a net profit of Baht 683.0 million in 2022, comparing to a net profit of Baht 621.3 million in 2021.

In summary, the Company's financial performance having gradually improved in 2022 was mainly due to a success of the Company's adaptation in response to the customer orders according to the relieving of overall automotive market in Thailand including the improving of production line to enhance more automation and robotics, resulting staff reduction to an optimize number for production. Besides, the Company had strongly embedded the employee welfare measure since the situation of the COVID-19 outbreak with intense screening measure of Covid-19 for all staffs before entering into workplace together with continually supporting for vaccination. The energy cost reduction from the solar rooftop projects with a total capacity of 8 MW, which was able to generate the electricity throughout the year at 9,108,824 KWH in 2022, resulted in the reduction of the electricity cost totaling Baht 37.4 million and reduced the CO₂ by 4,819 tons of carbon dioxide. The success of continued cost reduction and expense saving programs were also leading to favorable financial result for the year 2022.

Statement of Financial Position

Descriptions	As of 31 Dec 2022	As of 31 Dec 2021	+ / (-)
Current Assets	3,279.8	3,162.9	116.9
Non-current Assets	2,546.9	2,473.5	73.4
Total Assets	5,826.8	5,636.4	190.4
Current Liabilities	592.5	594.8	-2.3
Non-current Liabilities	372.9	416.1	-43.2
Total Liabilities	965.4	1,011.0	-45.6
Paid-up Share Capital	1,525.0	1,525.0	-
Share Premium	2,741.7	2,741.7	-
Retained Earnings	518.0	296.6	221.4
Total Shareholders' Equity	4,861.3	4,625.4	235.9

(Unit: Baht million)

Total Assets as of 31 December 2022 were Baht 5,826.8 million. Current Assets increased by Baht 116.9 million from Baht 3,162.9 million as of 31 December 2021. Bank deposit increased by Baht 277.3 million from an investment in the short-term deposits, trade accounts receivable decreased by Baht 44.9 million and inventories decreased by Baht 88.7 million mainly due to the sale and collection from the tooling customers of the overseas business. Non-current asset increased of Baht 73.4 million due to the increase of Baht 133.6 million from the investment in the government bonds and treasury notes, the increase of Baht 67.0 million from the investment in joint venture business and the decrease in plant and equipment of Baht 186.0 million, which was caused by the additional of plant and machines of Baht 243.0 million to support production, net off the normal depreciation expense for the year of Baht 356.6 million.

Total liabilities as of 31 December 2022 were Baht 965.4 million, decreased by Baht 45.6 million from 31 December 2021, mainly due to the payment of lease liabilities of Baht 43.4 million.

Equity as of 31 December 2022 were Baht 4,861.3 million, increased by Baht 235.9 million comparing to that as of 31 December 2021 due to the annual dividend payment to shareholders in April 2022 pursuant to the resolution of the Annual General Shareholders Meeting for 2022 and the interim dividend payment from the first half-year performance of 2022 in August 2022, totaling Baht 457.5 million, together with the increase from total comprehensive income for the period of Baht 693.4 million.

Cash Flow Statement

Descriptions	As at 31 Dec. 2022	As at 31 Dec. 2021	Changes +/-(-)
Cash flows from operating activities	1,132.6	779.4	353.2
Cash flows from (used in) investing activities	(874.4)	166.6	-1,041.0
Cash flows used in financing activities	(507.1)	(710.6)	203.5
Net (decrease) increase in cash and cash equivalents	(233.8)	217.7	-451.5
Cash and cash equivalents at the end of the year	794.2	1,029.4	-235.2

(Unit : THB million)

The Company have the cash and cash equivalents as of 31 December 2022 at Baht 1,738.7 million (the cash in savings accounts of Baht 794.2 million, the short-term investments in local financial institutions of Baht 944.5 million). Cash flow from operating activities was Baht 1,132.6 million. Cash used in investing activities of Baht 874.4 million were the investing to the bank deposits, the government bonds and treasury notes of Baht 644.7 million, the investment in joint venture business of Baht 67.5 million, against the cash received from the sale of unused oversea machine/equipment of Baht 64.3 million, net from the purchase of machine and equipment of Baht 243.1 million. Cash used in financing activities was Baht 507.1 million due mainly to dividend payment to shareholders of Baht 457.5 million and the payment of lease liabilities of Baht 49.6 million.

Please be informed accordingly.

Sincerely Yours,



(Mr. Angkrit Rungrotkitiyot)

Chief Executive Officer

Financial Overview

Description	Year 2022	Year 2021	Changes in % +/(-)	Ratio to Sales 2022	Ratio to Sales 2021
Sales Revenue	4,217.2	3,875.6	8.8%		
- Local Business	3,913.6	3,512.0	11.4%		
- Overseas Business	303.6	363.6	-16.5%		
Other Revenue	194.5	213.7	-9.0%		
Total Revenue	4,411.7	4,089.3	7.9%		
Cost of Goods Sold (COGS)	3,280.7	2,990.0	9.7%	77.8%	77.1%
- Local Business	2,943.3	2,615.2	12.5%	75.2%	74.5%
- Overseas Business	337.4	374.8	-10.0%	111.1%	103.1%
Gross Profit	936.5	885.6	5.7%	22.2%	22.9%
- Local Business	970.3	896.8	8.2%	24.8%	25.5%
- Overseas Business	-33.8	-11.2	-201.8%	-11.1%	-3.1%
SG&A	398.4	411.5	-3.2%	9.0%	10.1%
- Local Business	223.3	211.2	5.7%	5.7%	6.0%
- Overseas Business	175.1	200.3	-12.6%	57.7%	55.1%
Net Profits	664.1	503.7	31.8%	15.1%	12.3%
- Local Business	786.1	689.8	14.0%	20.1%	19.6%
- Overseas Business	-103.1	-68.5	-50.5%	-34.0%	-18.8%
- Loss from discontinued operation and Impairment of Overseas asset	1.7	-156.1	101.1%	n.a.	n.a.
- FX Gain (Loss)	-20.6	38.5	-153.5%	n.a.	n.a.

(Unit : THB million)