

15 August 2023

To: President
The Stock Exchange of Thailand

Re: Management Discussion and Analysis (MD&A) for the Second Quarter of 2023 ending as at 30 June 2023

P.C.S. Machine Group Holding Public Company Limited (“the Company”) would like to inform the Management Discussion and Analysis (MD&A) for the second quarter of 2023 ending at 30 June 2023 as follow;

Automotive Industry Overview

The Automotive Industry Club, the Federation of Thai Industries, reported the information of overall automotive industry in the second quarter of 2023, presenting the continuing improvement of automotive industry in Thailand from the last year. As a result, the second quarter of 2023, total production of cars was 413,725 units, increasing 6.1% compared to the same period of 2022 of 390,033 units, whereas the production of 1-ton pickup truck was totaling 263,633 units, increasing 1.5% compared to the same period of 2022 of 259,824 units. The domestic car sales was 189,058 units, slightly decreasing 3.6% compared to the same period of 2022 of 196,107 units, while vehicle export of 255,124 units, increasing 23.5% comparing to the second quarter of 2022 of 206,520 units.

Sales Revenue

Pursuant to the improvement of auto industry in Thailand from the last year, the Company and its subsidiaries recorded Sales Revenue in the second quarter of 2023 at Baht 960.0 million, increasing 3.7% from Baht 926.0 million in the same period of 2022, but decreasing 11.2% from Baht 1,080.5 million in the first quarter of 2023, which resulted from changes of sales revenue mostly from local business while the sale revenue from overseas business was only Baht 1.3 million, with the ratio to total revenue of 0.13%. Sales revenue from local business was at Baht 958.8 million, increasing 3.5% from Baht 925.9 million in the second quarter of 2022 due to adjustment for program order from customers pursuant to car model change per overall improved auto market expanding and the recovery of some groups of automotive market in Thailand, which had been affected to the supply chain due to the Russian-Ukrainian War. This resulted to increase in overall order volume which was in line with the increased production of the domestic cars market. However, the sale revenue was declined of 11.6% from Baht 1,080.1 million in the first quarter of 2023 due to normal seasonality of the domestic automotive industry from the long weekend in April.

Cost of Goods Sold (COGS) and Gross Profit

In the second quarter of 2023, the Company and its subsidiaries recorded COGS of Baht 695.6 million, declining 2.4% from Baht 713.0 million in the same period of 2022, with the ratio of COGS to sales revenue of 72.5%, and decreasing 12.8% from Baht 797.3 million in the first quarter of 2023, which resulted from changes of COGS from local business. The local business had recorded COGS at Baht 691.9 million, declining 2.4% from Baht 708.9 million in the same period of 2022 and declining 13.1% from Baht 796.5 million in the first quarter of 2023, in relation to local sales revenue and the decrease of cost of raw material.

In accordance with the changes in sales revenue and cost of goods sold as mentioned, in the second quarter of 2023, the Company

and its subsidiaries recorded a gross profit of Baht 264.4 million, increasing 24.1% from Baht 213.0 million in the same period of 2022 but declining 6.6% from Baht 283.2 million in the first quarter of 2023. The gross profit margin was at 27.5% in the second quarter of 2023.

Selling, General and Administrative Expenses (SG&A)

For the second quarter of 2023, the Company and its subsidiaries recorded SG&A of Baht 63.7 million, increasing 3.7% from Baht 61.4 million in the same period of 2022, and increasing 14.8% from Baht 55.5 million in the first quarter of 2023, with the ratio of SG&A to sales revenue of 6.6%, which mainly resulted from changes of SG&A from local business which was due to the increase of the transportation costs in order to support the increase of the customer orders, the increase of cost of employee engagement and the cost of asset insurance regarding to the expanding of the production line and the investment in machines. The overseas business SG&A of Baht 10.6 million in the second quarter of 2023 was mainly the general expenses to maintain the overseas assets.

Foreign Exchange Gain / Loss

In the second quarter of 2023, the Company recorded the unrealized gain from foreign exchange of Baht 26.8 million, comparing to the unrealized gain of Baht 0.7 million in the same period of 2022 and Baht 6.5 million in the first quarter of 2023, from loan to overseas subsidiaries, which the exchange rate as at 30 June 2023 was 38.2950 Baht per Euro.

Net Profit

In the second quarter of 2023, the Company and its subsidiaries recorded a net profit of Baht 226.0 million with a high net profit margin of 23.5%, the earning per share of Baht 0.148, increasing 54.0% compared with the net profit in the same period of 2022 of Baht 146.7 million. The net profit of local business was Baht 216.9 million whereas the net loss of the overseas business was Baht 17.7 million. The changes in the second quarter of 2023 were resulted from the increase of net profit from the local business of Baht 39.7 million, the decrease of net loss from the discontinued operations of the Company's subsidiary in Germany (PWG) of Baht 23.0 million and the increase of the unrealized gain from foreign exchange of Baht 26.1 million. If excluding unrealized gain/loss from foreign exchange and loss from discontinued operations in the second quarter of 2023, the Company shall record a net profit from the normal operations of Baht 199.2 million, increasing of 17.9%, comparing to a profit from the normal operations of Baht 168.9 million in the same period of 2022 but declined 12.5% from Baht 227.6 million of the continuing operations in the first quarter of 2023.

Financial Overview for the First Half

The Company and its subsidiaries recorded Sales Revenue for the first half-year of 2023 at Baht 2,040.5 million, increasing 3.4% from Baht 1,973.9 million in the same period of 2022. The COGS was Baht 1,492.9 million, with the ratio to sales revenue of 73.2%, declining of 0.4% compared with the net profit in the same period of 2022. The gross profit was Baht 547.6 million, with the ratio to sales revenue of 26.8%, increasing of 2.8% compared with the gross profit in the same period of 2022. SG&A was Baht 119.1 million or 5.8% of total sale revenue, decreasing 1.0% from the same period of 2022. As the result, the Company and its subsidiaries recorded a net profit of Baht 383.2 million, increasing 7.1% from the same period of 2022 at Baht 357.7 million.

However, if excluding unrealized gain/loss from foreign exchange and loss from discontinued operations in the overseas business for the first half-year, the Company shall record a net profit from the normal operations of Baht 451.6 million, increasing of 18.4%, comparing to a normal profit of Baht 381.4 million in the same period of 2022.

Statement of Financial Position

Descriptions	As of 30 Jun 2023	As of 31 Dec 2022	Changes + / (-)
Current Assets	3,170.8	3,279.8	(109.0)
Non-current Assets	2,741.7	2,546.9	194.8
Total Assets	5,912.5	5,826.8	85.8
Current Liabilities	593.7	592.5	1.2
Non-current Liabilities	353.7	372.9	(19.2)
Total Liabilities	947.4	965.4	(18.0)
Paid-up Share Capital	1,525.0	1,525.0	-
Share Premium	2,741.7	2,741.7	-
Retained Earnings	596.2	518.0	78.2
Total Shareholders' Equity	4,965.2	4,861.3	103.8

(Unit: THB million)

Total Assets as of 30 June 2023 were Baht 5,912.5 million. Current Assets increased by Baht 109.0 million from Baht 3,279.8 million as of 31 December 2022 due to the net inventory decrease by Baht 87.6 million resulted from the increase in production and sale during the second quarter of 2023 and other current financial assets decreased by Baht 14.0 million due to the maturity of fixed deposits over 3 months. Non-current asset increased by Baht 194.8 million due to the investment in machines and equipment to support the production of Baht 340.6 million, net from the normal depreciation expense for the period of Baht 130.6 million, and the decrease from the group of assets of the oversea subsidiary (PWG) that entered to insolvency procedure in Germany that caused the Company to lose control over PWG. In this regard, the Company did not incorporate the assets of PWG into the preparation of the consolidated statement of financial position as at 30 June 2023.

Total liabilities as of 30 June 2023 were Baht 947.4 million, decreased by Baht 18.0 million from 31 December 2022, which was mainly from short-term payable and payment to suppliers by the end of period together with the decrease from PWG's liabilities which was not included in the consolidated statement of financial position as of 30 June 2023.

Equity as of 30 June 2023 were Baht 4,965.2 million, increased by 103.8 million comparing to that as of 31 December 2022 according to total comprehensive income for the period of Baht 408.8 million and the dividend payment to shareholders in May 2023 of Baht 305 million, pursuant to the resolution of the Annual General Shareholders Meeting 2023

Cash Flow Statement

Descriptions	As at 30 Jun 2023	As at 30 Jun 2022	Changes +/(-)
Cash flows from operating activities	584.1	470.9	113.2
Cash flows used in investing activities	(309.9)	(321.4)	11.5
Cash flows used in financing activities	(322.0)	(254.2)	(67.8)
Net increase (decrease) in cash	(46.2)	(80.5)	
Cash and cash equivalents	748.3	952.9	

(Unit : THB million)

The Company's net cash position as of 30 June 2023 was Baht 748.3 million. Cash flow from operating activities was Baht 584.1 million and cash flow used in investing activities of Baht 309.9 million due mainly to the investment to purchase machines and equipment to support the production. Cash used in financing activities was Baht 322.0 million due mainly to the dividend payment to shareholders in May 2023 of Baht 305.0 million pursuant to the resolution of the Annual General Shareholders Meeting 2023.

Please be informed accordingly.

Sincerely Yours,



(Mr. Angkrit Rungrotkitiyot)

Chief Executive Officer

Financial Overview for Quarterly Comparison

Descriptions	Q2-2023	Q1-2023	Q2-2022	Changes QoQ (%)	Changes YoY (%)	Ratio to Sales Q2- 2023	Ratio to Sales Q1- 2023	Ratio to Sales Q2- 2022
Sales Revenue	960.0	1,080.5	926.0	-11.2%	3.7%			
- Local Business	958.8	1,080.2	925.9	-11.2%	3.5%			
- Overseas Business	1.3	0.3	0.1	n.a.	n.a.			
Other Revenue	7.0	10.2	29.3	-31.0%	-76%			
Total Revenue	993.9	1,090.7	956.0	-8.9%	4.0%			
Cost of Goods Sold	695.6	797.3	713.0	-12.8%	-2.4%	72.5%	73.8%	77.0%
- Local Business	691.9	796.5	708.9	-13.1%	-2.4%	72.2%	73.7%	76.6%
- Overseas Business	3.8	0.8	4.1					
Gross Profits	264.4	283.2	213.0	-6.6%	24.1%	27.5%	26.2%	23.0%
- Local Business	266.9	283.7	217.0	-5.9%	23.0%	27.8%	26.3%	23.4%
- Overseas Business	(2.5)	(0.5)	(4.0)					
SG&A	63.7	55.5	61.4	14.8%	3.7%	6.6%	5.1%	6.6%
- Local Business	53.1	46.3	51.6	14.8%	3.1%	5.5%	4.3%	5.6%
- Overseas Business	10.6	9.2	9.8	14.7%	7.2%			
Net Profit	226.0	157.2	146.7	43.8%	54.0%	22.7%	14.4%	15.3%
- Local Business	216.9	239.7	177.2	-9.5%	22.4%	22.6%	22.2%	19.1%
- Overseas Business	(17.7)	(12.1)	(8.3)					
- Profit (Loss) from discontinued operations	0.0	(76.9)	(23.0)					
- Gain (Loss) on Fx (Unrealized)	26.8	6.5	0.7					

(Unit : THB million)

Financial Overview for Half Year Comparison

Description	1H 2023	1H 2022	Changes YoY (%)	Ratio to Sales 1H- 2023	Ratio to Sales 1H- 2022
Sales Revenue	2,040.5	1973.9	3.4%		
- Local Business	2,038.9	1973.6	3.3%		
- Overseas Business	1.6	0.3	n.a.		
Other Revenue	17.2	57.0	-69.8%		
Total Revenue	2,091.1	2031.0	3.0%		
Cost of Goods Sold	1,492.9	1499.0	-0.4%	73.2%	75.9%
- Local Business	1,488.3	1493.3	-0.3%	73.0%	75.7%
- Overseas Business	4.6	5.7			
Gross Profit	547.6	475.0	15.3%	26.8%	24.1%
- Local Business	550.6	480.3	14.6%	27.0%	24.3%
- Overseas Business	(3.0)	(5.3)			
SG&A	119.1	135.2	-11.9%	5.8%	6.9%
- Local Business	104.6	125.3	-16.5%	5.1%	6.3%
- Overseas Business	14.5	10.0	46.0%		
Net Profit	383.2	357.7	7.1%	18.3%	17.6%
- Local Business	451.6	381.4	18.4%	22.1%	19.3%
- Overseas Business	(24.9)	(79.8)			
- Government subsidies re impact from Covid	0.0	69.2			
- Loss from discontinued operation*	(76.9)	6.1			
- Gain (Loss) on Fx	33.4	(19.2)			

* Financial performance of the oversea business (PWG) during 1 January 2023 - 31 March 2023 (Date that entered to insolvency procedure)