

Ref. PIMO 6608 / 011

August 8, 2023

Subject: Management Discussion and Analysis of Financial Statement for the second quarter for the three-month and six-month period ended June 30, 2023

To: The President
The Stock Exchange of Thailand

Pioneer Motor Public Company Limited would like to clarify the Company's Financial Operations results for the second quarter for the three-month and six-month period ended June 30, 2023. The Details are as follows:

Overview

The operations results of the Company for the second quarter for the three-month period ended June 30, 2023 recorded the Net profit from financial statements of Baht 17.90 million compared to Baht 30.58 million of the same period last year, decreased by Baht 12.68 million or 41.47%

The operations results of the Company for the second quarter for the six-month period ended June 30, 2023 recorded the Net profit from financial statements of Baht 32.72 million compared to Baht 63.25 million of the same period last year, decreased by Baht 30.53 million or 48.27%.

The main reason is that the demand from overseas customers decreased, including the United States and Australia. The main reasons are as follows.

1. High inflation in the United States and Australia.
2. Rapid increase in interest rates causing weakening of economy in these countries.
3. During the situation of the COVID-19 epidemic, this has caused a huge increase in sales over the past 2 years as people live and work from home, bringing in money to improve swimming pools and home improvements during that time. But when the COVID-19 epidemic was resolved, so people reduced their expenses and went out to live their normal lives. Our company's expectation is that export sales will recover sometime in the fourth quarter of this year.

When comparing the net profit margin to total revenues, the net profit margin for the second for the six-month period ended June 30, 2023 was 6.34%, which decreased from the net profit margin in the same period last year which was 9.32%. As for the cost of sales, it is still high due to the increase in the price of main raw materials. Our company will follow the situation of raw material's price adjustment and trying to manage inventory to stock products to reduce the burden of raw material prices that fluctuate in the period.

Net profit (loss)

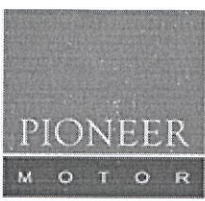
Unit: Million Baht

Net profit (loss)	Financial statements Ended 30/06/2023	Financial statements Ended 30/06/2022	Increase (Decrease)	
			Amount	Percentage (%)
3-month period	17.90	30.58	(12.68)	(41.47)
6-month period	32.72	63.25	(30.53)	(48.27)

Revenue

For the second quarter for the three-month ended June 30, 2023, the Company has earned total revenue from financial statements of Baht 257.03 million, decreased from the same period last year by Baht 70.27 million or 21.47%, comprised of Sales Revenue of Baht 247.30 million, decreased from the same period last year by Baht 61.98 million or 20.04%. Compared to the proportion of revenue from domestic and export sales, for the second quarter for the three-month ended June 30, 2023, domestic revenue was 51% and export revenue 49% (The second quarter last year : domestic revenue was 44% and export revenue 56%)

For the second quarter for the six-month ended June 30, 2023, the Company has earned total revenue from financial statements of Baht 515.79 million, decreased from the same period last year by Baht 163.18 million or 24.03%, comprised of Sales Revenue of Baht 500.19 million, decreased from the same period last year by Baht 149.54 million or 23.02%. Compared to the proportion of revenue from domestic and export sales, for the second quarter for the six-month ended June 30, 2023, domestic revenue was 56% and export revenue 44% (The second quarter last year : domestic revenue was 44% and export revenue 56%)



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The main reason of the decreased is from the decreased sales of all product both domestic and international, including Air motors, Induction motor and increased sales of water pump motors (Axial – Flux pool : BLDC).

Other income from financial statement of Baht 9.73 million for the second quarter for the three-month ended June 30, 2023, decreased from the same period last year by Baht 8.29 million or 46.01%.

Other income from financial statement of Baht 15.60 million for the second quarter for the six-month ended June 30, 2023, decreased from the same period last year by Baht 13.65 million or 46.66%.

This was mainly due to an decrease in sales revenue from silicon scrap.

Cost of Sales

For the second quarter for the three-month ended June 30, 2023, the Company has Cost of Sales from financial statements of the Company equaled to Baht 212.89 million, decreased from the same period last year by Baht 47.31 million or 18.18%. There for, cost of Sales to Sales ratio increased to 86.09% from 84.13% for the same period last year.

For the second quarter for the six-month period ended 30 June, 2023, the Company has Cost of Sales from financial statements of the Company equaled to Baht 431.79 million, decreased from the same period last year by Baht 112.68 million or 20.69%, which is according to the decrease in sales, as a resulting when analysis the cost of Sales to Sales ratio increased to 86.33% from 83.80% for the same period last year.

Selling Expenses

For the second quarter for the three-month ended June 30, 2023, Selling Expenses from financial statements was Baht 9.77 million, decreased from the same period last year by Baht 3.94 million or 28.72%.

For the second quarter for the six-month ended 30 June, 2023, Selling Expenses from financial statements was Baht 19.68 million, decreased from the same period last year by Baht 7.80 million or 28.39%, which is according to the decrease in sales.

Administrative Expenses

For the second quarter for the three-month ended June 30, 2023, Administrative Expenses from financial statements of the Company was Baht 14.69 million, decreased from the same period last year by Baht 1.76 million or 10.71%.

For the second quarter for the six-month ended June 30, 2023, Administrative Expenses from financial statements of the Company was Baht 29.28 million, decreased from the same period last year by Baht 1.68 million or 5.43%, which is close to the same period last year.

The Financial Position

Assets

As of June 30, 2023, the Company has total asset equal from financial statement to Baht 1,270.69 million, which increased from the year 2022, as of December 31, 2022, by Baht 158.08 million or increased 14.21%. The Details are as follows:

Current Assets of Baht 829.60 million , composed of :

- Cash and cash equivalents of Baht 51.33 million, decreased from the year 2022 by Baht 30.82 million or decreased 37.52%.
- Trade Receivables of Baht 178.68 million, increased from the year 2022 by Baht 25.41 million or increased 16.58% due to the increased sales of new customers and the increasing orders in existing customers' demand.
- Inventories of Baht 426.51 million, increased from the year 2022 by Baht 10.59 million or increased 2.55%, due to the raw material is ordered to stock in advance to support the production. In combination with the price of main raw materials tends to increase continuously.

Non-Current Assets of Baht 441.09 million, composed of

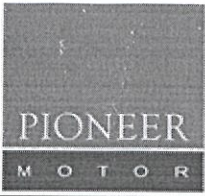
- Land, building and equipment of Baht 433.15 million, decreased from the year 2022 by Baht 6.27 million or decreased 1.43%.

Liabilities

As of June 30, 2023, the Company has total liabilities from financial statement of Baht 278.27 million , which decreased from the year 2022, as of December 31, 2022, by Baht 2.46 million or decreased 0.88%. The details are as follows:

Current Liabilities of Baht 229.21 million , composed of

- Account Payable of Baht 191.82 million, decreased from the year 2022 by Baht 17.60 million or decreased 8.40%. The main principle decreased from the trade accounts payable for raw materials.



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- Other Payable of Baht 33.56 million, increased from the year 2022 by Baht 13.45 million or increased 66.90%. The main is an increased from advance revenue from foreign customers and accrued expenses.

Non-Current Liabilities of Baht 49.06 million composed of

- Liabilities under lease agreements of Baht 2.07 million, increased from the year 2022 by Baht 1.85 million or increased 847.01%.
- Employee benefits obligation of Baht 31.63 million, increased from the year 2022 by Baht 0.60 million or increased 1.93%.

Shareholders' Equity

As of June 30, 2023, the Company's Shareholders' Equity from financial statement of Baht 992.42 million, composed of :

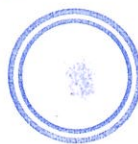
- Being Issued and Paid up capital of Baht 189.41 million (757,635,269 ordinary shares of Baht 0.25 each : 31 December 2022 : 667,922,249 ordinary shares of Baht 0.25 each)
- Premium on share capital (net) of Baht 419.33 million.
- Allocated for Legal Reserve of Baht 21.31 million.
- Unappropriated Retained Earnings of Baht 268.13 million, increased from the year 2022 by Baht 3.54 million or increased 1.34%.
- Revaluation surplus on assets is a surplus from land revaluation of Baht 94.24 million.

Please kindly be informed accordingly,

Yours Sincerely,

Pioneer Motor Public Company Limited

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Mr. Wasun Itthirojanakul

Managing Director