

23 February 2024

To: President
The Stock Exchange of Thailand

Re: Management Discussion and Analysis (MD&A) for the Year of 2023 ending as at 31 December 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 financial year 2023 ending at 31 December 2023 as follow;

Summary of Automotive Industry for the year of 2023

The Automotive Industry Club, the Federation of Thai Industries, reported the information of overall automotive industry in the year of 2023, as following.

- Total production of cars was 1,841,686 units, decreasing 2.2% compared to the same period of 2022 of 1,883,515 units.
- The production of 1-ton pickup truck was totaling 398,882 units, decreasing 12.7% compared to the same period of 2022 of 457,089 units.
- The domestic of car sale was 775,780 units, decreasing 8.7% compared to the same period of 2022 of 849,388 units.
- The vehicle export of 1,117,539 units, increasing 11.7% comparing to the year of 2022 of 1,000,256 units.

Financial Summary for the statement of comprehensive income for year 2023

- The Company recorded Sales Revenue at Baht 3,973.9 million, increasing 1.5% from the same period of 2022 due to the continuing order increase of BEV or Battery Electric Vehicle parts, which was accounting for 20% of sale revenue in the year 2023.
- The ratio of cost of goods sold to sale revenue declined to 72.1% from 75.6% in the same period of 2022 as the result of the decrease in the cost of raw material which was decreased according to the market price and the decrease of the depreciation cost.
- The Gross Profit of Baht 1,107.0 million, with the gross profit margin at 27.9%, was increased from the same period of 2022 of Baht 955.3 million in relation to the increase of the sale revenue and the decrease of the ratio of cost of goods sold to sale revenue.
- However, regarding to the Company's subsidiary in Germany (PWG) that entered into insolvency procedures during the year 2023, which was presented in the loss from the discontinued operations of Baht 76.9 million, the impairment loss and the loss from write off certain assets of Baht 97.8 million, and the general expenses to maintain the overseas assets of Baht 45.4 million.
- The unrealized gain from foreign exchange for the year 2023 was Baht 19.8 million.

- The net profit for the year 2023 increased to Baht 733.3 million with the net profit margin of 18.2%, the earning per share of Baht 0.481, compared with the net profit in the same period of 2022 of Baht 664.1 million. If excluding the extra items as above, the Company shall record a net profit of Baht 933.6 million, increase of 18.8% from the year 2022.

In summary, the Company's financial results performance having improved in the positive direction in 2023 was mainly due to a success of the Company's adaptation in response to the customer orders according to the overall automotive market in Thailand, especially the electric automotive part or BEV (Battery Electric Vehicle). Including the improving of production line to enhance more automation and robotics, resulting the continued staff reduction to an optimize number for production. Also, the energy cost reduction from the solar rooftop projects with a total capacity of 8 Mwp, which was able to generate the electricity throughout the year at 9,433,576.3 kWh in 2023, resulted in the reduction of the electricity cost totaling Baht 38.7 million and reduced the CO₂ by 4,990 tons of carbon dioxide. In this regard, the company has a plan to expand electricity production from the solar rooftop for a production plant of 0.978 Mwp, which will begin producing the electricity in 2024. The success of continued cost reduction and expense saving programs were also leading to favorable financial result for the year 2023.

Statement of Financial Position

Descriptions	As of 31 Dec 2023	As of 31 Dec 2022	Changes + / (-)
Current Assets	3,192.5	3,279.8	(87.3)
Non-current Assets	2,733.2	2,546.9	186.3
Total Assets	5,925.8	5,826.7	99.0
Current Liabilities	559.7	592.5	(32.8)
Non-current Liabilities	352.3	372.9	(20.6)
Total Liabilities	912.0	965.4	(53.4)
Paid-up Share Capital	1,525.0	1,525.0	-
Share Premium	2,741.7	2,741.7	-
Retained Earnings	641.4	518.0	123.4
Total Shareholders' Equity	5,013.8	4,861.3	152.5

(Unit: THB million)

Total Assets as of 31 December 2023 were Baht 5,925.8 million.

- Current Assets decreased from the end of 2022 due to the trade accounts receivable and the inventory decrease, regarding to the decrease of the customer orders during the fourth quarter of 2023, compared to the same period of 2022.
- Other current financial assets decreased by Baht 328.0 million due to the maturity of fixed deposits over 3 months.

- Cash and cash equivalents increased by Baht 474.4 million.
- Non-current asset increased by Baht 186.3 million due to the investment in machines and equipment to support the production of Baht 577.6 million, net from the depreciation expense for the period of 255.5 million.

Total liabilities as of 31 December 2023 were Baht 912.0 million, decreased by Baht 53.4 million from the end of 2022, which was mainly from the increase of the current liabilities to suppliers due to the increase in production volume and from the decrease from the payment of the lease liabilities during the year. Besides, the Company had no any loan liability, whether short-term or long-term, from the from the financial institution as the Company continuously have the positive performance and the strong liquidity position.

Equity as of 31 December 2023 were Baht 5,013.8 million, increased by Baht 152.5 million comparing to the end of 2022 according to total comprehensive income for the year of Baht 762.4 million and the 2022 annual dividend payment and the 2023 interim dividend payment, totaling Baht 610.0 million.

Cash Flow Statement

Descriptions	As at 31 Dec 2023	As at 31 Dec 2022	Changes +/-(-)
Cash flows from operating activities	1,315.1	1,132.6	182.5
Cash flows used in investing activities	(191.1)	(874.4)	683.3
Cash flows used in financing activities	(633.3)	(507.1)	(126.2)
Net increase (decrease) in cash	476.4	(235.0)	
Cash and cash equivalents	1,268.6	793.1	

(Unit : THB million)

The Company's net cash position as of 31 December 2023 was Baht 1,268.6 million.

- Cash flow from operating activities was Baht 1,315.1 million.
- Cash flow used in investing activities of Baht 191.1 million due mainly to the investment to purchase machines and equipment to support the production of Baht 566.7 million, net from cash inflow due to the to the maturity of fixed deposits over 3 months of Baht 328.0 million and cash received from interest income of Baht 38.6 million.
- Cash used in financing activities was Baht 633.3 million due mainly to the annual dividend payment to shareholders in May 2023 and the interim dividend payment in September 2023, totaling Baht 610.0 million.

Please be informed accordingly.

Sincerely Yours,



(Mr. Angkrit Rungrokitiyot)

Chief Executive Officer

Attachment to Management Discussion and Analysis (MD&A) for the Year of 2023

The summary of the financial overview for the year of 2023, the Company presented the financial information for each item by including local business and overseas business as the overseas business had ceased their operation since the second quarter of 2023.

Financial Overview for Yearly Comparison

Descriptions	Year 2023	Year 2022	Changes YoY (%)	Ratio to Sales Year 2023	Ratio to Sales Year 2022
Sales Revenue	3,973.9	3,914.7	1.5%		
Other Revenue	63.5	109.1	-41.8%		
Total Revenue	4,037.4	4,023.8	0.3%		
Cost of Goods Sold	2,866.9	2,959.4	-3.1%	72.1%	75.6%
Gross Profits	1,107.0	955.3	15.9%	27.9%	24.4%
SG&A	248.0	269.9	-8.1%	6.1%	6.7%
Net Profit	733.3	664.1	10.4%	18.2%	16.5%
- Local Business	933.6	786.1	18.8%	23.5%	20.1%
- Overseas Business	(45.4)	(33.4)			
- Profit (Loss) from Overseas Business and discontinued operations	(76.9)	(68.0)			
- Impairment loss from Overseas Business	(97.8)	-			
- Gain (Loss) on Fx (Unrealized)	19.8	(20.6)			

(Unit : THB million)