

President Automobile Industries Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of President Automobile Industries Public Company Limited

I have reviewed the accompanying statement of financial position of President Automobile Industries Public Company Limited as at 31 March 2023, and the related statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.



Kessirin Pinpuvadol

Certified Public Accountant (Thailand) No. 7325

EY Office Limited

Bangkok: 8 May 2023

President Automobile Industries Public Company Limited

Statement of financial position

As at 31 March 2023

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2023</u> (Unaudited but reviewed)	<u>31 December 2022</u> (Audited)
Assets			
Current assets			
Cash and cash equivalents		163,258	105,415
Trade and other receivables	3	191,960	220,439
Inventories	4	555,141	541,086
Receivables from the Revenue Department		22,398	16,582
Advance payment for inventories		2,986	2,742
Other current assets		3,352	3,120
Total current assets		<u>939,095</u>	<u>889,384</u>
Non-current assets			
Property, plant and equipment	5	505,642	508,148
Advance payment for purchases of machinery and equipment		1,497	2,769
Intangible assets	6	3,348	3,619
Deferred tax assets		10,006	9,933
Other non-current assets		728	728
Total non-current assets		<u>521,221</u>	<u>525,197</u>
Total assets		<u><u>1,460,316</u></u>	<u><u>1,414,581</u></u>

The accompanying notes are an integral part of the interim financial statements.

President Automobile Industries Public Company Limited

Statement of financial position (continued)

As at 31 March 2023

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2023</u> (Unaudited but reviewed)	<u>31 December 2022</u> (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	7	164,868	134,950
Trade and other payables	2, 8	113,786	82,248
Current portion of lease liabilities	9	9,578	9,497
Current portion of long-term loans from financial institutions	10	63,700	63,700
Income tax payable		4,625	3,026
Advance received for goods		9,370	9,952
Derivative liabilities		1,379	3,403
Other current liabilities		339	373
Total current liabilities		<u>367,645</u>	<u>307,149</u>
Non-current liabilities			
Lease liabilities, net of current portion	9	30,706	33,131
Long-term loans from financial institutions, net of current portion	10	115,678	131,603
Provision for long-term employee benefits		9,074	8,891
Total non-current liabilities		<u>155,458</u>	<u>173,625</u>
Total liabilities		<u>523,103</u>	<u>480,774</u>

The accompanying notes are an integral part of the interim financial statements.

President Automobile Industries Public Company Limited

Statement of financial position (continued)

As at 31 March 2023

(Unit: Thousand Baht)

	<u>31 March 2023</u>	<u>31 December 2022</u>
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
1,200,000,000 ordinary shares of Baht 0.50 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid up		
1,000,000,000 ordinary shares of Baht 0.50 each	500,000	500,000
Share premium	225,064	225,064
Retained earnings		
Appropriated - statutory reserve	36,317	36,317
Unappropriated	<u>175,832</u>	<u>172,426</u>
Total shareholders' equity	<u>937,213</u>	<u>933,807</u>
Total liabilities and shareholders' equity	<u>1,460,316</u>	<u>1,414,581</u>

The accompanying notes are an integral part of the interim financial statements.

Directors

(Unaudited but reviewed)

President Automobile Industries Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2023

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit or loss:			
Revenue			
Sales		218,803	180,815
Gain on exchange		-	10
Other income		6,727	3,825
Total revenue		<u>225,530</u>	<u>184,650</u>
Expenses			
Cost of sales		193,900	150,021
Selling and distribution expenses		5,896	5,576
Administrative expenses		15,652	10,565
Loss on exchange		1,248	-
Total expenses		<u>216,696</u>	<u>166,162</u>
Operating profit		8,834	18,488
Finance cost		(3,868)	(967)
Profit before income tax expenses		4,966	17,521
Income tax expenses	12	(1,560)	(642)
Profit for the period		<u>3,406</u>	<u>16,879</u>
Other comprehensive income:			
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>3,406</u></u>	<u><u>16,879</u></u>
Earnings per share	13		
Basic earnings per share			
Profit for the period		<u>0.003</u>	<u>0.017</u>
Diluted earnings per share			
Profit for the period		<u>0.003</u>	<u>-</u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

President Automobile Industries Public Company Limited

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2022	500,000	225,064	32,188	144,059	901,311
Total comprehensive income for the period	-	-	-	16,879	16,879
Balance as at 31 March 2022	500,000	225,064	32,188	160,938	918,190
Balance as at 1 January 2023	500,000	225,064	36,317	172,426	933,807
Total comprehensive income for the period	-	-	-	3,406	3,406
Balance as at 31 March 2023	500,000	225,064	36,317	175,832	937,213

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

President Automobile Industries Public Company Limited

Cash flow statement

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit before tax	4,966	17,521
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	12,919	11,660
Allowance for expected credit losses	1,229	41
Reduction of inventory to net realisable value	2,208	1,842
Gain on disposal of equipment	(67)	(162)
Provision for long-term employee benefits	183	180
Unrealised (gain) loss on exchange	(3,521)	806
Gain on derivatives	(2,024)	-
Interest expenses	<u>3,637</u>	<u>753</u>
Profit from operating activities before changes in operating assets and liabilities	19,530	32,641
Operating assets (increase) decrease		
Trade and other receivables	31,257	(22,774)
Inventories	(16,263)	(52,583)
Receivables from the Revenue Department	(5,816)	(77)
Advance payment for inventories	(244)	(1,472)
Other current assets	(232)	(234)
Operating liabilities increase (decrease)		
Trade and other payables	28,098	6,969
Advance received for goods	(582)	(3,215)
Other current liabilities	(34)	(26)
Cash paid for long-term employee benefits	<u>-</u>	<u>(82)</u>
Cash flows from (used in) operating activities	55,714	(40,853)
Cash paid for interest expenses	(3,296)	(181)
Cash paid for corporate income tax	<u>(34)</u>	<u>(26)</u>
Net cash flows from (used in) operating activities	<u>52,384</u>	<u>(41,060)</u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

President Automobile Industries Public Company Limited

Cash flow statement (continued)

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,504)	(19,480)
Cash received from disposal of equipment	67	210
(Increase) decrease in advance payment for purchases of machinery and equipment	1,272	(1,786)
Acquisition of intangible assets	-	(20)
Net cash flows used in investing activities	<u>(6,165)</u>	<u>(21,076)</u>
Cash flows from financing activities		
Increase in short-term loans from financial institutions	29,918	57,219
Payment of lease liabilities	(2,344)	(2,805)
Repayment of long-term loans from financial institutions	(15,950)	(10,753)
Dividend paid	-	(82)
Net cash flows from financing activities	<u>11,624</u>	<u>43,579</u>
Net increase (decrease) in cash and cash equivalents	57,843	(18,557)
Cash and cash equivalents at beginning of period	<u>105,415</u>	<u>97,893</u>
Cash and cash equivalents at end of period	<u><u>163,258</u></u>	<u><u>79,336</u></u>
Supplemental cash flow information		
Non-cash transactions		
Purchases of assets which have not yet been paid	3,740	7,891

The accompanying notes are an integral part of the interim financial statements.

President Automobile Industries Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2023

1. General information

1.1 Basis for preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language interim financial information.

1.2 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

2. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	(Unit: Million Baht)		
	For the three-month periods		
	ended 31 March		Transfer Pricing Policy
	<u>2023</u>	<u>2022</u>	
<u>Transactions with related companies</u>			
Purchases of goods and raw materials	-	1	Market price
Purchases of fixed assets	1	5	Market price
<u>Transactions with related persons</u>			
Rental and service expenses	1	1	Contract price

As at 31 March 2023 and 31 December 2022, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	31 March	31 December
	<u>2023</u>	<u>2022</u>
		(Audited)
<u>Trade payables - related party (Note 8)</u>		
Related company (Common shareholder)	<u>336</u>	<u>151</u>
<u>Other payables - related party (Note 8)</u>		
Related company (Common shareholder)	<u>93</u>	<u>12</u>
<u>Other payables for purchases of fixed asset - related party (Note 8)</u>		
Related company (Common shareholder)	<u>441</u>	<u>-</u>

Directors and management's benefits

During the three-month periods ended 31 March 2023 and 2022, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	6	6

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	129,069	124,665
Past due		
Up to 3 months	32,343	67,732
3 - 6 months	25,648	26,620
6 - 12 months	4,883	1,411
Over 12 months	2,186	958
Total	194,129	221,386
Less: Allowance for expected credit losses	(2,186)	(957)
Total trade receivables - net	191,943	220,429
<u>Other receivables</u>		
Other receivables	17	10
Total trade and other receivables - net	191,960	220,439

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)
As at 1 January 2023	957
Additions during the period	1,254
Reversal during the period	(25)
As at 31 March 2023	2,186

4. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
		(Audited)		(Audited)		(Audited)
Finished goods	324,596	296,505	(37,535)	(35,327)	287,061	261,178
Work in process	7,794	8,797	-	-	7,794	8,797
Raw materials	240,339	261,905	-	-	240,339	261,905
Factory supplies	6,875	6,478	-	-	6,875	6,478
Goods in transit	13,072	2,728	-	-	13,072	2,728
Total	592,676	576,413	(37,535)	(35,327)	555,141	541,086

Movements in the reduce cost of inventories to net realisable value account during the three-month period ended 31 March 2023 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2023	35,327
Add: Increase during the period	2,208
Balance as at 31 March 2023	37,535

5. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2023 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2023	508,148
Acquisitions during the period - at cost	10,142
Depreciation for the period	(12,648)
Net book value as at 31 March 2023	505,642

As at 31 March 2023, the Company has pledged its property, plant and equipment with net book value of approximately Baht 309 million (31 December 2022: Baht 314 million) as collateral against credit facilities received from commercial banks.

6. Intangible assets

Movements in the intangible assets (computer software) account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	3,619
Amortisation expenses for the period	(271)
Net book value as at 31 March 2023	<u>3,348</u>

7. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate			
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	(% per annum)	(% per annum)		(Audited)
Short-term loans from financial institutions	MLR - 2.50, 2.60, 2.85 and 3.20	MLR - 2.50, MMR, 2.60 and 2.85	164,868	134,950
Total			<u>164,868</u>	<u>134,950</u>

Short-term loans from financial institutions are secured by the mortgage of the Company's land and premises and machinery.

8. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Trade payables - unrelated parties	83,955	56,584
Trade payables - related party (Note 2)	336	151
Other payables - unrelated parties	5,421	4,873
Other payables - related party (Note 2)	93	12
Other payables for purchases of fixed assets - unrelated parties	3,299	1,102
Other payables for purchases of fixed assets - related party (Note 2)	441	-
Retention payables	912	912
Accrued dividends	1,560	1,560
Interest payables	578	262
Accrued expenses	17,191	16,792
Total trade and other payables	<u>113,786</u>	<u>82,248</u>

9. Lease liabilities

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Lease payments	43,944	46,665
Less: Deferred interest expenses	(3,660)	(4,037)
Total lease liabilities	40,284	42,628
Less: Portion due within one year	(9,578)	(9,497)
Lease liabilities - net of current portion	30,706	33,131

The Company has entered into the lease agreements for rental of land, building, machinery and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 10 years. Lease agreements are not cancellable.

10. Long-term loans from financial institutions

As at 31 March 2023 and 31 December 2022, the balances of long-term loans from financial institutions are as follows:

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Long-term loans from financial institutions	179,378	195,303
Less: Current portion	(63,700)	(63,700)
Long-term loans from financial institutions - net of current portion	115,678	131,603

Movements in the long-term loans from financial institutions account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2023	195,303
Less: Repayment during the period	(15,950)
Amortisation of financial fee	25
Balance as at 31 March 2023	179,378

As at 31 March 2023, the long-term loans from financial institutions are secured by the mortgage of the Company's land and premises and machinery. Moreover, the loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio and debt service coverage ratio at the rates prescribed in the agreements.

11. Warrants

On 15 December 2022, the Extraordinary General Meeting of the Company's shareholders No. 1/2022 passed a resolution approving the issuance and the allocation of Warrants No.1 (PACO-W1) in the number of up to 200,000,000 units and allocate them to the existing shareholders, without charge, at a ratio of 1 warrant for every 5 existing ordinary shares. The exercise ratio is 1 warrant per ordinary share and the exercise price is Baht 3.00 per share. The warrants have the maturity of 2 years 11 months and 7 days from the issuance date and are exercisable in every 12 months from the issuance date, commencing on 15 December 2023.

On 9 January 2023, the Company allocated the warrants (PACO-W1) of 199,998,949 units to the existing shareholders and will not reallocate the remaining 1,051 units of these warrants.

12. Income tax

Interim corporate income tax was calculated on profit before income tax for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax charge	1,633	1,030
Deferred tax:		
Relating to origination and reversal of temporary differences	(73)	(388)
Income tax expenses reported in profit or loss	<u>1,560</u>	<u>642</u>

13. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share for the three-month periods ended 31 March 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Profit for the period (Thousand Baht)	3,406	16,879
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000
Earnings per share (Baht per share)	0.003	0.017

The exercise price of the warrants (PACO-W1) was higher than the average market price of the Company's ordinary shares for the three-month period ended 31 March 2023. Therefore, the Company did not assumed conversion of the warrants in the calculation of its diluted earnings per share in the financial statements.

14. Segment information

For management purposes, the Company is principally engaged in two reportable segments: (1) manufacturing and distribution of automotive air conditioning components segment and (2) trading segment. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements.

(Unaudited but reviewed)

The revenue and profit information by segment in the financial statements for the three-month periods ended 31 March 2023 and 2022 are as follows:

(Unit: Million Baht)

	Manufacturing and distribution of automotive air conditioning components segment		Trading segment		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue from external customers						
based on products						
Condenser	154	118	-	-	154	118
Evaporator	41	37	-	-	41	37
Other products	3	3	21	23	24	26
Total revenue	<u>198</u>	<u>158</u>	<u>21</u>	<u>23</u>	<u>219</u>	<u>181</u>
Gross profit	23	30	2	1	25	31
Unallocated income and expenses:						
Other income					7	4
Other expenses					(26)	(17)
Loss on exchange					(1)	-
Income tax expenses					(2)	(1)
Profit for the period					<u>3</u>	<u>17</u>

Geographic information

Revenue from external customers based on locations of the customers in the financial statements for the three-month periods ended 31 March 2023 and 2022 are summarised below.

(Unit: Million Baht)

	<u>2023</u>	<u>2022</u>
Revenue from external customers		
Thailand	80	80
Middle East	74	50
South East Asia	46	31
South Asia	6	8
Europe	5	3
North America	3	4
South America	3	3
East Asia	1	2
Others	1	-
Total	<u>219</u>	<u>181</u>

Major customers

For the three-month period ended 31 March 2023, the Company has revenue from 2 major customers in amount of Baht 52 million (2022: Baht 37 million derived from 2 major customers).

15. Commitments and contingent liabilities**15.1 Capital commitments**

As at 31 March 2023, the Company had capital commitments of approximately Baht 25 million (31 December 2022: Baht 30 million), relating to the acquisition of machinery, equipment and intangible assets.

15.2 Service commitments

As at 31 March 2023, the Company had commitments totaling Baht 1 million under various service agreements (31 December 2022: Baht 1 million).

15.3 Guarantees

As at 31 March 2023, there were outstanding bank guarantees of approximately Baht 6 million (31 December 2022: Baht 6 million) issued by banks on behalf of the Company to guarantee electricity use.

16. Fair value hierarchy

As at 31 March 2023, the Company had the liabilities that was measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities measured at fair value				
Derivatives				
Interest rate swap contracts	-	1	-	1

17. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 8 May 2023.