

President Automobile Industries Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2024

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 2024, 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*.

Serm Brisuthikun

Certified Public Accountant (Thailand) No. 9452

EY Office Limited

Bangkok: 9 May 2024

President Automobile Industries Public Company Limited

Statement of financial position

As at 31 March 2024

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2024</u> (Unaudited but reviewed)	<u>31 December 2023</u> (Audited)
Assets			
Current assets			
Cash and cash equivalents		164,529	115,808
Trade and other receivables	3	279,432	251,554
Inventories	4	443,219	474,518
Receivables from the Revenue Department		17,907	19,936
Advance payment for inventories		2,084	3,256
Other current assets		3,370	3,708
Total current assets		<u>910,541</u>	<u>868,780</u>
Non-current assets			
Property, plant and equipment	5	468,630	478,557
Advance payment for purchases of machinery and equipment		881	564
Intangible assets		2,519	2,702
Deferred tax assets		10,689	10,220
Other non-current assets		727	727
Total non-current assets		<u>483,446</u>	<u>492,770</u>
Total assets		<u>1,393,987</u>	<u>1,361,550</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 2024**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	6	64,383	68,714
Trade and other payables	2, 7	88,530	91,696
Current portion of lease liabilities	8	9,672	9,662
Current portion of long-term loans from financial institutions	9	63,700	63,700
Income tax payable		22,773	10,788
Advance received for goods		9,889	9,737
Derivative liabilities		466	396
Other current liabilities		338	322
Total current liabilities		<u>259,751</u>	<u>255,015</u>
Non-current liabilities			
Lease liabilities, net of current portion	8	21,034	23,469
Long-term loans from financial institutions, net of current portion	9	51,978	67,903
Provision for long-term employee benefits		7,725	8,157
Total non-current liabilities		<u>80,737</u>	<u>99,529</u>
Total liabilities		<u>340,488</u>	<u>354,544</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 2024

(Unit: Thousand Baht)

	<u>31 March 2024</u>	<u>31 December 2023</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	39,977	39,977
Unappropriated	<u>288,458</u>	<u>241,965</u>
Total shareholders' equity	<u>1,053,499</u>	<u>1,007,006</u>
Total liabilities and shareholders' equity	<u>1,393,987</u>	<u>1,361,550</u>
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The accompanying notes are an integral part of the interim financial statements.

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Directors

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President Automobile Industries Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2024

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 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 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, do not have any significant impact on the Company's financial statements.

2. Related party transactions

During the period, 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.

	For the three-month		Transfer Pricing Policy
	periods ended 31 March		
	<u>2024</u>	<u>2023</u>	
(Unit: Million Baht)			
<u>Transactions with related companies</u>			
Purchases of fixed assets	-	1	Market price
<u>Transactions with related persons</u>			
Rental and service expenses	1	1	Contract price

As at 31 March 2024 and 31 December 2023, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	31 March	31 December
	<u>2024</u>	<u>2023</u>
		(Audited)
<u>Trade payables - related party (Note 7)</u>		
Related company (Common shareholder)	<u>232</u>	<u>18</u>
<u>Other payables - related party (Note 7)</u>		
Related company (Common shareholder)	<u>16</u>	<u>15</u>
<u>Other payables for purchases of fixed assets - related party (Note 7)</u>		
Related company (Common shareholder)	<u>24</u>	<u>-</u>

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2024 and 2023, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>6</u>	<u>6</u>

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2024	31 December 2023
		(Audited)
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	155,485	134,045
Past due		
Up to 3 months	66,721	77,769
3 - 6 months	41,793	30,597
6 - 12 months	15,422	9,133
Over 12 months	<u>2,354</u>	<u>2,266</u>
Total	<u>281,775</u>	<u>253,810</u>
Less: Allowance for expected credit losses	<u>(2,354)</u>	<u>(2,266)</u>
Total trade receivables - net	<u>279,421</u>	<u>251,544</u>
<u>Other receivables</u>		
Other receivables	<u>11</u>	<u>10</u>
Total trade and other receivables - net	<u>279,432</u>	<u>251,554</u>

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

	(Unit: Thousand Baht)
As at 1 January 2024	2,266
Additions during the period	188
Reversal during the period	<u>(100)</u>
As at 31 March 2024	<u>2,354</u>

(Unaudited but reviewed)

4. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023
		(Audited)		(Audited)		(Audited)
Finished goods	264,524	288,988	(43,539)	(40,849)	220,985	248,139
Work in process	6,187	3,645	-	-	6,187	3,645
Raw materials	193,504	204,429	-	-	193,504	204,429
Factory supplies	5,656	6,073	-	-	5,656	6,073
Goods in transit	16,887	12,232	-	-	16,887	12,232
Total	<u>486,758</u>	<u>515,367</u>	<u>(43,539)</u>	<u>(40,849)</u>	<u>443,219</u>	<u>474,518</u>

Movements in the reduce cost of inventories to net realisable value account during the three-month period ended 31 March 2024 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2024	40,849
Add: Increase during the period	<u>2,690</u>
Balance as at 31 March 2024	<u>43,539</u>

5. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2024 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2024	478,557
Acquisitions during the period - at cost	1,821
Depreciation for the period	<u>(11,748)</u>
Net book value as at 31 March 2024	<u>468,630</u>

As at 31 March 2024, the Company has pledged its property, plant and equipment with net book value of approximately Baht 293 million (31 December 2023: Baht 297 million) as collateral against credit facilities received from commercial banks.

(Unaudited but reviewed)

6. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		31 March 2024	31 December 2023
	31 March 2024	31 December 2023		
	(% per annum)	(% per annum)	(Audited)	
Short-term loans from financial institutions	3.34 - 3.88	3.77 - 3.88	64,383	68,714
Total			64,383	68,714

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

7. Trade and other payables

(Unit: Thousand Baht)

	31 March 2024	31 December 2023
		(Audited)
Trade payables - unrelated parties	66,414	68,322
Trade payables - related party (Note 2)	232	18
Other payables - unrelated parties	5,120	4,487
Other payables - related party (Note 2)	16	15
Other payables for purchases of fixed assets	58	15
Other payables for purchases of fixed assets - related party (Note 2)	24	-
Accrued dividends	1,559	1,559
Interest payables	611	473
Accrued expenses	14,496	16,807
Total trade and other payables	88,530	91,696

8. Lease liabilities

	(Unit: Thousand Baht)	
	31 March 2024	31 December 2023
		(Audited)
Lease payments	33,057	35,778
Less: Deferred interest expenses	(2,351)	(2,647)
Total lease liabilities	30,706	33,131
Less: Portion due within one year	(9,672)	(9,662)
Lease liabilities - net of current portion	<u>21,034</u>	<u>23,469</u>

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.

9. Long-term loans from financial institutions

As at 31 March 2024 and 31 December 2023, the balances of long-term loans from financial institutions are as follows:

	(Unit: Thousand Baht)	
	31 March 2024	31 December 2023
		(Audited)
Long-term loans from financial institutions	115,678	131,603
Less: Current portion	(63,700)	(63,700)
Long-term loans from financial institutions - net of current portion	<u>51,978</u>	<u>67,903</u>

Movements in the long-term loans from financial institutions account during the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2024	131,603
Less: Repayment during the period	(15,950)
Amortisation of financial fee	25
Balance as at 31 March 2024	<u>115,678</u>

As at 31 March 2024, 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.

10. Warrants

As at 31 March 2024, a total of 199,998,949 warrants (PACO-W1) remained unexercised. (31 December 2023: 199,998,949 warrants)

11. 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 2024 and 2023 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current income tax charge	12,089	1,633
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(469)</u>	<u>(73)</u>
Income tax expenses reported in profit or loss	<u><u>11,620</u></u>	<u><u>1,560</u></u>

12. Earnings per share

Basic earnings per share is calculated by dividing profit 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 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.

(Unaudited but reviewed)

The following table sets forth the computation of basic earnings per share for the three-month periods ended 31 March 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Profit for the period (Thousand Baht)	46,493	3,406
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000
Earnings per share (Baht per share)	0.046	0.003

The exercise price of the warrants (PACO-W1) (Baht 3.00 per share) was higher than the average market price of the Company's ordinary shares for the three-month periods ended 31 March 2024 and 2023. Therefore, the Company did not assumed conversion of the warrants in the calculation of its diluted earnings per share in the financial statements.

13. 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.

The revenue and profit information by segment in the financial statements for the three-month periods ended 31 March 2024 and 2023 are as follows:

(Unit: Million Baht)

	Manufacturing and distribution of automotive air conditioning components segment		Trading segment		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue from external customers based on products						
Condenser	187	154	-	-	187	154
Evaporator	48	41	2	-	50	41
Other products	6	3	17	21	23	24
Total revenue	<u>241</u>	<u>198</u>	<u>19</u>	<u>21</u>	<u>260</u>	<u>219</u>
Gross profit	54	23	3	2	57	25
Unallocated income and expenses:						
Other income					3	7
Other expenses					(21)	(26)
Gain (loss) on exchange					19	(1)
Income tax expenses					(12)	(2)
Profit for the period					<u>46</u>	<u>3</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 2024 and 2023 are summarised below.

	(Unit: Million Baht)	
	<u>2024</u>	<u>2023</u>
Revenue from external customers		
Thailand	92	80
South East Asia	82	46
Middle East	71	74
South Asia	8	6
Europe	3	5
North America	2	3
South America	1	3
East Asia	1	1
Others	-	1
Total	<u>260</u>	<u>219</u>

Major customers

For the three-month period ended 31 March 2024, the Company has revenue from 2 major customers in amount of Baht 98 million (2023: Baht 52 million derived from 2 major customers).

14. Commitments and contingent liabilities**14.1 Capital commitments**

As at 31 March 2024, the Company had capital commitments of approximately Baht 25 million (31 December 2023: Baht 25 million), relating to the acquisition of machinery, equipment and intangible assets.

14.2 Service commitments

As at 31 March 2024, the Company had commitments totaling Baht 4 million under various service agreements (31 December 2023: Baht 4 million).

14.3 Guarantees

As at 31 March 2024, there were outstanding bank guarantees of approximately Baht 6 million (31 December 2023: Baht 6 million) issued by banks on behalf of the Company to guarantee electricity use.

15. Fair value hierarchy

As at 31 March 2024, 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	-	0.5	-	0.5

16. Events after the reporting period

On 10 April 2024, the Annual General Meeting of the Company's shareholders passed the resolution to approve a dividend payment of Baht 0.04 per share, or a total of Baht 40 million.

17. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 9 May 2024.