

President Automobile Industries Public Company Limited
Review report and financial information
For the three-month and six-month periods ended
30 June 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 financial information of President Automobile Industries Public Company Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim financial statements (collectively "the 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: 5 August 2024

President Automobile Industries Public Company Limited

Statement of financial position

As at 30 June 2024

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		173,153	115,808
Trade and other receivables	3	237,517	251,554
Inventories	4	418,176	474,518
Receivables from the Revenue Department		18,572	19,936
Advance payment for inventories		1,789	3,256
Derivative assets		249	-
Other current assets		3,262	3,708
Total current assets		<u>852,718</u>	<u>868,780</u>
Non-current assets			
Property, plant and equipment	5	455,461	478,557
Advance payment for purchases of machinery and equipment		1,042	564
Intangible assets		2,338	2,702
Deferred tax assets		10,670	10,220
Other non-current assets		727	727
Total non-current assets		<u>470,238</u>	<u>492,770</u>
Total assets		<u>1,322,956</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 30 June 2024

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	6	-	68,714
Trade and other payables	2, 7	92,955	91,696
Current portion of lease liabilities	8	9,698	9,662
Current portion of long-term loans from financial institutions	9	63,700	63,700
Income tax payable		23,206	10,788
Advance received for goods		12,696	9,737
Derivative liabilities		194	396
Other current liabilities		314	322
Total current liabilities		<u>202,763</u>	<u>255,015</u>
Non-current liabilities			
Lease liabilities, net of current portion	8	18,579	23,469
Long-term loans from financial institutions, net of current portion	9	36,053	67,903
Provision for long-term employee benefits		7,238	8,157
Total non-current liabilities		<u>61,870</u>	<u>99,529</u>
Total liabilities		<u>264,633</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 30 June 2024

(Unit: Thousand Baht)

	<u>30 June 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>293,282</u>	<u>241,965</u>
Total shareholders' equity	<u>1,058,323</u>	<u>1,007,006</u>
Total liabilities and shareholders' equity	<u>1,322,956</u>	<u>1,361,550</u>
	-	-

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 and six-month periods ended 30 June 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.

(Unit: Million Baht)

	For the three-month periods		Transfer Pricing Policy
	ended 30 June		
	<u>2024</u>	<u>2023</u>	
<u>Transactions with related companies</u>			
Purchases of goods and raw materials	-	1	Market price
Purchases of fixed assets	1	1	Market price
<u>Transactions with related persons</u>			
Rental and service expenses	1	1	Contract price

(Unit: Million Baht)

	For the six-month periods		Transfer Pricing Policy
	ended 30 June		
	<u>2024</u>	<u>2023</u>	
<u>Transactions with related companies</u>			
Purchases of goods and raw materials	-	1	Market price
Purchases of fixed assets	1	2	Market price
<u>Transactions with related persons</u>			
Rental and service expenses	2	2	Contract price

As at 30 June 2024 and 31 December 2023, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	30 June 2024	31 December 2023
		(Audited)
<u>Trade payables - related party (Note 7)</u>		
Related company (Common shareholder)	86	18
<u>Other payables - related party (Note 7)</u>		
Related company (Common shareholder)	21	15

(Unaudited but reviewed)

(Unit: Thousand Baht)

	30 June 2024	31 December 2023
		(Audited)
<u>Other payables for purchases of fixed assets - related party (Note 7)</u>		
Related company (Common shareholder)	24	-

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2024 and 2023, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	6	6	12	12

3. Trade and other receivables

(Unit: Thousand Baht)

	30 June 2024	31 December 2023
		(Audited)
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	128,941	134,045
Past due		
Up to 3 months	90,795	77,769
3 - 6 months	17,080	30,597
6 - 12 months	690	9,133
Over 12 months	2,973	2,266
Total	240,479	253,810
Less: Allowance for expected credit losses	(2,973)	(2,266)
Total trade receivables - net	237,506	251,544
<u>Other receivables</u>		
Other receivables	11	10
Total trade and other receivables - net	237,517	251,554

(Unaudited but reviewed)

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	825
Reversal during the period	(118)
As at 30 June 2024	<u>2,973</u>

4. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
		(Audited)		(Audited)		(Audited)
Finished goods	259,191	288,988	(44,315)	(40,849)	214,876	248,139
Work in process	4,168	3,645	-	-	4,168	3,645
Raw materials	177,895	204,429	-	-	177,895	204,429
Factory supplies	5,012	6,073	-	-	5,012	6,073
Goods in transit	16,225	12,232	-	-	16,225	12,232
Total	<u>462,491</u>	<u>515,367</u>	<u>(44,315)</u>	<u>(40,849)</u>	<u>418,176</u>	<u>474,518</u>

Movements in the reduce cost of inventories to net realisable value account during the six-month period ended 30 June 2024 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2024	40,849
Add: Increase during the period	<u>3,466</u>
Balance as at 30 June 2024	<u>44,315</u>

5. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2024 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2024	478,557
Acquisitions during the period - at cost	4,388
Depreciation for the period	(23,131)
Disposals / Write-off during the period	<u>(4,353)</u>
Net book value as at 30 June 2024	<u>455,461</u>

(Unaudited but reviewed)

As at 30 June 2024, the Company has pledged its property, plant and equipment with net book value of approximately Baht 290 million (31 December 2023: Baht 297 million) as collateral against credit facilities received from commercial banks.

6. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		30 June 2024	31 December 2023
	30 June 2024	31 December 2023		
	(% per annum)	(% per annum)		(Audited)
Short-term loans from financial institutions	-	3.77 - 3.88	-	68,714
Total			-	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)

	30 June 2024	31 December 2023
		(Audited)
Trade payables - unrelated parties	70,445	68,322
Trade payables - related party (Note 2)	86	18
Other payables - unrelated parties	4,679	4,487
Other payables - related party (Note 2)	21	15
Other payables for purchases of fixed assets	1,645	15
Other payables for purchases of fixed assets - related party (Note 2)	24	-
Accrued dividends	1,603	1,559
Interest payables	16	473
Accrued expenses	14,436	16,807
Total trade and other payables	92,955	91,696

(Unaudited but reviewed)

8. Lease liabilities

	(Unit: Thousand Baht)	
	30 June 2024	31 December 2023
		(Audited)
Lease payments	30,352	35,778
Less: Deferred interest expenses	(2,075)	(2,647)
Total lease liabilities	28,277	33,131
Less: Portion due within one year	(9,698)	(9,662)
Lease liabilities - net of current portion	18,579	23,469

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

	(Unit: Thousand Baht)	
	30 June 2024	31 December 2023
		(Audited)
Long-term loans from financial institutions	99,753	131,603
Less: Current portion	(63,700)	(63,700)
Long-term loans from financial institutions - net of current portion	36,053	67,903

Movements in the long-term loans from financial institutions account during the six-month period ended 30 June 2024 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2024	131,603
Less: Repayment during the period	(31,900)
Amortisation of financial fee	50
Balance as at 30 June 2024	99,753

(Unaudited but reviewed)

As at 30 June 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 30 June 2024, a total of 199,998,949 warrants (PACO-W1) remained unexercised. (31 December 2023: 199,998,949 warrants). The last exercise date for these warrants is 15 December 2025.

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 and six-month periods ended 30 June 2024 and 2023 are made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 30 June	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current income tax charge	11,279	6,022
Deferred tax:		
Relating to origination and reversal of temporary differences	19	3
Income tax expenses reported in profit or loss	<u>11,298</u>	<u>6,025</u>

	(Unit: Thousand Baht)	
	For the six-month periods ended 30 June	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current income tax charge	23,368	7,655
Deferred tax:		
Relating to origination and reversal of temporary differences	(450)	(70)
Income tax expenses reported in profit or loss	<u>22,918</u>	<u>7,585</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.

The following table sets forth the computation of basic earnings per share for the three-month and six-month periods ended 30 June 2024 and 2023:

	For the three-month periods ended 30 June	
	<u>2024</u>	<u>2023</u>
Profit for the period (Thousand Baht)	44,824	23,880
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000
Earnings per share (Baht per share)	0.04	0.02
	For the six-month periods ended 30 June	
	<u>2024</u>	<u>2023</u>
Profit for the period (Thousand Baht)	91,317	27,286
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000
Earnings per share (Baht per share)	0.09	0.03

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 and six-month periods ended 30 June 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. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2023	Annual General Meeting of the shareholders on 10 April 2024	40	0.04
Total dividends for the six-month period ended 30 June 2024		40	0.04

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.

The revenue and profit information by segment in the financial statements for the three-month and six-month periods ended 30 June 2024 and 2023 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June					
	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	190	184	-	-	190	184
Evaporator	48	55	-	-	48	55
Other products	3	5	22	24	25	29
Total revenue	241	244	22	24	263	268
Gross profit	65	29	2	2	67	31
Unallocated income and expenses:						
Other income					5	6
Other expenses					(21)	(20)
Gain on exchange					5	13
Income tax expenses					(11)	(6)
Profit for the period					45	24

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	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	377	338	-	-	377	338
Evaporator	96	96	2	-	98	96
Other products	9	8	39	45	48	53
Total revenue	<u>482</u>	<u>442</u>	<u>41</u>	<u>45</u>	<u>523</u>	<u>487</u>
Gross profit	119	52	5	4	124	56
Unallocated income and expenses:						
Other income					8	13
Other expenses					(42)	(46)
Gain on exchange					24	12
Income tax expenses					(23)	(8)
Profit for the period					<u>91</u>	<u>27</u>

Geographic information

Revenue from external customers based on locations of the customers in the financial statements for the three-month and six-month periods ended 30 June 2024 and 2023 are summarised below.

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	Revenue from external customers			
Thailand	93	86	185	166
Middle East	110	94	181	168
South East Asia	47	64	129	110
South Asia	7	7	15	13
Europe	2	2	5	7
South America	3	2	4	5
North America	-	12	2	15
East Asia	-	-	1	1
Others	1	1	1	2
Total	<u>263</u>	<u>268</u>	<u>523</u>	<u>487</u>

Major customers

For the three-month and six-month periods ended 30 June 2024, the Company has revenue from 2 major customers in amount of Baht 68 million and Baht 166 million, respectively (2023: Baht 77 million and Baht 129 million, respectively derived from 2 major customers).

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

As at 30 June 2024, the Company had capital commitments of approximately Baht 24 million (31 December 2023: Baht 25 million), relating to the acquisition of machinery, equipment and intangible assets.

15.2 Service commitments

As at 30 June 2024, the Company had commitments totaling Baht 3 million under various service agreements (31 December 2023: Baht 4 million).

15.3 Guarantees

As at 30 June 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.

16. Fair value hierarchy

As at 30 June 2024, the Company had the liabilities that was measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.2	-	0.2
Liabilities measured at fair value				
Derivatives				
Interest rate swap contracts	-	0.2	-	0.2

17. Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

(Unaudited but reviewed)

As at 30 June 2024, The Company has the balances of financial assets and liabilities denominated in foreign currencies of the Company are summarised below.

<u>Foreign currency</u>	<u>Financial assets</u>	<u>Financial liabilities</u>	<u>Exchange rate</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	8	-	36.8497
Chinese yuan	-	4	5.0581

As at 30 June 2024, The Company has the foreign exchange contracts as below.

<u>Foreign currency</u>	<u>Amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
	(Million)	(Baht per 1 foreign currency unit)	
Buy Contracts			
US dollar	2	36.52 - 36.53	September 2024

Foreign exchange contracts are initially recognised at fair value on the date on which a foreign exchange contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss.

18. Events after the reporting period

On 5 August 2024, a meeting of the Company's Board of Directors passed a resolution approving the Company's payment of an interim dividend to its shareholders of Baht 0.05 per share, or a total of Baht 50 million.

19. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 5 August 2024.