

President Automobile Industries Public Company Limited
Report and financial statements
31 December 2025

Independent Auditor's Report

To the Shareholders of President Automobile Industries Public Company Limited

Opinion

I have audited the accompanying financial statements of President Automobile Industries Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2025, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively "the financial statements").

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of President Automobile Industries Public Company Limited as at 31 December 2025, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond to each matter are described below.

Revenue recognition

In 2025, the Company recognised revenue from sales of Baht 961 million in the statement of comprehensive income. As these transactions were significant, I focused my audit on the correctness of revenue recognition in accordance with the Company's policy, as described in Note 4.1 to the financial statements.

I have assessed and tested the internal controls of the Company relevant to the revenue cycle by examining supporting documents, on a sampling basis, for actual sales transactions occurring during the year and expanding the scope of audit near the end of the reporting period. I also examined credit notes issued by the Company after the period-end. In addition, I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Serm Brisuthikun
Certified Public Accountant (Thailand) No. 9452

EY Office Limited
Bangkok: 23 February 2026

President Automobile Industries Public Company Limited

Statement of financial position

As at 31 December 2025

(Unit: Baht)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Assets			
Current assets			
Cash and cash equivalents	7	86,046,286	218,670,503
Trade and other current receivables	8	262,356,101	206,404,288
Inventories	9	353,440,415	450,056,556
Receivables from the Revenue Department		2,194,601	2,895,088
Advance payment for inventories		1,717,479	474,782
Other current assets		10,030,916	5,113,014
Total current assets		<u>715,785,798</u>	<u>883,614,231</u>
Non-current assets			
Property, plant and equipment	10	427,545,458	434,278,284
Advance payment for purchases of machinery and equipment		6,176,453	1,171,791
Intangible assets	11	2,050,818	2,070,444
Deferred tax assets	22	13,249,600	13,119,215
Other non-current assets		828,993	831,493
Total non-current assets		<u>449,851,322</u>	<u>451,471,227</u>
Total assets		<u><u>1,165,637,120</u></u>	<u><u>1,335,085,458</u></u>

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

President Automobile Industries Public Company Limited

Statement of financial position (continued)

As at 31 December 2025

(Unit: Baht)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	12	73,238,641	46,425,730
Trade and other current payables	6, 13	57,034,129	146,383,911
Current portion of lease liabilities	14	9,781,783	8,299,286
Current portion of long-term loans from financial institutions	15	4,203,149	63,700,016
Income tax payable		-	15,222,651
Advance received for goods		8,847,460	13,153,356
Derivative liabilities		-	164,002
Other current liabilities		239,080	410,396
Total current liabilities		<u>153,344,242</u>	<u>293,759,348</u>
Non-current liabilities			
Lease liabilities, net of current portion	14	17,978,998	15,170,146
Long-term loans from financial institutions, net of current portion	15	-	4,203,125
Non-current provision for employee benefits	16	12,412,229	11,553,649
Total non-current liabilities		<u>30,391,227</u>	<u>30,926,920</u>
Total liabilities		<u>183,735,469</u>	<u>324,686,268</u>

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

President Automobile Industries Public Company Limited

Statement of financial position (continued)

As at 31 December 2025

(Unit: Baht)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Shareholders' equity			
Share capital			
Registered			
1,200,000,000 ordinary shares of Baht 0.50 each		600,000,000	600,000,000
Issued and fully paid up			
1,000,000,122 ordinary shares of Baht 0.50 each			
(2024: 1,000,000,000 ordinary shares of Baht 0.50 each)	17	500,000,061	500,000,000
Share premium		225,064,305	225,064,000
Retained earnings			
Appropriated - statutory reserve	19	53,453,368	47,377,368
Unappropriated		203,383,917	237,957,822
Total shareholders' equity		<u>981,901,651</u>	<u>1,010,399,190</u>
Total liabilities and shareholders' equity		<u>1,165,637,120</u>	<u>1,335,085,458</u>
		-	-

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

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Directors
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President Automobile Industries Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2025

(Unit: Baht)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Profit or loss:			
Revenues			
Sales		961,137,545	1,022,158,995
Gain on exchange		-	919,108
Other income		17,848,115	20,001,204
Total revenues		<u>978,985,660</u>	<u>1,043,079,307</u>
Expenses			
Cost of sales		754,692,506	776,786,192
Selling and distribution expenses		26,962,093	27,284,775
Administrative expenses		46,691,791	46,718,389
Loss on exchange		12,955,868	-
Total expenses		<u>841,302,258</u>	<u>850,789,356</u>
Operating profit		137,683,402	192,289,951
Finance cost	20	(5,784,563)	(8,050,116)
Profit before income tax expenses		131,898,839	184,239,835
Income tax expenses	22	(10,396,744)	(36,743,820)
Profit for the year		<u>121,502,095</u>	<u>147,496,015</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss - net of income tax		-	(4,102,626)
Other comprehensive income for the year		<u>-</u>	<u>(4,102,626)</u>
Total comprehensive income for the year		<u><u>121,502,095</u></u>	<u><u>143,393,389</u></u>
Earnings per share			
24			
Basic earnings per share			
Profit attributable to equity holders of the Company		0.12	0.15
Diluted earnings per share			
Profit attributable to equity holders of the Company		0.12	0.15

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

President Automobile Industries Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2025

(Unit: Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2024	500,000,000	225,064,000	39,977,368	241,964,433	1,007,005,801
Profit for the year	-	-	-	147,496,015	147,496,015
Other comprehensive income for the year	-	-	-	(4,102,626)	(4,102,626)
Total comprehensive income for the year	-	-	-	143,393,389	143,393,389
Transfer unappropriated retained earnings to statutory reserve (Note 19)	-	-	7,400,000	(7,400,000)	-
Dividend paid	-	-	-	(140,000,000)	(140,000,000)
Balance as at 31 December 2024	<u>500,000,000</u>	<u>225,064,000</u>	<u>47,377,368</u>	<u>237,957,822</u>	<u>1,010,399,190</u>
Balance as at 1 January 2025	500,000,000	225,064,000	47,377,368	237,957,822	1,010,399,190
Profit for the year	-	-	-	121,502,095	121,502,095
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	121,502,095	121,502,095
Issuance of ordinary shares as a result of warrant exercised (Note 17)	61	305	-	-	366
Transfer unappropriated retained earnings to statutory reserve (Note 19)	-	-	6,076,000	(6,076,000)	-
Dividend paid (Note 27)	-	-	-	(150,000,000)	(150,000,000)
Balance as at 31 December 2025	<u>500,000,061</u>	<u>225,064,305</u>	<u>53,453,368</u>	<u>203,383,917</u>	<u>981,901,651</u>

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

President Automobile Industries Public Company Limited

Cash flow statement

For the year ended 31 December 2025

(Unit: Baht)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Profit before tax	131,898,839	184,239,835
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	43,093,100	46,023,098
Allowance for expected credit losses	490,878	103,500
Reduction of inventory to net realisable value	700,127	10,179,992
Loss on disposal of equipment	234,999	559,458
Non-current provision for employee benefits	1,204,780	720,023
Unrealised (gain) loss on exchange	2,027,920	(1,773,891)
Gain on derivatives	(164,002)	(232,386)
Impairment loss on property, plant and equipment	-	142,369
Interest income	(1,079,772)	(1,083,544)
Interest expenses	4,784,110	7,021,007
Profit from operating activities before changes in operating assets and liabilities	<u>183,190,979</u>	<u>245,899,461</u>
Operating assets (increase) decrease		
Trade and other current receivables	(57,981,933)	46,937,393
Inventories	95,916,015	14,281,088
Receivables from the Revenue Department	700,487	17,040,756
Advance payment for inventories	(1,242,697)	2,781,260
Other current assets	1,992,855	(1,404,639)
Other non-current assets	2,500	(103,425)
Operating liabilities increase (decrease)		
Trade and other current payables	(40,649,660)	4,391,965
Advance received for goods	(4,305,896)	3,416,843
Other current liabilities	(171,317)	88,559
Cash paid for non-current provision for employee benefits	(346,200)	(2,451,487)
Cash from operating activities	<u>177,105,133</u>	<u>330,877,774</u>
Interest received	1,079,772	1,083,544
Cash paid for interest expenses	(4,530,212)	(7,359,371)
Cash paid for corporate income tax	(32,660,537)	(34,182,804)
Net cash flows from operating activities	<u>140,994,156</u>	<u>290,419,143</u>

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

President Automobile Industries Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2025

(Unit: Baht)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(27,221,967)	(8,955,306)
Cash received from disposal of equipment	1,080,701	6,211,289
Acquisition of intangible assets	(735,000)	(90,000)
Net cash flows used in investing activities	<u>(26,876,266)</u>	<u>(2,834,017)</u>
Cash flows from financing activities		
Increase (decrease) in short-term loans from financial institutions	26,812,911	(22,288,034)
Payment of lease liabilities	(9,785,156)	(8,697,435)
Repayment of long-term loans from financial institutions	(63,799,992)	(63,799,992)
Cash received from increase in share capital	366	-
Dividend paid	(199,970,236)	(89,937,392)
Net cash flows used in financing activities	<u>(246,742,107)</u>	<u>(184,722,853)</u>
Net increase (decrease) in cash and cash equivalents	<u>(132,624,217)</u>	<u>102,862,273</u>
Cash and cash equivalents at beginning of year	<u>218,670,503</u>	<u>115,808,230</u>
Cash and cash equivalents at end of year	<u><u>86,046,286</u></u>	<u><u>218,670,503</u></u>
	-	
Supplemental cash flow information		
Non-cash items consist of:		
Accounts payable on asset acquisition	1,195,946	568,407
Increase of right of use from lease agreement	14,076,505	-
Dividends for the year which had not yet been paid	-	50,062,608

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

President Automobile Industries Public Company Limited

Notes to financial statements

For the year ended 31 December 2025

1. General information

President Automobile Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of automotive air conditioning components. The registered office of the Company is as follows:

Head office: 88/8, Moo 9, Soi Wor-Por-Or 11 (Piset), Satethakit 1 Road, Suanluang, Kratumban, Samutsakorn.

Branch 1: 26/5, Moo 9, Soi Wor-Por-Or 11 (Piset), Satethakit 1 Road, Suanluang, Kratumban, Samutsakorn.

Branch 2: 1127/1, Ekkachai Road, Bangbon, Bangkok.

Branch 3: 88/5, Moo 9, Suanluang, Kratumban, Samutsakorn.

Branch 4: 88/19, Moo 9, Soi Wor-Por-Or 11 (Piset), Satethakit 1 Road, Suanluang, Kratumban, Samutsakorn.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2025. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2026

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2026. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believes that the adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods and work in process are valued at the lower of cost under the average method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and premises	-	10 - 30 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.6 Intangible assets

Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives are computer software which has finite useful life of 10 years.

4.7 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term as follows:

Land, buildings and building improvement	3 years
Machinery and equipment	10 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operation.

4.9 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.10 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

4.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.14 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. These financial assets are derivatives.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.15 Derivatives

The Company uses derivatives, such as foreign exchange forward contracts and interest rate swap, to hedge its foreign currency risks and interest rate risks, respectively.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets or financial liabilities by considering the fair value of the derivatives.

Derivatives are presented as non-current assets or liabilities and current assets or liabilities by considering the remaining maturity with more than or less than 12 months respectively.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Company's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, 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.

	<u>2025</u>	<u>2024</u>	(Unit: Million Baht) <u>Transfer Pricing Policy</u>
<u>Transactions with related companies</u>			
Purchases of goods and raw materials	-	1	Market price
Purchases of fixed assets	-	1	Market price
<u>Transactions with related persons</u>			
Rental and service expenses	5	5	Contract price

As at 31 December 2025 and 2024, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
<u>Other current payables - related party (Note 13)</u>		
Related company (Common shareholder)	<u>9</u>	<u>26</u>

Directors and management's benefits

During the years ended 31 December 2025 and 2024, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	<u>22</u>	<u>23</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Cash	1,716	1,207
Bank deposits	84,330	217,464
Total	<u>86,046</u>	<u>218,671</u>

As at 31 December 2025, bank deposits in saving accounts and fixed deposits carried interest at rates between 0.04 and 0.25 percent per annum (2024: between 0.04 and 0.50 percent per annum).

8. Trade and other current receivables

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	99,728	98,872
Past due		
Up to 3 months	41,222	55,928
3 - 6 months	97,818	50,277
6 - 12 months	23,572	1,316
Over 12 months	2,862	2,370
Total	<u>265,202</u>	<u>208,763</u>
Less: Allowance for expected credit losses	<u>(2,862)</u>	<u>(2,370)</u>
Total trade receivables - net	<u>262,340</u>	<u>206,393</u>
<u>Other current receivables</u>		
Other current receivables	<u>16</u>	<u>11</u>
Total trade and other current receivables - net	<u><u>262,356</u></u>	<u><u>206,404</u></u>

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

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Balance at beginning of year	2,370	2,266
Additions during the year	701	294
Reversal during the year	<u>(209)</u>	<u>(190)</u>
Balance at end of year	<u><u>2,862</u></u>	<u><u>2,370</u></u>

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Finished goods	234,453	290,856	(51,730)	(51,029)	182,723	239,827
Work in process	4,224	5,772	-	-	4,224	5,772
Raw materials	162,021	184,281	-	-	162,021	184,281
Factory supplies	4,272	3,915	-	-	4,272	3,915
Goods in transit	200	16,262	-	-	200	16,262
Total	<u>405,170</u>	<u>501,086</u>	<u>(51,730)</u>	<u>(51,029)</u>	<u>353,440</u>	<u>450,057</u>

During the current year, the Company reduced cost of inventories by Baht 216.4 million to reflect the net realisable value (2024: Baht 182.2 million). This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 215.7 million (2024: Baht 172.0 million), and reduced the amount of inventories recognised as expenses during the year.

10. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and premises	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Right-of-use assets (Note 14)	Assets under installation and construction	Total
Cost:								
1 January 2024	195,557	109,341	637,784	14,398	22,182	58,778	601	1,038,641
Additions	-	176	7,966	583	41	-	134	8,900
Disposals / write off	-	-	(8,759)	(186)	(507)	-	-	(9,452)
Transfers in (out)	-	-	28	-	1,630	(1,630)	(28)	-
Decrease from lease modification agreement								
	-	-	-	-	-	(965)	-	(965)
31 December 2024	195,557	109,517	637,019	14,795	23,346	56,183	707	1,037,124
Additions	-	-	21,960	330	195	14,348	88	36,921
Disposals / write off	-	-	(1,669)	(165)	(677)	(13,470)	(49)	(16,030)
31 December 2025	195,557	109,517	657,310	14,960	22,864	57,061	746	1,058,015
Accumulated depreciation:								
1 January 2024	-	38,525	466,811	10,945	16,460	27,343	-	560,084
Depreciation for the year	-	5,372	28,042	961	1,382	9,544	-	45,301
Depreciation on disposals/ write off								
	-	-	(2,057)	(167)	(457)	-	-	(2,681)
Transfers in (out)	-	-	-	-	1,467	(1,467)	-	-
31 December 2024	-	43,897	492,796	11,739	18,852	35,420	-	602,704
Depreciation for the year	-	5,310	25,469	841	1,405	9,314	-	42,339
Depreciation on disposals/ write off								
	-	-	(490)	(146)	(609)	(13,470)	-	(14,715)
31 December 2025	-	49,207	517,775	12,434	19,648	31,264	-	630,328
Allowance for impairment loss:								
1 January 2024	-	-	-	-	-	-	-	-
Increase during the year	-	-	142	-	-	-	-	142
31 December 2024	-	-	142	-	-	-	-	142
Increase during the year	-	-	-	-	-	-	-	-
31 December 2025	-	-	142	-	-	-	-	142
Net book value:								
31 December 2024	195,557	65,620	144,081	3,056	4,494	20,763	707	434,278
31 December 2025	195,557	60,310	139,393	2,526	3,216	25,797	746	427,545
Depreciation for the year								
2024 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)								45,301
2025 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)								42,339

As at 31 December 2025, the Company has pledged its property, plant and equipment with net book value of approximately Baht 253 million (2024: Baht 277 million) as collateral against credit facilities received from commercial banks.

As at 31 December 2025, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 432 million (2024: Baht 382 million).

11. Intangible assets

The net book value of intangible assets (computer software) as at 31 December 2025 and 2024 is presented below.

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Cost	11,629	10,894
Less: Accumulated amortisation	(9,578)	(8,824)
Net book value	<u>2,051</u>	<u>2,070</u>

A reconciliation of the net book value of intangible assets for the years 2025 and 2024 is presented below.

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Net book value at beginning of year	2,070	2,702
Acquisitions during the year - at cost	735	90
Amortisation expenses for the year	(754)	(722)
Net book value at end of year	<u>2,051</u>	<u>2,070</u>

12. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (% per annum)		<u>2025</u>	<u>2024</u>
	<u>2025</u>	<u>2024</u>		
Bank overdrafts	MOR	-	54	-
Short-term loans from financial institutions	MRR and 3.46	MMR, 3.58 and 3.70	<u>73,185</u>	<u>46,426</u>
Total			<u>73,239</u>	<u>46,426</u>

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

13. Trade and other current payables

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Trade payables - unrelated parties	34,094	73,444
Other current payables - unrelated parties	4,239	4,566
Other current payables - related party (Note 6)	9	26
Other payables for purchases of fixed assets - unrelated parties	1,196	568
Accrued dividends	1,652	51,622
Interest payables	188	34
Accrued expenses	15,656	16,124
Total trade and other current payables	<u>57,034</u>	<u>146,384</u>

14. Leases

The Company as a lessee

The Company has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 10 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2025 and 2024 are summarised below.

	(Unit: Thousand Baht)			
	Land, buildings and building improvement	Machinery and equipment	Motor vehicles	Total
1 January 2024	7,484	23,434	517	31,435
Depreciation for the year	(4,498)	(4,846)	(200)	(9,544)
Decrease from lease modification agreement	-	(965)	-	(965)
Transfers out	-	-	(163)	(163)
31 December 2024	2,986	17,623	154	20,763
Increase during the year	13,264	-	1,084	14,348
Depreciation for the year	(4,463)	(4,699)	(152)	(9,314)
31 December 2025	<u>11,787</u>	<u>12,924</u>	<u>1,086</u>	<u>25,797</u>

b) Lease liabilities

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Lease payments	29,339	25,055
Less: Deferred interest expenses	(1,578)	(1,586)
Total lease liabilities	<u>27,761</u>	<u>23,469</u>
Less: Portion due within one year	(9,782)	(8,299)
Lease liabilities - net of current portion	<u>17,979</u>	<u>15,170</u>

Movements of the lease liabilities account during the years ended 31 December 2025 and 2024 are summarised below:

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Balance at beginning of year	23,469	33,131
Increase during the year	14,077	-
Accretion of interest during the year	869	1,056
Repayments during the year	(10,654)	(9,753)
Decrease from lease modification agreement	-	(965)
Balance at end of year	<u>27,761</u>	<u>23,469</u>

A maturity analysis of lease payments is disclosed in Note 30.2 to the financial statements under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Depreciation of right-of-use assets	9,314	9,544
Interest expenses on lease liabilities	869	1,056

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2025 of Baht 11 million (2024: Baht 10 million), including the cash outflow related to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

15. Long-term loans from financial institutions

			(Unit: Thousand Baht)	
Loan	Interest rate	Repayment schedule	2025	2024
			(%)	
1	MLR - 2.50	Repayable in monthly installments, and the final installment is due in May 2027.	4,203	18,003
2	THOR CMP + 1.25	Repayable in monthly installments, and the final installment is due in December 2025.	-	50,000
Total			4,203	68,003
Less: Deferred financing fees			-	(100)
Long-term loans from financial institutions - net			4,203	67,903
Less: Current portion			(4,203)	(63,700)
Long-term loans from financial institutions - net of current portion			-	4,203

Movements in the long-term loans from financial institutions account for the years ended 31 December 2025 and 2024 are summarised below.

			(Unit: Thousand Baht)	
			<u>2025</u>	<u>2024</u>
Balance at beginning of year			67,903	131,603
Repayment during the year			(63,800)	(63,800)
Amortisation of financial fee			100	100
Balance at end of year			<u>4,203</u>	<u>67,903</u>

As at 31 December 2025, the loans 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. The Company has no indication that it will have difficulty complying with these covenants within the twelve months after the reporting period.

As at 31 December 2025 and 2024, there was no long-term credit facilities which have not yet been drawn.

16. Provision for employee benefits

Provision for employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Provision for employee benefits at beginning of year	11,554	8,157
Included in profit or loss:		
Current service cost	978	554
Interest cost	226	166
Included in other comprehensive income:		
Remeasurement (gain) loss arising from		
Demographic assumptions changes	-	(1,209)
Financial assumptions changes	-	(395)
Experience adjustments	-	6,732
Benefits paid during the year	<u>(346)</u>	<u>(2,451)</u>
Provision for employee benefits at end of year	<u><u>12,412</u></u>	<u><u>11,554</u></u>

The Company expects to pay Baht 0.5 million of long-term employee benefits during the next year (2024: Baht 2.5 million).

As at 31 December 2025, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2024: 9 years).

Significant actuarial assumptions are summarised below.

	<u>2025</u>	<u>2024</u>
	(Percent per annum)	(Percent per annum)
Discount rate	2.0	2.0
Salary increase rate	2.5 - 3.8	2.5 - 3.8
Turnover rate	4.0 - 34.0	4.0 - 34.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2025 and 2024 are summarised below.

	(Unit: Million Baht)			
	<u>2025</u>		<u>2024</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(0.7)	0.8	(0.7)	0.8
Salary increase rate	0.7	(0.7)	0.7	(0.7)

17. Share capital

As at 31 December 2025, the Company's issued and fully paid share capital amounted to Baht 500,000,061, consisting of 1,000,000,122 ordinary shares of Baht 0.50 each (2024: Baht 500,000,000, consisting of 1,000,000,000 ordinary shares of Baht 0.50 each). The increase of Baht 61 is the result of the exercise of warrants (PACO-W1) in December 2025. The Company registered the increase in its issued and fully paid share capital to Baht 500,000,061 with the Ministry of Commerce on 26 December 2025.

18. 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.

In December 2025, 122 warrants (PACO-W1) were exercised. The Company has issued ordinary shares to support the exercise of these warrants, as mentioned in Note 17 to the financial statements. PACO-W1 warrants have expired on 15 December 2025.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

20. Finance cost

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Interest expenses on borrowings	3,915	5,965
Interest expenses on lease liabilities	869	1,056
Other bank charges	1,001	1,029
Total	<u>5,785</u>	<u>8,050</u>

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Salaries, wages and other employee benefits	162,866	168,831
Depreciation and amortisation	43,093	46,023
Allowance for expected credit losses	491	104
Loss on exchange	12,956	-
Raw materials and consumables used	371,161	448,729
Changes in inventories of finished goods and work in process	57,951	(3,995)

22. Income tax

Income tax expenses for the years ended 31 December 2025 and 2024 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Current income tax:		
Current income tax charge	10,528	38,617
Deferred tax:		
Relating to origination and reversal of temporary differences	(131)	(1,873)
Income tax expenses reported in profit or loss	<u>10,397</u>	<u>36,744</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2025 and 2024 are as follows:

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Deferred tax on actuarial losses	-	(1,026)

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Accounting profit before tax	131,899	184,240
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	26,380	36,848
Effects of:		
Promotional privileges (Note 23)	(16,085)	-
Non-deductible expenses	288	82
Additional expense deductions allowed	(186)	(186)
Total	(16,016)	(104)
Income tax expenses reported in profit or loss	10,397	36,744

The components of deferred tax assets as at 31 December 2025 and 2024 are as follows:

	(Unit: Thousand Baht)	
	<u>2025</u>	<u>2024</u>
Deferred tax assets		
Allowance for diminution in value of inventories	10,346	10,206
Non-current provision for employee benefits	2,483	2,311
Lease	393	541
Derivative liabilities	-	33
Allowance for impairment loss on assets	28	28
Total	13,250	13,119

As at 31 December 2025, the Company has deductible temporary differences of Baht 4 million (2024: Baht 3 million), on which deferred tax assets have not been recognised as the management of the Company believes that they might not be used to offset taxable income in the future.

23. Promotional privileges

On 30 April 2025, the Company received promotional privileges from the Board of Investment for the manufacture of air conditioning system components to the investment promotion certificate No. 68-0867-2-05-1-0, which is the modification of machinery to enhance production efficiency. The privileges include an exemption from corporate income tax for a period of 3 years from the date the promoted operations begin generating revenues (1 May 2025).

The Company's operating revenues for the years ended 31 December 2025 and 2024, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Sales						
Domestic sales	179,795	-	179,964	342,472	359,759	342,472
Export sales	357,502	-	243,877	679,687	601,379	679,687
Total sales	<u>537,297</u>	<u>-</u>	<u>423,841</u>	<u>1,022,159</u>	<u>961,138</u>	<u>1,022,159</u>

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year 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.

	<u>2025</u>	<u>2024</u>
Profit for the year (Thousand Baht)	121,502	147,496
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000
Basic earnings per share (Baht per share)	0.12	0.15

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

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's executive committee.

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 years ended 31 December 2025 and 2024 are as follows:

(Unit: Million Baht)

	Manufacturing and distribution of automotive air conditioning components segment		Trading segment		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Revenue from external customers based on products					
Condenser	643	730	-	-	643	730
Evaporator	209	200	4	2	213	202
Other products	19	16	86	74	105	90
Total revenues	<u>871</u>	<u>946</u>	<u>90</u>	<u>76</u>	<u>961</u>	<u>1,022</u>
Gross profit	195	234	11	11	206	245
Unallocated income and expenses:						
Other income					18	20
Other expenses					(79)	(82)
Gain (loss) on exchange					(13)	1
Income tax expenses					(10)	(37)
Profit for the year					<u>122</u>	<u>147</u>

Geographic information

Revenue from external customers based on locations of the customers in the financial statements for the years ended 31 December 2025 and 2024 are summarised below.

	(Unit: Million Baht)	
	<u>2025</u>	<u>2024</u>
Revenue from external customers		
Middle East	356	344
Thailand	360	342
South East Asia	149	278
South Asia	32	28
South America	30	14
Europe	14	9
North America	13	2
Australia	2	3
Others	5	2
Total	<u>961</u>	<u>1,022</u>

Major customers

For the year 2025, the Company has revenue from 2 major customers in amount of Baht 238 million (2024: Baht 322 million derived from 2 major customers).

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rates of 3 - 5 percent of basic salary. The fund, which is managed by licensed fund managers, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2025 amounting to approximately Baht 1 million (2024: Baht 1 million) were recognised as expenses.

27. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2024	Annual General Meeting of the shareholders on 22 April 2025	100	0.10
Interim dividends for 2025	Board of Director's Meeting on 7 August 2025	<u>50</u>	<u>0.05</u>
Total final dividends for 2025		<u>150</u>	<u>0.15</u>

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2025, the Company had capital commitments of approximately Baht 6 million (2024: Baht 3 million), relating to the acquisition of machinery and equipment, and intangible assets.

28.2 Service commitments

As at 31 December 2025, the Company had commitments totaling Baht 1 million under various service agreements (2024: Baht 3 million).

28.3 Guarantees

As at 31 December 2025, there were outstanding bank guarantees of approximately Baht 6 million (2024: Baht 6 million) issued by banks on behalf of the Company to guarantee electricity use.

29. Fair value hierarchy

As at 31 December 2025 and 2024, the Company had the liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2025				As at 31 December 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Derivatives								
Interest rate swap contracts	-	-	-	-	-	0.2	-	0.2

30. Financial instruments

30.1 Derivatives

(Unit: Million Baht)

	<u>2025</u>	<u>2024</u>
Derivative liabilities		
Interest rate swap contracts	-	0.2
Total derivative liabilities	<u>-</u>	<u>0.2</u>

The Company uses interest rate swap agreements to manage the exposure to cash flow volatility which the Company has to pay. The Company receives a variable rate of interest and pays fixed rate of interest.

30.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade receivables, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade receivables and cash at banks. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures, and outstanding trade receivables are regularly monitored. The Company therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type and rating. The calculation of impairment reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Cash at banks

The Company manages the credit risk from balances with banks by making investments only with approved counterparties. The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are three types of market risk comprising interest rate risk, foreign currency risk and commodity price risk. The details are as follows:

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its interest-bearing cash at banks and short-term and long-term borrowings. The Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2025 and 2024, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	31 December 2025						Effective interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	83.0	3.0	86.0	See Note 7
Trade and other current receivables	-	-	-	-	262.4	262.4	-
Receivables from the Revenue Department	-	-	-	-	2.2	2.2	-
	-	-	-	83.0	267.6	350.6	
Financial liabilities							
Bank overdrafts and short-term							
loan from financial institutions	73.2	-	-	-	-	73.2	See Note 12
Trade and other current payables	-	-	-	-	57.0	57.0	-
Lease liabilities	9.8	18.0	-	-	-	27.8	3.9 - 5.5
Long-term loans from financial							
institutions	-	-	-	4.2	-	4.2	See Note 15
	83.0	18.0	-	4.2	57.0	162.2	

(Unit: Million Baht)

31 December 2024

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective Interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
	Financial assets						
Cash and cash equivalents	-	-	-	215.7	3.0	218.7	See Note 7
Trade and other current receivables	-	-	-	-	206.4	206.4	-
Receivables from the Revenue Department	-	-	-	-	2.9	2.9	-
	-	-	-	215.7	212.3	428.0	
Financial liabilities							
Short-term loan from financial institutions	16.4	-	-	30.0	-	46.4	See Note 12
Trade and other current payables	-	-	-	-	146.4	146.4	-
Lease liabilities	8.3	15.2	-	-	-	23.5	2.7 - 5.1
Long-term loans from financial institutions	49.9	-	-	18.0	-	67.9	See Note 15
	74.6	15.2	-	48.0	146.4	284.2	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions affected as at 31 December 2025 and 2024.

Currency	2025		2024	
	Increase/decrease (%)	Effect on profit before tax	Increase/decrease (%)	Effect on profit before tax
		(Thousand Baht)		(Thousand Baht)
Baht	+1.0	(42)	+1.0	(180)
	-1.0	42	-1.0	180

The above analysis has been prepared assuming that the amounts of the floating rate loans and all other variables remain constant over one year. Moreover, the floating legs of these loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation.

Foreign currency risk

The Company's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company manages its exposure to foreign currency risk by balancing net position of receipt and payment of the foreign currency transactions in each period, and considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur.

As at 31 December 2025 and 2024, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2025	2024	2025	2024	2025	2024
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	9	10	-	1	31.5826	33.9879

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in the US dollar exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2025 and 2024.

Currency	2025		2024	
	Increase/decrease	Effect on profit before tax	Increase/decrease	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US Dollar	+ 3.0	8,124	+ 3.0	9,750
	- 3.0	(8,124)	- 3.0	(9,750)

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchases of aluminum. The Company is exposed to changes in the price of aluminum on its forecast purchases. To mitigate the risk, the Company will consider ordering raw materials in advance to hold stocks and negotiating with the customer to adjust the selling price, or consider entering into forward contracts when deemed appropriate.

Liquidity risk

The Company monitors the risk of a shortage of liquidity through the use of bank overdrafts, loans from financial institutions and lease contracts. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2025 and 2024 based on contractual undiscounted cash flows.

(Unit: Thousand Baht)

	31 December 2025				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
Bank overdrafts and short-term loans					
from financial institutions	-	73,239	-	-	73,239
Trade and other current payables	-	57,034	-	-	57,034
Lease liabilities	-	10,695	18,644	-	29,339
Long-term loans from financial institutions	-	4,237	-	-	4,237
Total financial liabilities	-	145,205	18,644	-	163,849

(Unit: Thousand Baht)

	31 December 2024				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
Short-term loans from financial					
institutions	-	46,426	-	-	46,426
Trade and other current payables	-	146,384	-	-	146,384
Lease liabilities	-	9,034	16,021	-	25,055
Long-term loans from financial institutions	-	65,130	4,241	-	69,371
Total financial liabilities	-	266,974	20,262	-	287,236

30.3 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2025, the Company's debt-to-equity ratio was 0.19:1 (2024: 0.32:1).

32. Events after the reporting period

On 23 February 2026, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve an additional dividend payment for the year 2025 of Baht 0.10 per share, or a total of Baht 100.0 million.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2026.