

## Management Discussion and Analysis: MD&A

### Analysis of the Group's performance

Operating results for the first quarter of 2022 and the first quarter of 2021 of Power Solution Technologies Public Company Limited and its subsidiaries ("the Group") was summarized as follows:

Statement of comprehensive income	Consolidated financial statement					
	Q1 22	%	Q1 21	%	Change	% Change
Sales income	203.18	42%	155.54	27%	47.64	31%
Services income	4.28	1%	7.33	1%	-3.05	-42%
Sales of electricity income	31.87	7%	38.90	7%	-7.03	-18%
Revenue from construction service	249.77	51%	364.04	64%	-114.27	-31%
<b>Total revenues</b>	<b>489.10</b>	<b>100%</b>	<b>565.81</b>	<b>100%</b>	<b>-76.71</b>	<b>-14%</b>
Total cost	-489.85	-100%	-482.28	-85%	-7.57	-2%
Gross profit	-0.75	0%	83.53	15%	-84.28	-101%
Other income	14.37	3%	35.08	6%	-20.71	-59%
Selling general and administrative expense	-38.61	-8%	-40.58	-7%	1.97	5%
Share of loss from investment in joint venture	-3.29	-1%	-0.74	0%	-2.55	-345%
Finance revenue	0.22	0%	0.12	0%	0.10	83%
Finance cost	-17.41	-4%	-15.35	-3%	-2.06	-13%
income tax expense	-0.45	0%	-8.14	-1%	7.69	94%
Profit (loss) from continuing operations	-45.92	-9%	53.92	10%	-99.84	-185%
Profit (Loss) after tax from discontinued operations	3.75	1%	-0.75	0%	4.50	600%
Net profit (loss)	-42.17	-9%	53.17	9%	-95.34	-179%

### Total revenues

The Group's total revenues were 489.10 million baht. A decrease of 76.71 million baht or 14% compared to the same quarter of the previous year was due mainly to a drop in construction revenue of 114.27 million baht or 31%. Revenue analysis by business segment is described as follows:

- Sales income

Sales income consists of income from selling of LPG LNG NGV products and equipment for backup power systems and electricity distribution systems. In the first quarter of 2022, sales income amounted to 203.18 million, increasing by 47.64 million baht or 31% compared to the same quarter of the previous year. This was because LNG sales volumes rose about 61% compared to the same quarter last year and



average LNG prices rose about 63% due to higher LNG costs. However, sales income of selling equipment backup power systems and the electricity distribution system decreased.

- **Services income**

In the first quarter of 2022, services income amounted to 4.28 million baht, decreasing by 3.05 million baht or 42% compared to the same quarter of the previous year. The decrease was due to getting less services of system design and installation of control and backup affected from slowdown in public and private investments impacted from COVID-19 and the stagnation of the world economy.

- **Sales of electricity income**

In the first quarter of 2022, sales of electricity income amounted to 31.87 million, decreasing by 7.03 million baht or 18% compared to the same quarter of the previous year. The decline was primarily from the adder of two solar power plants was not granted since August 2021 according to the condition in the agreement.

- **Revenue from construction service**

Revenue from construction service mainly comprised the revenue from construction of a biomass power plant and NFCT oil storage tank. In the first quarter of 2022, revenue from construction service amounted to 249.77 million baht, decreasing by 114.27 million baht or 31 percent compared to the same quarter of the previous year. The lower of the revenue was in line with the lower in the percentage of completion of such two main projects in the first quarter of 2022 compared to the same quarter of the previous year resulting from nearly completion of such projects.

### **Total cost**

In the first quarter of 2022, total cost was 489.85 million baht, increasing by 7.57 million baht or 2% compared to the same quarter of the previous year. This was due to the higher costs of the construction. In addition, the cost of sales also increased as mentioned in the analysis of sales income above.





**Gross profit margin**

In the first quarter of 2022, gross loss amounted to 0.75 million baht, representing a gross loss margin of 0.2 percent. The gross margin was decline by 15% compared to the same quarter of the previous year. The gross profit margin by business unit is shown in the table below.

Gross profit margin	Consolidated financial statement		
	Q1 22	Q1 21	Change
Gross profit margin from sales income	4.9%	7.4%	-2.5%
Gross profit margin from service income	9.6%	75.0%	-65.4%
Gross profit margin from sales of electricity income	67.2%	70.9%	-3.7%
Gross profit margin from revenue from construction service	-13.0%	10.7%	-23.7%
<b>Total gross profit margin</b>	<b>-0.2%</b>	<b>14.8%</b>	<b>-15.0%</b>

- **Gross profit margin from sales:** The decrease of 2.5% was mainly due to the higher cost of LPG LNG products. The adjustment of the sales price for the Group’s customers has been adjusted at a lower rate compared to that of the product cost to maintain the customer base of the Group company which was in line with the practice of this industry.
- **Gross margin from service:** The decrease of 65.5% was because there was a reversal of costs recognized in the year 2020 leading to a significant high margin presented in the first quarter of 2021. The gross profit margin reported in the first quarter of 2022 was the normal rate of this segment.
- **Gross profit margin from sales of electricity:** The decrease of 3.7% was mainly due to the adder of two solar power plants was not granted since August 2021, while the cost of power plants was in the same level of that in the same quarter of previous year, resulting in a decrease in gross profit margin.
- **Gross profit margin of construction service:** The decrease of 23.7 percent was due to the revision to increase the estimated construction costs in the first quarter of 2022. The Group





realized almost all amount of such increase in the construction cost in the first quarter of 2022 because the construction project has reached almost 100% completion. However, the Group still had an overall profit from each main construction projects recognized since the end of 2019. In addition, the main construction projects of the Group were almost complete; therefore, the impact of this lower gross profit margin would not have long-term impact to the Group.

### **Other income**

In the first quarter of 2022, other income was 14.37 million baht, decreasing by 20.71 million baht or 59% compared to the same quarter of the previous year. This was due to lower gain on sales of asset.

### **Selling and distribution expense and administrative expense**

In the first quarter of 2022, selling and distribution expense and administrative expenses amounted to 38.61 million baht, decreasing by 1.97 million baht or 5% compared to the same quarter of the previous year as a resulted of the Group's expense control policy.

### **Finance cost**

In the first quarter of 2022, financial costs amounted to 17.41 million baht, increasing by 2.06 million baht or 13% compared to the same quarter of the previous year. This was mainly due to interest on long-term loans for the purchase of land and buildings started charging in November 2021 onwards.

### **Profit (loss) after tax from discontinued operations**

In the first quarter of 2022, the Group had a profit after tax from discontinued operations of 3.75 million baht, increasing by 4.50 million baht compared to the same quarter of the previous year. This was because the Company recognized gain from the sale of a power plant classified as a discontinued operation about 8.94 million baht and the operating results of the remaining power plants of discontinued operations had a loss totaling 5.19 million baht.

## Net Profit (loss)

In the first quarter of 2022, the Group reported net loss of 42.17 million baht, decreasing by 95.34 million baht or 179% compared to the same quarter of the previous year. This was mainly due to a decrease in gross profit 84.28 million baht resulting primarily from the decline in in gross profit of construction service of 71.4 million baht as described above.

## Analysis of the Group's Financial Position

Statement of financial position	Consolidated financial statement					
	31 Mar.2022	%	31 Dec.2021	%	Change	% Change
<b>Total assets</b>	<b>7,758.69</b>	<b>100%</b>	<b>7,666.34</b>	<b>100%</b>	<b>92.35</b>	<b>1%</b>
Total liabilities	2,383.40	31%	2,566.50	33%	-183.10	-7%
Total shareholders' equity	5,375.29	69%	5,099.84	67%	275.45	5%
<b>Total liabilities and shareholder's equity</b>	<b>7,758.69</b>	<b>100%</b>	<b>7,666.34</b>	<b>100%</b>	<b>92.35</b>	<b>1%</b>

## Total assets

As of March 31, 2022, the Group had total assets of 7,758.69 million baht, increasing by 92.35 million baht or 1% compared to as of December 31, 2021, because of the main reasons as follows:

- An increase in trade and other receivable resulted from several invoices were submitted to customers at the end of the quarter.
- An increase in contract assets resulted from the increase in percentage of completion of construction work, while the Group was in the process of preparing documents for invoicing.
- An increase in investment in a joint venture. This was because such joint venture recognized gain from change in fair value of hedging instrument in other comprehensive income.

## Total liabilities

As of March 31, 2022, the Group had total liabilities of 2,383.40 million, decreasing by 183.10 million baht or 7% compared to as of December 31, 2021. The decrease was mainly from repayment of bank



overdrafts and short-term loans from banks and a lower of liabilities related to assets held-for-sale due to the selling of a power plant classified as assets held-for-sale during the first quarter of 2022.

### **Total shareholders' equity**

As of March 31, 2022, the Group had total shareholders' equity of 5,375.29 million baht, increasing by 275.45 million baht or 5% compared to as of December 31, 2021. The main reason was because the Group sold a power plant which was classified as a discontinued operation during the first quarter of 2022. The deficit of such power plant was not included in the consolidated financial statements.

