

11 August 2022

Subject: Management Discussion and Analysis (MD&A)

Attn: The Director and Manager
The Stock Exchange of Thailand

Power Solution Technologies Public Company Limited would like to clarify the operating results of the Company and its subsidiaries (“the Group”) for the second quarter ended June 30, 2022 as follows:

Analysis of the Group's performance

Statement of comprehensive income	Consolidated financial statement											
	Q2 22	%	Q2 21	%	Increase (Decrease)	%Increase (Decrease)	6M 22	%	6M 21	%	Increase (Decrease)	%Increase (Decrease)
Sales income	218.91	59%	162.55	23%	56.36	35%	422.10	49%	318.09	25%	104.01	33%
Services income	1.87	1%	13.19	2%	-11.32	-86%	6.14	1%	20.52	2%	-14.38	-70%
Sales of electricity income	28.85	8%	36.41	5%	-7.56	-21%	60.72	7%	75.32	6%	-14.60	-19%
Revenue from construction service	119.97	32%	508.70	71%	-388.73	-76%	369.74	43%	872.74	68%	-503.00	-58%
Total revenues	369.60	100%	720.85	100%	-351.25	-49%	858.70	100%	1,286.67	100%	-427.97	-33%
Total cost	-337.47	-91%	-642.33	-89%	-304.86	-47%	-827.32	-96%	-1,124.62	-87%	-297.30	-26%
Gross profit	32.13	9%	78.52	11%	-46.39	-59%	31.38	4%	162.05	13%	-130.67	-81%
Other income	14.07	4%	8.14	1%	5.93	73%	28.44	3%	35.59	3%	-7.15	-20%
Selling general and administrative expense	-37.25	-10%	-56.13	-8%	-18.88	-34%	-75.86	-9%	-96.71	-8%	-20.85	-22%
Loss on sale of investment in subsidiary	0.00	0%	-9.70	-1%	-9.70	-100%	0.00	0%	-2.09	0%	-2.09	-100%
Share of loss from investment in joint venture	-56.12	-15%	-0.18	0%	55.94	31078%	-59.42	-7%	-0.92	0%	58.50	6359%
Finance revenue	0.21	0%	0.06	0%	0.15	250%	0.44	0%	0.19	0%	0.25	132%
Finance cost	-17.97	-5%	-14.06	-2%	3.91	28%	-35.38	-4%	-29.40	-2%	5.98	20%
income tax expense	-2.98	-1%	-3.89	-1%	-0.91	-23%	-3.43	0%	-12.02	-1%	-8.59	-71%
Profit (loss) from continuing operations	-67.91	-18%	2.76	0%	-70.67	-2561%	-113.83	-13%	56.69	4%	-170.52	-301%
Profit(Loss)after tax from discontinued operations	-3.82	-1%	3.97	1%	-7.79	-196%	-0.07	0%	3.21	0%	-3.28	-102%
Net profit (loss)	-71.73	-19%	6.73	1%	-78.46	-1166%	-113.90	-13%	59.90	5%	-173.80	-290%

In the second quarter of 2022, the Group's net loss was 71.73 million baht, decreasing by 78.46 million baht compared to the same quarter of the previous year. The primary reasons were the decline in gross profit of the construction sector of 35.95 million baht and the increase in the share of loss from investment in the joint venture of 55.94 million baht.



The Group reported net loss amounted to 113.9 million baht for the period from January to June 2022, decreasing by 173.80 million baht or 290% compared to the same quarter of the previous year. The main reasons were the decline in gross profit of the construction sector by 107.33 million baht and the increase in the share of loss from investment in the joint venture of 58.5 million baht.

Total revenues

The Group's total revenues were 369.60 million baht, decreasing by 351.25 million baht or 49% compared to the same quarter of the previous year. The revenue from construction services declined by 388.73 million baht or 76% compared to the same quarter of the previous year, While the sales income increased by 56.36 million baht or 35% compared to the same quarter of the previous year.

Sales income consists of income from selling LPG LNG NGV products. In the second quarter of 2022, sales income amounted to 218.91 million baht, increasing by 56.36 million baht or 35% compared to the same quarter of the previous year. This was because LNG sales volumes rose by 17% compared to the same quarter last year and average LNG prices rose by 50% due to higher LNG costs.

Revenue from construction services mainly comprised the revenue from the construction of a biomass power plant and NFCT oil storage tank. In the second quarter of 2022, revenue from construction services amounted to 119.97 million baht, decreasing by 388.73 million baht or 76% compared to the same quarter of the previous year. The lower revenue was in line with the lower percentage of completion of such two main projects in the second quarter of 2022 compared to the same quarter of the previous year. Both projects are almost complete as of June 2022.

Gross profit margin

In the second quarter of 2022, the gross profit amounted to 32.13 million baht, decreasing by 46.39 million baht or 59% compared to the same quarter of the previous year. The lower in gross profit was mainly from the construction sector.

In the second quarter of 2022, the gross profit margin was 9%, slightly decreasing compared to the same quarter of the previous year.

Selling general and administrative expense

In the second quarter of 2022, selling general and administrative expenses amounted to 37.25 million baht, decreasing by 18.88 million baht or 34% compared to the same quarter of the previous year because of the Group's expense control policy.

Share of loss from investment in joint venture

In the second quarter of 2022, the share of loss from investment in joint ventures amounted to 56.12 million baht, increasing by 55.94 million baht compared to the same quarter of the previous year. Loss of the joint venture was mainly from tax penalty for delay submission of VAT.

Analysis of the Group's Financial Position

Statement of financial position	Consolidated financial statement					
	30 Jun.22	%	31 Dec.21	%	Increase (Decrease)	%Increase (Decrease)
Total assets	7,902.27	100%	7,666.34	100%	235.93	3%
Total liabilities	2,393.72	30%	2,566.50	33%	-172.78	-7%
Total shareholders' equity	5,508.55	70%	5,099.84	67%	408.71	8%
Total liabilities and shareholder's equity	7,902.27	100%	7,666.34	100%	235.93	3%

Total assets

As of June 30, 2022, the Group had total assets of 7,902.27 million baht, increasing by 235.93 million baht or 3% compared to as of December 31, 2021, because of mainly increasing from investment in a joint venture. The joint venture recognized gain from change in fair value of hedging instrument (cross currency interest rate swap) in other comprehensive income resulting in the higher of investment in joint venture.

Total liabilities

As of June 30, 2022, the Group had total liabilities of 2,393.72 million, decreasing by 172.78 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 in liabilities related to assets held-for-sale due to the selling of a power plant classified as assets held-for-sale until the first quarter of 2022.

Please be informed accordingly,

Sincerely yours,

Ms. Yuwaporn Pumprasert

Chief Finance Officer