

11 November 2022

Subject: Management Discussion and Analysis (MD&A) for the third quarter and the nine-month period ended 30 September 2022

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 third quarter and the nine-month period ended 30 September 2022 as follows:

Analysis of the Group's performance

Unit: Million Baht

Statement of comprehensive income	Consolidated financial statement (Q3)						Consolidated financial statement (9M)					
	Q3 65	%	Q3 64	%	Increase (Decrease)	% Increase (Decrease)	9M 22	%	9M 21	%	Increase (Decrease)	% Increase (Decrease)
Sales income	546.5	37%	178.3	10%	368.3	207%	968.6	66%	496.4	27%	472.3	95%
Services income	1.7	0%	16.3	1%	(14.6)	-89%	7.9	1%	36.8	2%	(29.0)	-79%
Sales of electricity income	26.8	2%	29.5	2%	(2.7)	-9%	87.5	6%	104.8	6%	(17.3)	-17%
Revenue from construction service	38.6	3%	322.0	18%	(283.4)	-88%	408.4	28%	1,194.8	65%	(786.4)	-66%
Total revenues	613.7	42%	546.1	30%	67.6	12%	1,472.4	100%	1,832.8	100%	(360.4)	-20%
Total cost	(555.8)	-38%	(492.4)	-27%	63.4	13%	(1,383.1)	-94%	(1,617.1)	-88%	(233.9)	-14%
Gross profit	57.9	4%	53.7	3%	4.2	8%	89.3	6%	215.7	12%	(126.5)	-59%
Other income	24.1	2%	14.8	1%	9.3	62%	52.5	4%	50.4	3%	2.1	4%
Selling general and administrative expense	(37.5)	-3%	(33.6)	-2%	3.9	12%	(113.4)	-8%	(130.3)	-7%	(16.9)	-13%
Gain on sale of investment in subsidiary	-	0%	2.1	0%	(2.1)	-100%	-	0%	-	0%	-	0%
Share of loss from investment in joint venture	(14.7)	-1%	(3.7)	0%	11.0	296%	(74.1)	-5%	(4.6)	0%	69.5	1498%
Finance revenue	0.2	0%	0.3	0%	(0.1)	-33%	0.6	0%	0.5	0%	0.2	31%
Finance cost	(17.4)	-1%	(16.0)	-1%	1.4	9%	(52.8)	-4%	(45.4)	-2%	7.4	16%
income tax expense	(0.9)	0%	(2.3)	0%	(1.4)	-59%	(4.4)	0%	(14.3)	-1%	(9.9)	-70%
Profit (loss) from continuing operations	11.6	1%	15.3	1%	(3.7)	-24%	(102.2)	-7%	72.0	4%	(174.2)	-242%
Profit (Loss) after tax from discontinued operations	(3.0)	0%	(4.4)	0%	(1.4)	-32%	(3.0)	0%	(1.2)	0%	1.9	160%
Net profit (loss)	8.7	1%	10.9	1%	(2.3)	-21%	(105.2)	-7%	70.8	4%	(176.1)	-249%



During the third quarter of 2022, the Group's net profit was 8.7 million baht, decreasing by 2.3 million baht or 21% compared to the same quarter of the previous year. The primary reason was the increase in the share of loss from investment in the joint venture of 11.0 million baht.

For the nine-month period during January to September 2022, the Group reported net loss amounted to 105.2 million baht. The Group's net profit decreased by 176.1 million baht or 249% compared to the same period of the previous year. The main reasons were the decline in gross profit of the construction sector by 115.9 million baht and the increase in the share of loss from investment in the joint venture of 69.5 million baht.

Total revenues

The Group's total revenues for the third quarter of 2022 was 613.7 million baht, increasing by 67.6 million baht or 12% compared to the same quarter of the previous year. The key reason was the increase in sales income by 368.3 million baht resulting from the following major reasons:

- (1) There were sales of project equipment of 278.6 million baht during the third quarter of 2022. Sales income therefore increased by 261.6 million baht compared to the same quarter of previous year.
- (2) Sales income of LPG LNG NGV products increased, especially LNG product. LNG sales volumes rose by 72% and average LNG prices rose by 65% in line with the higher of LNG costs.

However, revenue from construction service during the third quarter of 2022 decreased by 283.4 million baht because of the lower percentage of completion as all construction projects were almost completed.

The Group's total revenues for the nine-month period of 2022 was 1,472.4 million baht, decreasing by 360.4 million baht or 19.7% compared to the same period of the previous year. The primary reason was the decline in construction revenue by 786.4 million baht while sales income rose by 472.3 million because of the same reasons mentioned above.

Gross profit margin

In the third quarter of 2022, the gross profit amounted to 57.9 million baht, increasing by 4.2 million baht or 7.8% compared to the same quarter of the previous year. Gross profit from sales rose by 15.3 million baht mainly from gross profit from sales of equipment project during this quarter other than the selling of the sales of fuel products of the Group. However, gross profit from construction service declined by 8.6 million baht in line with the drop in construction revenue.

During the nine-month period of 2022, the gross profit amounted to 89.3 million baht, decreasing by 126.5 million baht or 58.6% compared to the same period of the previous year. This resulted from the lower in gross profit from construction service of 115.9 million baht in line with the lower in construction revenue.

Selling general and administrative expense

In the third quarter of 2022, selling general and administrative expenses amounted to 37.5 million baht, increasing by 3.9 million baht or 12% compared to the same quarter of the previous year, because of the higher of commission expense in line with the higher of sales income.

During the nine-month period of 2022, selling general and administrative expenses amounted to 113.4 million baht, decreasing by 16.9 million baht or 13% compared to the same period of the previous year due to the Group's expense control policy.

Share of loss from investment in joint venture

In the third quarter of 2022, the share of loss from investment in joint ventures amounted to 14.7 million baht, increasing by 11.0 million baht compared to the same quarter of the previous year. Increase in loss of the joint venture was mainly from exchange loss during the period.

In the nine-month period of 2022, the share of loss from investment in joint ventures amounted to 74.1 million baht, increasing by 69.5 million baht compared to the same period of the previous year.

Analysis of the Group's Financial Position

Statements of financial position	Consolidated financial statements					
	30 Sep 2022	%	31 Dec 2021	%	Increase (Decrease)	% Increase (Decrease)
Current assets	1,097.6	14.7%	1,504.9	19.6%	(407.3)	-27.1%
Non-current assets	6,365.5	85.3%	6,161.5	80.4%	204.0	3.3%
Total assets	7,463.1	100.0%	7,666.3	100.0%	(203.3)	-2.7%
Current liabilities	1,527.8	20.5%	1,841.2	24.0%	(313.4)	-17.0%
Non-current liabilities	417.2	5.6%	725.3	9.5%	(308.0)	-42.5%
Total liabilities	1,945.0	26.1%	2,566.5	33.5%	(621.5)	-24.2%
Total shareholders' equity	5,518.0	73.9%	5,099.8	66.5%	418.2	8.2%
Total liabilities and shareholder's equity	7,463.1	100.0%	7,666.3	100.0%	(203.3)	-2.7%

Total assets

As of 30 September 2022, the Group had total assets of 7,463.1 million baht, decreasing by 203.3 million baht or 3% compared to as of 31 December 2021, because of the following reasons:

- The decrease in contract assets by 107.1 million baht resulting from the billing during the period.
- The decrease in costs to fulfill customer contract by 103.3 million baht resulting from cost recognition during the period.
- The decrease in assets held for sale by 196.0 million baht resulting from the selling of such assets during the period.
- The increase in investment in a joint venture by 208.3 million baht. 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 30 September 2022, the Group had total liabilities of 1,945.0 million baht, decreasing by 621.5 million baht or 24% compared to as of 31 December 2022, because of the following reasons:

- The decrease in bank overdrafts and short-term loans from banks by 265.2 million baht resulting from repayment during the period.
- The decrease in liabilities related to assets held-for-sale by 167.6 baht resulting from the selling of such assets during the first quarter of 2022.
- The decrease in advance received from customers by 125.7 million baht resulting from revenue recognition during the period.

Please be informed accordingly,

Sincerely yours,

Ms. Yuwaporn Pumprasert

Chief Finance Officer