



11 May 2023

Subject: Management Discussion and Analysis (MD&A) for the first quarter of 2023 (Q1 23)

Attn: President
The Stock Exchange of Thailand

Power Solution Technologies Public Company Limited (“the Company”) would like to clarify the operating results of the Company and its subsidiaries (“the Group”) for the first quarter of 2023 (Q1 23) as follows:

Profit and Loss	Consolidated financial statements					
	Q1 23	%	Q1 22	%	Change	% Change
Revenue from sales and service	461.5	100.0%	489.1	100.0%	(27.6)	-5.6%
Cost of sales and service	(415.8)	-90.1%	(489.9)	-100.2%	(74.1)	-15.1%
Gross profit	45.7	9.9%	(0.8)	-0.2%	46.5	6195.8%
Other income	13.2	2.9%	14.4	2.9%	(1.2)	-8.3%
Selling and administrative expenses	(33.8)	-7.3%	(38.6)	-7.9%	(4.8)	-12.3%
Profit (Loss) from operation	25.1	5.4%	(25.0)	-5.1%	50.0	200.2%
Share of loss from investment in joint venture	(6.8)	-1.5%	(3.3)	-0.7%	3.5	106%
Finance income	0.1	0.0%	0.2	0.0%	(0.1)	-35.1%
Finance cost	(25.3)	-5.5%	(17.4)	-3.6%	7.9	45.2%
Loss before tax	(6.9)	-1.5%	(45.5)	-9.3%	38.6	84.9%
Income tax expense (revenue)	(2.5)	-0.5%	(0.5)	-0.1%	2.1	461.9%
Loss for the period from continuing operations	(9.4)	-2.0%	(45.9)	-9.4%	36.5	79.6%
Profit (Loss) after tax for the period from discontinued operations	(2.8)	-0.6%	3.8	0.8%	(6.6)	-175.9%
Loss for the period	(12.2)	-2.6%	(42.2)	-8.6%	29.9	71.0%

Analysis of the Group's performance

The Group reported net loss for Q1 23 amounting to 12.2 THBm. Net loss decreased by 29.9 THBm compared to Q1 22 because of the increase in gross margin of 46.5 THBm, significantly derived from construction service. However, the Group had higher finance cost amounting to 7.9 THBm because of the rise in the interest rate of debentures issued and sold during this quarter, which was in line with the market interest rate.



Revenue structure and gross profit margin

Unit: Million Baht

	Consolidated financial statements					
	Q1 23	%	Q1 22	%	Change	% Change
Sales income	346.9	75.2%	203.2	41.5%	143.7	70.7%
Service income	0.8	0.2%	4.3	0.9%	(3.5)	-81.1%
Sales of electricity income	33.9	7.4%	31.9	6.5%	2.1	6.5%
Revenue from construction service	79.9	17.3%	249.8	51.1%	(169.9)	-68.0%
Total revenue	461.5	100.0%	489.1	100.0%	(27.6)	-5.6%

Gross Profit Margin	Consolidated financial statements		
	Q1 66	Q1 65	Change
Gross profit margin from sales	3.7%	4.9%	-1.1%
Gross profit margin from services	40.3%	9.6%	30.8%
Gross profit margin from electricity sales	64.7%	67.2%	-2.6%
Gross profit margin from construction	13.1%	-13.0%	26.1%
Gross profit margin	9.9%	-0.2%	10.1%

Revenue of the Group during Q1 23 decreased from Q1 22 by 27.6 THBm, mainly from revenue of construction service of 169.9 THBm. During Q1 22, the Group recognized revenue from construction of a power plant and such construction had completed in 2022. During Q1 23, revenue from construction mainly derived from the construction for the GSP7 Interconnecting Pipeline (GSP7 ICP) Project which has been started the construction in this quarter. However, sales income increased by 143.7 THBm. The primary reasons were (1) Selling price of all products (LPG LNG NGV) increased in line with costs of each product, especially LNG. The average selling price for Q1 23 of LNG was higher than that of Q1 22 by 63.4% (2) Sales quantity increased, especially LNG. The sales volume of LNG during Q1 23 was higher than that of Q1 22 by 44.3%.

The gross profit margin percentage for Q1 23 was 9.9%, increased significantly from Q1 22 due to the construction business. During Q1 23, the Group recognized gross profit of new project i.e. GSP7 ICP while during Q1 22 the negative gross profit margin percentage was because the Group increased budget cost of some construction projects during the end of the project.



Selling and administrative expense

Selling and administrative expenses of Q1 23 slightly decreased from Q1 22 because of the expense control policy of the Group.

Analysis of the Group's Financial Position

Statement of financial position	Consolidated financial statements					
	31 Mar 23	%	31 Dec 22	%	Change	% Change
Current assets	1,164.7	16.0%	1,102.8	15.1%	62.0	5.6%
Non-current assets	6,125.3	84.0%	6,220.5	84.9%	(95.3)	-1.5%
Total assets	7,290.0	100.0%	7,323.3	100.0%	(33.3)	-0.5%
Current liabilities	859.2	11.8%	1,550.0	21.2%	(690.8)	-44.6%
Non-current liabilities	1,152.3	15.8%	406.1	5.5%	746.2	183.8%
Total liabilities	2,011.5	27.6%	1,956.1	26.7%	55.4	2.8%
Total shareholders' equity	5,278.5	72.4%	5,367.2	73.3%	(88.7)	-1.7%
Total liabilities and shareholders' equity	7,290.0	100.0%	7,323.3	100.0%	(33.3)	-0.5%

Total assets

As of 31 March 2023, the Group had total assets of 7,290.0 THBm, decreasing by 33.3 THBm or 0.5% compared to that as of 31 December 2022, because of the following reasons:

- The increase in cash and cash equivalent by 43.3 THBm. Please refer to the explanation in "Analysis of the Cash Flow" section.
- The increase in investment in a joint venture by 83.3 THBm. The joint venture recognized loss from change in fair value of hedging instrument (cross currency interest rate swap) in other comprehensive income.

Total liabilities

As of 31 March 2023, the Group had total liabilities of 2,011.5 THBm, increasing by 55.4 THBm or 2.8% compared to that as of 31 December 2022, because of the following reasons:

- The decrease in bank overdrafts and short-term loans from banks by 256.1 THBm was a result of repayment during the quarter.
- The increase in debentures by 379.6 THBm was a result of the issued and sold new debentures in January 2023 amounting to 788.2 THBm. A partial amount of such new debentures was used for repayment of the previous debentures and short-term loans from financial institutions.
- The decrease in long-term loans and lease liabilities by 32.8 THBm was due to repayment during the quarter.



Analysis of the Cash Flow

Cash flow statements	Consolidated financial statements			
	Q1 23	Q1 22	Change	% Change
Net cash flow from (used in) operating activities	(16.8)	(181.6)	164.8	90.7%
Net cash flow from (used in) investing activities	(1.8)	407.8	(409.6)	-100.4%
Net cash flow from (used in) financing activities	62.7	(179.4)	242.1	135.0%
Cash and cash equivalents classified as assets held for sales	(0.6)	(0.8)	0.2	26.0%
Net cash increase (decrease)	43.5	46.1	(2.5)	-5.5%

During Q1 23, major change in cashflow was net cash flow from financing activities of 62.7 THBm, resulting primarily from the new debenture issued and sold in January 2023 of 788.2 THBm. Partial amount of such debentures was used for repayment of the previous debentures and short-term loans from financial institutions.

Please be informed accordingly,

Sincerely yours,

Ms. Yuwaporn Pumprasert

Chief Finance Officer