



11 August 2023

Subject: Management Discussion and Analysis (MD&A) for the second quarter of 2023 (Q2 23) and for the six-month period ended 30 June 2023 (6M 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 second quarter of 2023 (Q2 23) and for the six-month period ended 30 June 2023 (6M 23).

Profit & Loss	Consolidated financial statements											
	Q2 23	%	Q2 22	%	Increase (Decrease)	% Increase (Decrease)	6M 23	%	6M 22	%	Increase (Decrease)	% Increase (Decrease)
Sales income	308.6	84.7%	218.9	59.2%	89.7	41.0%	655.5	79.4%	422.1	49.2%	233.4	55.3%
Services income	1.0	0.3%	1.9	0.5%	(0.9)	-47.6%	1.8	0.2%	6.1	0.7%	(4.3)	-70.7%
Sales of electricity income	32.9	9.0%	28.9	7.8%	4.1	14.1%	66.9	8.1%	60.7	7.1%	6.2	10.1%
Revenue from construction service	21.9	6.0%	120.0	32.5%	(98.0)	-81.7%	101.8	12.3%	369.7	43.1%	(267.9)	-72.5%
<b>Total revenue</b>	<b>364.4</b>	<b>100.0%</b>	<b>369.6</b>	<b>100.0%</b>	<b>(5.2)</b>	<b>-1.4%</b>	<b>826.0</b>	<b>100.0%</b>	<b>858.7</b>	<b>100.0%</b>	<b>(32.7)</b>	<b>-3.8%</b>
Total costs	(333.1)	-91.4%	(337.5)	-91.3%	(4.4)	-1.3%	(748.9)	-90.7%	(827.3)	-96.3%	(78.4)	-9.5%
<b>Gross profit</b>	<b>31.4</b>	<b>8.6%</b>	<b>32.1</b>	<b>8.7%</b>	<b>(0.8)</b>	<b>-2.4%</b>	<b>77.1</b>	<b>9.3%</b>	<b>31.4</b>	<b>3.7%</b>	<b>45.7</b>	<b>145.7%</b>
Other income	13.6	3.7%	14.1	3.8%	(0.5)	-3.4%	26.8	3.2%	28.4	3.3%	(1.7)	-5.9%
Selling and administrative expenses	(45.5)	-12.5%	(37.3)	-10.1%	8.3	22.2%	(79.4)	-9.6%	(75.9)	-8.8%	3.5	4.6%
Share of loss from investment in joint venture	(5.3)	-1.5%	(56.1)	-15.2%	(50.8)	-90.5%	(12.1)	-1.5%	(59.4)	-6.9%	(47.3)	-79.6%
Finance income	0.5	0.1%	0.2	0.1%	0.3	152.4%	0.7	0.1%	0.4	0.1%	0.2	54.5%
Finance cost	(23.9)	-6.6%	(18.0)	-4.9%	5.9	32.9%	(49.2)	-6.0%	(35.4)	-4.1%	13.8	38.9%
Income tax	(0.9)	-0.2%	(3.0)	-0.8%	(2.1)	-70.1%	(3.4)	-0.4%	(3.4)	-0.4%	(0.0)	-0.3%
<b>Loss from continuing operations</b>	<b>(30.2)</b>	<b>-8.3%</b>	<b>(67.9)</b>	<b>-18.4%</b>	<b>37.8</b>	<b>55.6%</b>	<b>(39.5)</b>	<b>-4.8%</b>	<b>(113.8)</b>	<b>-13.3%</b>	<b>74.3</b>	<b>65.3%</b>
Loss after tax from discontinued operations	(3.0)	-0.8%	(3.8)	-1.0%	(0.8)	-20.4%	(5.9)	-0.7%	(0.1)	0.0%	5.8	8300.0%
<b>Loss for the period</b>	<b>(33.2)</b>	<b>-9.1%</b>	<b>(71.7)</b>	<b>-19.4%</b>	<b>38.5</b>	<b>53.7%</b>	<b>(45.4)</b>	<b>-5.5%</b>	<b>(113.9)</b>	<b>-13.3%</b>	<b>68.5</b>	<b>60.1%</b>

### Analysis of the Group's performance

During Q2 23, the Group reported net loss amounting to 33.2 THBm. Net loss decreased by 38.5 THBm compared to the same period of last year, resulting mainly from the decline in share of loss from investment in joint venture by 50.8 THBm.

During 6M 23, the Group reported net loss amounting to 45.4 THBm. Net loss decreased by 68.5 THBm compared to the same period of last year. The major change resulted from the increase in gross profit of 45.7 THBm, primarily from construction business. In addition, the share of loss from investment in joint venture also dropped by 47.3 THBm. However, the financial cost of the Group increased by 13.8 THBm, resulting mainly from the higher interest rate which was in line with the market interest rate.



## Revenue structure and gross profit margin

	Consolidated financial statements											
	Q2 23	%	Q2 22	%	Increase (Decrease)	Increase (Decrease)	6M 23	%	6M 22	%	Increase (Decrease)	Increase (Decrease)
Sales income	308.6	84.7%	218.9	59.2%	89.7	41.0%	655.5	79.4%	422.1	49.2%	233.4	55.3%
Services income	1.0	0.3%	1.9	0.5%	(0.9)	-47.6%	1.8	0.2%	6.1	0.7%	(4.3)	-70.7%
Sales of electricity income	32.9	9.0%	28.9	7.8%	4.1	14.1%	66.9	8.1%	60.7	7.1%	6.2	10.1%
Revenue from construction service	21.9	6.0%	120.0	32.5%	(98.0)	-81.7%	101.8	12.3%	369.7	43.1%	(267.9)	-72.5%
<b>Total revenue</b>	<b>364.4</b>	<b>100.0%</b>	<b>369.6</b>	<b>100.0%</b>	<b>(5.2)</b>	<b>-1.4%</b>	<b>826.0</b>	<b>100.0%</b>	<b>858.7</b>	<b>100.0%</b>	<b>(32.7)</b>	<b>-3.8%</b>

The Revenue of the Group during Q2 23 and 6M 23 decreased from that of the same period of last year because the decrease in revenue from construction service higher than the increase in sales income.

The decrease in revenue from construction service was because, during Q2 22 and 6M 22, the Group recognized revenue from construction of a power plant of 101.4 THBm and 281.9 THBm, respectively, and such construction had completed in 2022. In 2023, revenue from construction service mainly derived from the construction for the GSP7 project which has been started the construction in the Q1 23.

The increase in sales income resulted mainly from the rise in the selling price of all products (LPG LNG NGV), especially LNG. The average selling price of LNG during 6M 23 was higher than that of 6M 22 by 52.9%.

Gross profit margin	Consolidated financial statements					
	Q2 23	Q2 22	Increase (Decrease)	6M 23	6M 22	Increase (Decrease)
Sales	3.6%	5.3%	-1.6%	3.7%	5.1%	-1.4%
Services	56.1%	81.3%	-25.2%	48.9%	31.3%	17.6%
Electricity sold	64.5%	61.1%	3.3%	64.6%	64.3%	0.2%
Construction services	-7.6%	1.2%	-8.7%	8.6%	-8.4%	17.1%
	<b>8.6%</b>	<b>8.7%</b>	<b>-0.1%</b>	<b>9.3%</b>	<b>3.7%</b>	<b>5.7%</b>

During Q2 23, the Group reported gross profit margin percentage at 8.6%, which was close to that of the same quarter of last year. However, the Group reported negative gross profit margin percentage of construction services because of the revision of budget cost of some projects during the end of project.

During 6M 23, the Group reported gross profit margin percentage at 9.3%, significantly higher than that of the same period of last year because of construction business. During 6M 23, the Group recognized gross profit of new project i.e. GSP7. The negative gross profit margin percentage during 6M22 was because of the revision of budget cost of some projects during the end of project.



### Selling and administrative expense

Selling and administrative expenses of Q2 23 and 6M 23 was higher than that of the same period of the previous year because of the increase in expenses related to employees which was in line with the increase in the number of employees.

### Share of loss from investments in joint venture

Share of loss from investments in joint venture represents share of loss from Thai Pipeline Network Co., Ltd. (“TPN”). TPN engages in oil pipeline transportation business. TPN has not been commercially operated and, therefore, still had operating loss. However, the share of loss from joint venture during Q2 23 and 6M 23 was lower than that of the same period of last year because, in 2022, TPN set up provision for penalty from the Revenue Department. Currently, the oil pipeline system is in the commissioning process and expected to commercially operate in 2023.

### Analysis of the Group's Financial Position

Statement of Financial Position	Consolidated financial statements					
	30 Jun 23	%	31 Dec 22	%	Increase (Decrease)	% Increase (Decrease)
Current assets	1,089.2	14.7%	1,102.8	15.1%	(13.5)	-1.2%
Non-current assets	6,334.2	85.3%	6,220.5	84.9%	113.6	1.8%
<b>Total assets</b>	<b>7,423.4</b>	<b>100.0%</b>	<b>7,323.3</b>	<b>100.0%</b>	<b>100.1</b>	<b>1.4%</b>
Current liabilities	846.4	11.4%	1,550.0	21.2%	(703.6)	-45.4%
Non-current liabilities	1,186.4	16.0%	406.1	5.5%	780.3	192.1%
<b>Total liabilities</b>	<b>2,032.8</b>	<b>27.4%</b>	<b>1,956.1</b>	<b>26.7%</b>	<b>76.7</b>	<b>3.9%</b>
Total shareholders' equity	5,390.6	72.6%	5,367.2	73.3%	23.4	0.4%
<b>Total liabilities and shareholders' equity</b>	<b>7,423.4</b>	<b>100.0%</b>	<b>7,323.3</b>	<b>100.0%</b>	<b>100.1</b>	<b>1.4%</b>

### Total assets

As of 30 June 2023, the Group had total assets of 7,423.4 THBm, increasing by 100.1 THBm or 1.4% compared to that as of 31 December 2022, because of (1) the increase in 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 and (2) the increase in long-term loan to related parties.

### Total liabilities

As of 30 June 2023, the Group had total liabilities of 2,032.8 THBm, increasing by 76.7 THBm or 3.9% compared to that as of 31 December 2022, because of the increase in debentures by 379.6 THBm. A partial amount of such debentures was used for repayment of the previous debentures and short-term loans from financial institutions.



### Analysis of the Cash Flow

Unit: Million Baht	Consolidated financial statements			
	6M 23	6M 22	Increase (Decrease)	% Increase (Decrease)
<b>Cash flows summary</b>				
Net cash flows from (used in) operating activities	(5.5)	(183.6)	178.1	97%
Net cash flows from (used in) investing activities	(86.6)	381.2	(467.8)	-123%
Net cash flows from (used in) financing activities	84.2	(150.1)	234.3	156%
Cash and cash equivalents classified as assets held for sales	(0.5)	(0.5)	-	0%
Net increase (decrease) in cash and cash equivalents	(8.4)	47.0	(55.4)	-118%

The change in cashflow for 6M 23 was mainly from long-term loan to TPN of 83.1 THBm during the period and the issuance of new debentures of 788.2 THBm. A 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 Financial Officer