



11 August 2023

Re: Management Discussion and Analysis (MD&A) for the Second Quarter of 2023

To: The President

The Stock Exchange of Thailand

Prosper Engineering Public Company Limited "PROS" view the overall business in 2023 that expected to improve from the previous year. According to the government economic stimulus measures for Infrastructure investment will stimulate the overall economy and domestic investment which the private sector has gradually started to launch more new projects. We believe that after the COVID-19 situation has been resolved, it will be a positive factor for the Company's operations

The business plan of PROS in 2023, we will move forward with caution and prudence, expand cooperation with our partners and expand new opportunities in business. Currently, the company has expanded into 4 engineering-related businesses as follows.

1. **Construction business**, which is the core business Including supply, installation Including the design of the engineering system, structural and architectural work operated by *PROS* and the subsidiary named *Prosper Titan*.
2. **High voltage substation & renewable energy business**, such as the construction of substations and solar roof systems, operated by the subsidiary named *Prosnex*.
3. **New Technology & Trading Business**, including the installation of EV Charger systems, as well as investing in Power Wissen Co., Ltd. "*PowerWissen*" to distribute engineering system equipment.



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PROSPER ENGINEERING PCL.

4. Healthcare Business such as investment in a specialized hospital business with advanced medical technology. Currently, more than 80% of the construction work has been progressed and expected to be completed by the end of 2023.

As per the aforesaid business plan, the management expects that it will result in the Company have the ability to take on more works and recognize revenue and profits better for good returns in the long run.

Prosper Engineering Public Company Limited (“the Company”) and its subsidiaries (“the Group”) provide the Management Discussion and Analysis (MD&A) of changes to our operations for 6 month-periods ending 30 June 2023 as follows:

Revenue from construction and services

For the first six-month of 2023, the Group had construction and service income of Baht 368.14 million, decreasing of Baht 146.55 million from the same period of 2022 or 28.47 percent decrease. The major reasons are from recognition of income according to the success stage of construction from the existing backlog, especially THE PRIVACY JATUJAK project and the INNSIDE BANGKOK SUKHUMVIT project which were preparing to deliver the work in the second six-month of the year 2023.

However, the Group has other new groups that can recognition income according to the success state of construction from other groups from the LAK CHAI MUANG YANG power station construction project, the Girder factory construction project for double track railway, and the SMART PARK Industrial Estate construction project. In the second quarter, the group of companies has a new project from the QUINTARA RATCHADA 12 project etc.

Other income

Other income of the Group mainly consists of sales of scraps. The Group has other income in six-month of 2023 in the amount of Baht 2.46 million or 0.66 percent of the total income.



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Cost of construction and gross loss

For the first six-month of 2023, the Group has construction and service costs of Baht 528.10 million, decreasing from the six-month of 2022 by Baht 71.81 million, equivalent to 11.97 percent decrease. The gross loss in six-month of 2023 Baht 159.96 million and six month of 2022 by Baht 85.22 million or 43.45 percent and 16.56 percent respectively. The increase in the gross loss rate was due to the increase in the price of materials and equipment and labor costs.

Selling and administrative expenses

Selling and administrative expenses for the first six-month of 2023 and the first six-month of 2022 amounted to Baht 44.89 million and Baht 42.42 million, respectively. The proportion of selling and administrative expenses to total revenue from construction and services are 12.19 percent and 8.24 percent respectively. Comparing to same period of the previous year, the Group had selling and administrative expenses increased by Baht 2.47 million or 5.83 percent, mainly caused by expenses for computers and information systems and administrative expenses for group of companies that have been mainly increased

Net Loss

For the first six-month of 2023, the Group has a net loss of Baht 205.06 million, increase from six-month of 2022 by Baht 104.89 million or increase of 104.72 percent. There are major reasons is from the increased of cost of construction and cost of services.

Financial position

As of 30 June 2023, the Group had decreased in total assets compared to the total assets as of 31 December 2022 in the amount of Baht 125.84 million. The major reason was from decrease of the contract assets.

As of 30 June 2023, the Group has increased in total liabilities compared to the total liabilities as of 31 December 2022 in the amount of Baht 66.36. The majors reason is from increase of short-term loans from the financial institutions and increase of provision for losses on construction projects.



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The shareholders' equity of the Group as of 30 June 2023 amounted to Baht 196.53 million, decreased from the shareholders' equity as of 31 December 2022 in the amount of Baht 192.20 million, mainly due to the loss from operations.

Liquidity ratio

For the first six-month of 2023, the liquidity ratio of the Group at 0.95 times and the liquidity ratio of first six-month of 2022 at 1.25 times. The major reason was from decrease of the contract assets.

Please be informed accordingly

Yours sincerely,

(Mr. Pongthep Ratanaseangsuang)

Chief Executive Officer



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