



10 November 2023

Subject: Management Discussion and Analysis (MD&A) for the third quarter of 2023 (Q3 23) and for the nine-month period ended 30 September 2023 (9M 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 third quarter of 2023 (Q3 23) and for the nine-month period ended 30 September 2023 (9M 23).

| Profit & Loss                                  | Consolidated financial statements |               |              |               |                        |                          |                |               |                |               |                        |                          |
|--|-----------------------------------|---------------|--------------|---------------|------------------------|--------------------------|----------------|---------------|----------------|---------------|------------------------|--------------------------|
|  | Q3 23                             | %             | Q3 22        | %             | Increase<br>(Decrease) | % Increase<br>(Decrease) | 9M 23          | %             | 9M 22          | %             | Increase<br>(Decrease) | % Increase<br>(Decrease) |
| Sales income                                   | 295.1                             | 77.8%         | 546.5        | 89.1%         | (251.4)                | -46.0%                   | 950.6          | 78.9%         | 968.6          | 65.8%         | (18.0)                 | -1.9%                    |
| Services income                                | 1.5                               | 0.4%          | 1.7          | 0.3%          | (0.2)                  | -11.8%                   | 3.3            | 0.3%          | 7.8            | 0.5%          | (4.5)                  | -57.7%                   |
| Sales of electricity income                    | 29.9                              | 7.9%          | 26.8         | 4.4%          | 3.1                    | 11.6%                    | 96.8           | 8.0%          | 87.5           | 5.9%          | 9.3                    | 10.6%                    |
| Revenue from construction service              | 52.7                              | 13.9%         | 38.6         | 6.3%          | 14.1                   | 36.5%                    | 154.5          | 12.8%         | 408.4          | 27.7%         | (253.9)                | -62.2%                   |
| <b>Total revenue</b>                           | <b>379.2</b>                      | <b>100.0%</b> | <b>613.6</b> | <b>100.0%</b> | <b>(234.4)</b>         | <b>-38.2%</b>            | <b>1,205.2</b> | <b>100.0%</b> | <b>1,472.3</b> | <b>100.0%</b> | <b>(267.1)</b>         | <b>-18.1%</b>            |
| Total costs                                    | (343.6)                           | -90.6%        | (555.8)      | -90.6%        | (212.2)                | -38.2%                   | (1,092.4)      | -90.6%        | (1,383.1)      | -93.9%        | (290.7)                | -21.0%                   |
| <b>Gross profit</b>                            | <b>35.6</b>                       | <b>9.4%</b>   | <b>57.8</b>  | <b>9.4%</b>   | <b>(22.2)</b>          | <b>-38.4%</b>            | <b>112.8</b>   | <b>9.4%</b>   | <b>89.2</b>    | <b>6.1%</b>   | <b>23.6</b>            | <b>26.5%</b>             |
| Other income                                   | 29.0                              | 7.6%          | 24.1         | 3.9%          | 4.9                    | 20.3%                    | 55.7           | 4.6%          | 52.5           | 3.6%          | 3.2                    | 6.1%                     |
| Selling and administrative expenses            | (37.9)                            | -10.0%        | (37.5)       | -6.1%         | 0.4                    | 1.1%                     | (117.3)        | -9.7%         | (113.4)        | -7.7%         | 3.9                    | 3.4%                     |
| Share of loss from investment in joint venture | (7.5)                             | -2.0%         | (14.7)       | -2.4%         | (7.2)                  | -49.0%                   | (19.6)         | -1.6%         | (74.1)         | -5.0%         | (54.5)                 | -73.5%                   |
| Finance income                                 | 1.3                               | 0.3%          | 0.2          | 0.0%          | 1.1                    | 519.0%                   | 2.0            | 0.2%          | 0.6            | 0.0%          | 1.4                    | 233.3%                   |
| Finance cost                                   | (25.4)                            | -6.7%         | (17.4)       | -2.8%         | 8.0                    | 46.0%                    | (74.5)         | -6.2%         | (52.7)         | -3.6%         | 21.8                   | 41.4%                    |
| Income tax                                     | (2.3)                             | -0.6%         | (0.9)        | -0.1%         | 1.4                    | 155.6%                   | (5.8)          | -0.5%         | (4.3)          | -0.3%         | 1.5                    | 34.9%                    |
| <b>Loss from continuing operations</b>         | <b>(7.2)</b>                      | <b>-1.9%</b>  | <b>11.6</b>  | <b>1.9%</b>   | <b>(18.8)</b>          | <b>-162.0%</b>           | <b>(46.7)</b>  | <b>-3.9%</b>  | <b>(102.2)</b> | <b>-6.9%</b>  | <b>55.5</b>            | <b>54.3%</b>             |
| Loss after tax from discontinued operations    | (2.6)                             | -0.7%         | (2.9)        | -0.5%         | (0.3)                  | -10.3%                   | (8.5)          | -0.7%         | (3.0)          | -0.2%         | 5.5                    | 183.3%                   |
| <b>Loss for the period</b>                     | <b>(9.8)</b>                      | <b>-2.6%</b>  | <b>8.7</b>   | <b>1.4%</b>   | <b>(18.5)</b>          | <b>-212.5%</b>           | <b>(55.2)</b>  | <b>-4.6%</b>  | <b>(105.2)</b> | <b>-7.1%</b>  | <b>50.0</b>            | <b>47.5%</b>             |

### Analysis of the Group's performance

During Q3 23, the Group reported a net loss amounting to 9.8 MB. Operating results decreased from the same period last year by 18.5 MB, with major changes resulting from a decrease in sales revenue and an increase in financial costs.

During 9M 23, the Group reported a net loss amounting to 55.2 MB. Net loss decreased by 50 MB compared to the same period of last year. Major change resulted from an increase in gross profit of 23.6 MB, primarily from the construction business. In addition, share of loss from investment in joint venture also dropped by 54.5 MB. However, financial cost of the Group increased by 21.8 MB, resulting from the higher interest rate which was in line with the market interest rate.



### Revenue structure and gross profit margin

Unit: Million Baht

| Profit & Loss                     | Consolidated financial statements |               |              |               |                        |                          |                |               |                |               |                        |                          |
|-----------------------------------|-----------------------------------|---------------|--------------|---------------|------------------------|--------------------------|----------------|---------------|----------------|---------------|------------------------|--------------------------|
|                                   | Q3 23                             | %             | Q3 22        | %             | Increase<br>(Decrease) | % Increase<br>(Decrease) | 9M 23          | %             | 9M 22          | %             | Increase<br>(Decrease) | % Increase<br>(Decrease) |
| Sales income                      | 295.1                             | 77.8%         | 546.5        | 89.1%         | (251.4)                | -46.0%                   | 950.6          | 78.9%         | 968.6          | 65.8%         | (18.0)                 | -1.9%                    |
| Services income                   | 1.5                               | 0.4%          | 1.7          | 0.3%          | (0.2)                  | -11.8%                   | 3.3            | 0.3%          | 7.8            | 0.5%          | (4.5)                  | -57.7%                   |
| Sales of electricity income       | 29.9                              | 7.9%          | 26.8         | 4.4%          | 3.1                    | 11.6%                    | 96.8           | 8.0%          | 87.5           | 5.9%          | 9.3                    | 10.6%                    |
| Revenue from construction service | 52.7                              | 13.9%         | 38.6         | 6.3%          | 14.1                   | 36.5%                    | 154.5          | 12.8%         | 408.4          | 27.7%         | (253.9)                | -62.2%                   |
| <b>Total revenue</b>              | <b>379.2</b>                      | <b>100.0%</b> | <b>613.6</b> | <b>100.0%</b> | <b>(234.4)</b>         | <b>-38.2%</b>            | <b>1,205.2</b> | <b>100.0%</b> | <b>1,472.3</b> | <b>100.0%</b> | <b>(267.1)</b>         | <b>-18.1%</b>            |

Change in the Group's revenue was due to decrease in construction revenue and sales revenue.

The decrease in Q3 22 and 9M 22 Revenues from construction service was because, the Group recognized revenue from construction of a power plant of 295.1 MB, and such construction had completed in 2022. In 2023, revenue from construction service derived from the construction for the PTT'S Gas separation Plant Number 7 (GSP7) project which started construction in the Q1 23.

The decrease in Sales Income was because of, during 9M 22, There was a one-off income from the sale of project equipment in the amount of 278.6 MB. As for the income from the sale of fuel products. The selling price of all products (LPG LNG NGV) have increased, especially LNG. The average selling price of LNG during 9M 23 was higher than that of 9M 22 by 38%.

Unit: Million Baht

| Gross profit margin   | Consolidated financial statements |             |                        |             |             |                        |
|-----------------------|-----------------------------------|-------------|------------------------|-------------|-------------|------------------------|
|                       | Q3 23                             | Q3 22       | Increase<br>(Decrease) | 9M 23       | 9M 22       | Increase<br>(Decrease) |
| Sales                 | 4.7%                              | 4.9%        | -0.2%                  | 4.0%        | 5.0%        | -1.0%                  |
| Services              | 73.3%                             | 52.9%       | 20.4%                  | 60.6%       | 35.9%       | 24.7%                  |
| Electricity sold      | 57.5%                             | 59.7%       | -2.2%                  | 62.4%       | 62.9%       | -0.5%                  |
| Construction services | 6.3%                              | 36.5%       | -30.3%                 | 7.8%        | -4.1%       | 12.0%                  |
|                       | <b>9.4%</b>                       | <b>9.4%</b> | <b>0.0%</b>            | <b>9.4%</b> | <b>6.1%</b> | <b>3.3%</b>            |

During Q3 23, the Group had a gross profit margin of 9.4%, which was similar to the same period last year.

During 9M 23, the Group has a gross profit margin of 9.3%, which increased from the same period of the previous year due to the construction business group that recognized profits from the construction of new project including the GSP7 project. While in 2022 the gross profit margin was negative due to rises in construction costs for some projects towards the end of each one.



### Selling and administrative expense

The selling and administrative expenses of Q3 23 and 9M 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 service business. TPN has not been commercially operated and, therefore, still reported an operating loss. However, the share of loss from joint venture during Q3 23 and 9M 23 was lower than that of the same period last year because, in 2022, TPN set up provision for VAT (Value Added Tax) to the Revenue Department. Currently, the oil pipeline system is in the commissioning process and is expected to commercially operate in near term.

### Analysis of the Group's Financial Position

| Statement of Financial Position                   | Consolidated financial statements |               |                |               |                        |                          |
|---|-----------------------------------|---------------|----------------|---------------|------------------------|--------------------------|
|   | 30 Sep 23                         | %             | 31 Dec 22      | %             | Increase<br>(Decrease) | % Increase<br>(Decrease) |
| Current assets                                    | 1,002.1                           | 13.5%         | 1,102.8        | 15.1%         | (100.7)                | -9.1%                    |
| Non-current assets                                | 6,411.4                           | 86.5%         | 6,220.5        | 84.9%         | 190.9                  | 3.1%                     |
| <b>Total assets</b>                               | <b>7,413.5</b>                    | <b>100.0%</b> | <b>7,323.3</b> | <b>100.0%</b> | <b>90.2</b>            | <b>1.2%</b>              |
| Current liabilities                               | 1,558.2                           | 21.0%         | 1,550.0        | 21.2%         | 8.3                    | 0.5%                     |
| Non-current liabilities                           | 385.4                             | 5.2%          | 406.1          | 5.5%          | (20.7)                 | -5.1%                    |
| <b>Total liabilities</b>                          | <b>1,943.6</b>                    | <b>26.2%</b>  | <b>1,956.1</b> | <b>26.7%</b>  | <b>(12.5)</b>          | <b>-0.6%</b>             |
| Total shareholders' equity                        | 5,469.9                           | 73.8%         | 5,367.2        | 73.3%         | 102.7                  | 1.9%                     |
| <b>Total liabilities and shareholders' equity</b> | <b>7,413.5</b>                    | <b>100.0%</b> | <b>7,323.3</b> | <b>100.0%</b> | <b>90.2</b>            | <b>1.2%</b>              |

### Total assets

As of 30 September 2023, the Group reported total assets of 7,413.5 MB, an increase of 90.2 MB or 1.2% compared to that as of 31 December 2022. This is due mainly to the increase in investment in a joint venture, from recognition of gain from change in fair value of hedging instrument (cross currency swap) reflecting in other comprehensive income and (2) the increase in long-term loan to related parties.

### Total liabilities

As of 30 September 2023, the Group had total liabilities of 1,943.6 MB, decreasing by 12.5 MB or 0.6% compared to 31 December 2022.



### Analysis of the Cash Flow

| Cash flows summary  | Consolidated financial statements |         |                        |                          |
|---|-----------------------------------|---------|------------------------|--------------------------|
|   | 9M 23                             | 9M 22   | Increase<br>(Decrease) | % Increase<br>(Decrease) |
| Net cash flows from (used in) operating activities            | 16.6                              | (103.6) | 120.2                  | 116.0%                   |
| Net cash flows from (used in) investing activities            | (76.6)                            | 382.6   | (459.2)                | -120.0%                  |
| Net cash flows from (used in) financing activities            | 32.2                              | (278.1) | 310.4                  | 111.6%                   |
| Cash and cash equivalents classified as assets held for sales | (0.3)                             | (0.5)   | 0.2                    | 45.7%                    |
| Net increase (decrease) in cash and cash equivalents          | (28.0)                            | 0.3     | (28.3)                 | -8883.4%                 |

The change in cashflow for 9M 23 was due to investing and financing activities.

Investing activities: The Group provided a long-term loan to TPN in the amount of 132.96 MB during the period.

Financing activities: The Group issued bonds in the amount of 788.2 MB in Q1 23. A part of the proceed from the bond issuance was used for repayment of the previous debentures and a portion of short-term loans from financial institutions.

Please be informed accordingly,

Sincerely yours,

Mr. Darm Nana

Chief Executive Officer