

No. CS. 011/2024

November 12, 2024

Re: Management Discussion and Analysis

For the three-month and nine-month periods ending September 30, 2024

To: President

The Stock Exchange of Thailand

On November 12, 2024, the Board of Directors' meeting no. 4/2024 resolved to approve the financial statements of PSG Corporation Public Company Limited (the "Company") and its subsidiary, the three-month and nine-month periods ended September 30, 2024, which were reviewed by EY Office Limited and the Audit Committee. The details are as follows:

#### **Business and Industry Overview**

According to the September 2024 Construction Industry Report by Siam Commercial Bank's Economic Intelligence Center (SCB EIC), public sector construction is anticipated to rebound in the latter half of 2024, driven by increased budget disbursements for investments. This growth momentum is expected to continue into 2025, with a forecasted 3% expansion year-over-year, while private sector construction growth is anticipated to be more moderate. Environmental compliance becomes an increasingly critical requirement for large-scale construction projects.

PSGC maintains a strategic focus on private sector construction, particularly in the Lao PDR market, where we have established strong client relationships and ongoing projects. This focused market positioning allows us to mitigate risks associated with broader industry trends and heightened competition in the domestic market in Thailand.

#### **Outline of Business Operation**

The Company and its subsidiary's operating results have been profitable for consecutive quarters. In the 3<sup>rd</sup> quarter of 2024, the Company and its subsidiary reported net profit amounting to Baht 12.8 million and the first nine months of Baht 1,183.1 million.

Summary of financial performance for three-month and nine-month period ending September 30, 2024, is as follows:

Description	3 <sup>rd</sup> Quarter		Changes		9 Months		Changes	
	2024	2023	Inc. (Dec.)	%Chg.	2024	2023	Inc. (Dec.)	%Chg.
Revenue from construction contracts	726.0	257.9	468.1	181.5	2,951.7	1,092.6	1,859.1	170.2
Other income	4.4	2.3	2.1	91.3	15.5	7.3	8.2	112.3
Foreign exchange gains	-	34.2	(34.2)	(100.0)	-	75.9	(75.9)	(100.0)
<b>Total revenues</b>	<b>730.4</b>	<b>294.4</b>	<b>436.0</b>	<b>148.1</b>	<b>2,967.2</b>	<b>1,175.8</b>	<b>1,791.4</b>	<b>152.4</b>
Cost of construction contracts	361.5	65.5	296.0	451.9	1,181.9	290.4	891.5	307.0
Administrative expenses	66.0	90.7	(24.7)	(27.2)	151.7	181.6	(29.9)	(16.5)
Foreign exchange losses	286.0	-	286.0	-	151.8	-	151.8	-
<b>Total expenses</b>	<b>713.5</b>	<b>156.2</b>	<b>557.3</b>	<b>356.8</b>	<b>1,485.4</b>	<b>472.0</b>	<b>1,013.4</b>	<b>214.7</b>
<b>Operating profit</b>	<b>16.9</b>	<b>138.2</b>	<b>(121.3)</b>	<b>(87.8)</b>	<b>1,481.8</b>	<b>703.8</b>	<b>778.0</b>	<b>110.5</b>
Finance costs	(1.3)	(0.9)	0.4	44.4	(3.8)	(3.0)	0.8	26.7
Income tax expenses	(2.8)	(20.5)	(17.7)	(86.3)	(294.9)	(141.9)	153.0	107.8
<b>Profit for the period</b>	<b>12.8</b>	<b>116.8</b>	<b>(104.0)</b>	<b>(89.0)</b>	<b>1,183.1</b>	<b>558.9</b>	<b>624.2</b>	<b>111.7</b>
Other comprehensive income for the period	(26.5)	6.6	(33.1)	(501.5)	(15.9)	10.0	(25.9)	(259.0)
<b>Total comprehensive income for the period</b>	<b>(13.7)</b>	<b>123.4</b>	<b>(137.1)</b>	<b>(111.1)</b>	<b>1,167.2</b>	<b>568.9</b>	<b>598.3</b>	<b>105.2</b>
<b>Earnings per share (Baht)</b>	<b>0.0002</b>	<b>0.0018</b>	<b>(0.0016)</b>	<b>(88.9)</b>	<b>0.0182</b>	<b>0.0086</b>	<b>0.0096</b>	<b>111.6</b>

#### Total Revenues

For three-month and nine-month performance ending September 30, 2024, the Company and its subsidiary generated total revenues of Baht 730.4 million and Baht 2,967.2 million, respectively, compared to those of the same periods last year of Baht 294.4 million and Baht 1,175.8 million.

In the 3<sup>rd</sup> quarter of 2024, total revenue consisted of revenue from construction contracts of Baht 726.0 million, and other income of Baht 4.4 million. Total revenues increased by Baht 436.0 million or 148.1% compared to those of the same period previous year. This aligns with increasing work progress.

#### Profit and Total Comprehensive Income

For three-month and nine-month performance ending September 30, 2024, the Company and its subsidiary reported net profit amounting to Baht 12.8 million and Baht 1,183.1 million respectively. In addition, the Company and its subsidiary reported total comprehensive income of Baht (13.7) million and Baht 1,167.2 million respectively, compared to net profit of Baht 116.8 million and Baht 558.9 million respectively, and total comprehensive income of Baht 123.4 million and Baht 568.9 million respectively, in the same period previous year.

The Company and its subsidiary would like to clarify the changes in the Profit and Loss Statement for the 3<sup>rd</sup> quarter ending September 30, 2024, as those changes varied more than 20 percent compared to those of the same period previous year as follows:

1. Total Revenues

Consolidated revenues in the 3<sup>rd</sup> quarter of 2024 consisted of revenue from construction contracts of Baht 726.0 million, and other income of Baht 4.4 million. The revenue from construction contracts increased by Baht 468.1 million or 181.5% from the same quarter of the previous year due to the increase in progress of construction works.

2. Cost of Construction

Consolidated construction cost in the 3<sup>rd</sup> quarter of 2024 was Baht 361.5 million, increasing from the same quarter previous year by Baht 296.0 million or 451.9%. This is in line with the construction work progress of the construction projects.

3. Administrative Expenses

Consolidated administrative expenses in the 3<sup>rd</sup> quarter of 2024 were Baht 66.0 million, decreasing from the same quarter previous year by Baht 24.7 million or 27.2%.

4. Exchange Losses

Due to the Company and its subsidiary's revenue and asset recognition in foreign currencies and recent baht volatility, an exchange rate loss of Baht 286.0 million was reported in the 3<sup>rd</sup> quarter of 2024 with approximately Baht 283.0 million of exchange rate loss was unrealized. This exchange rate loss, however, reflects only currency translation adjustments for accounting purposes and does not impact on the Company and its subsidiary's operating performance.

5. Finance Costs

Consolidated finance costs in the 3<sup>rd</sup> quarter of 2024 were Baht 1.3 million, increasing from the same quarter previous year by Baht 0.4 million due to interest expenses incurred from right of use assets and bank's fees.

6. Income Tax Expenses

Consolidated income tax expenses in the 3<sup>rd</sup> quarter of 2024 were Baht 2.8 million, decreasing from the same quarter previous year by Baht 17.7 million. This is in line with the Company's profitable performance.

## Financial Position

Unit: Million Baht (reviewed)

Description	Consolidated financial statements		Changes	
	September 30, 2024	December 31, 2023	Inc. (Dec.)	%Chg.
Total assets	4,680.2	3,933.3	746.9	19.0
Total liabilities	456.0	876.3	(420.3)	(48.0)
Total shareholders' equity	4,224.2	3,057.0	1,167.2	38.2

### Assets

As of September 30, 2024, the Company and its subsidiary had total assets of Baht 4,680.2 million comprising current assets of Baht 4,338.2 million and non-current assets of Baht 342.0 million, compared to total assets of Baht 3,933.3 million as of December 31, 2023, representing Baht 746.9 million increase. The major increase was from cash and cash equivalents, and retention receivables moving in line with the construction work progress.

### Liabilities

The Company and its subsidiary's total liabilities as of September 30, 2024, amounted to Baht 456.0 million, comprising current liabilities of Baht 430.0 million and non-current liabilities of Baht 26.0 million, decreasing by Baht 420.3 million from total liabilities of Baht 876.3 million as of December 31, 2023. The main decrease was from payment of trade payables, corporate income tax and lease liabilities.

Compared to other peers in the same industry, the Company and its subsidiary's debt to equity (D/E) ratio is relatively low at 0.11 times.

### Shareholders' equity

The Company and its subsidiary's equity as of September 30, 2024, amounted to Baht 4,224.2 million, compared to shareholder's equity of Baht 3,057.0 million as of December 31, 2023, representing Baht 1,167.2 million increase in line with increased profitability.

### Liquidity

As of September 30, 2024, the Company and its subsidiary's financial liquidity is strong, with the current ratio of 10 times. This high ratio indicates surplus liquidity, as the Company and its subsidiary have a large amount of current assets relative to their current liabilities.

## Factors Affecting Future Operations

### 1. Exchange Rate Volatility

Since the Company and its subsidiary operate internationally, certain transactions are denominated in foreign currencies. As a result, exchange rate volatility may impact gains or losses in the financial statements, though it does not directly affect the Company and its subsidiary's operating performance.

## 2. Construction Project Management

Effective management of both construction costs and project timelines is crucial for successful outcomes and has a direct impact on the Company and its subsidiary's performance.

## 3. Opportunities for Income Growth from New Projects

The Company and its subsidiary are currently executing two major construction projects, providing a steady income stream under contracts through 2027. To support long-term sustainable growth, the Company and its subsidiary aim to secure new construction projects and seek new business opportunities, particularly by maintaining a strong relationship with existing clients who are satisfied with the Company and its subsidiary's performance.

Please be informed accordingly.

Sincerely yours,

(Mr. David Van Dau)

Chief Executive Officer

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Investor Relations

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