

PESTECH

PESTECH (CAMBODIA) PLC

Quarterly Report

**For the 3rd Quarter of the Financial Year
Ending 30 June 2023**

Financial Highlights

Financial Position		Q3 FY2023 KHR'mil	FY2022 KHR'mil	FY2021 KHR'mil
Total Assets		1,203,005	1,202,282	1,166,882
Total Liabilities		1,105,902	1,092,266	1,072,985
Total Shareholders' Equity		97,103	110,016	93,897
Profit/(Loss)		Q3 FY2023 KHR'mil	Q3 FY2022 KHR'mil	Q3 FY2021 KHR'mil
Total Revenues		19,160	55,290	52,564
(Loss)/Profit before Tax		(4,610)	1,724	3,714
Operating profit		5,163	6,445	8,017
(Loss)/Profit after Tax		(5,290)	936	2,220
Total Comprehensive (Loss)/Income		(7,996)	7,828	6,035
Financial Ratios		Q3 FY2023	FY2022	FY2021
Solvency ratio		(1.03%)	1.68%	2.40%
Solvency ratio (General borrowings) *		(6.43%)	15.95%	49.93%
Liquidity ratio	Current ratio	0.95	0.93	0.90
	Quick ratio	0.93	0.92	0.88
		Q3 FY2023	Q3 FY2022	Q3 FY2021
Profitability ratio	Return on assets	(0.44%)	0.07%	0.21%
	Return on equity	(5.45%)	0.86%	2.56%
	Gross profit margin	49.40%	18.84%	21.15%
	Profit margin	(27.61%)	1.69%	4.22%
	Earnings per share (for equity listed entity) (Riel)	(70.59)	12.49	29.98
Interest Coverage ratio		0.42	0.85	1.42

*Borrowing for normal course of business excluding term loans which has been ring fenced by the proceeds of the deferred payment projects with direct payment agreement with Electricite du Cambodge ("EDC"). Borrowing for normal course of business was KHR65,411 million (FY2022: KHR43,881 million) and term loans were KHR342,835 million as of 31 March 2023 (FY2022: KHR372,692 million).

Board of Directors



Paul
Lim Pay Chuan
Executive
Chairman



Lim
Ah Hock
Executive
Director



Han Fatt Juan
Executive Director
and Chief
Executive Officer



Charles Tan Pu Hooi
Executive Director
(Resigned on
28 March 2023)



Dav Ansan
Independent
Non-Executive
Director

PESTECH

Message from Chairman

Dear Shareholders

The Group hereby present the financial results for quarter three (3) ("Q3" or "Quarter") of the financial year ("FY") 2023. Unfortunately, we continued to sustain a deficit after tax result as the Group endured unfavourable market sentiments that affected the operation of the Group.

The unrelenting interest hikes and the threats of an approaching inflation, had brought about burdensome impact onto the Group, debilitating us both financially and also operationally.

Total Revenue only managed to record at KHR19.160 billion during the Quarter as compared to KHR55.290 billion for the same quarter under review in financial year ("FY") 2022. Nonetheless, the turnover was comparable with the record of our prior quarter.

We managed to register an Operating Profit at KHR5.163 billion as compared to KHR6.445 billion during Q3 2022. Regrettably, we generated a larger Loss Before Tax ("LBT") of KHR4.610 billion versus a Profit Before Tax ("PAT") KHR1.724 billion for the comparative quarter in FY 2022. Due to higher borrowing cost, we also reported a higher Loss After Tax of KHR5.290 billion against a Profit After Tax ("PAT") of KHR0.936 billion in Q3 of FY 2022.

The management stayed vigilant for a turn around plan and hoped to be able to deliver positive financial results in the future quarter. We continued to always be attentive on various market opportunities in the power infrastructure segment, especially in Cambodia. Again, the sustainment of the growth for the Group would be dependent on the capability of the Group to continuously and consistently procure new projects, secure the required financing, and ensure that the execution team are able to carry out the projects efficiently, and effectively. In that respect, we would like to reassure our shareholders that the Group remain steadfast on our commitment to maintain our position as an active participant in the development of power infrastructure projects in Cambodia.

Once again, we express our highest appreciation to our shareholders, customers, suppliers, and Cambodian PESTION team for the unrelentless support that help propel the Company forward through thick and thin.

Thank you.



Paulin Pay Chuan
Executive Chairman

Date : 23 May 2023

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PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY

A. Identity of the Listed Entity

Name of the listed entity in Khmer : **ផេសតិក (ខេមបូឌា) ម.ក**

In Latin : **PESTECH (Cambodia) PLC**

Standard code : **PEPC**

Address : **10th Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 09, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh, Kingdom of Cambodia.**

Phone number : **+855 23 882 105**

Fax : **+855 23 882 106**

Website : www.pestech.com.kh

Email: info@pestech.com.kh

Company registration number : **00000957**

Date : **5 February 2010**

License number : **326 Brk.DnS/ASN**

Issued by: **MLMUPC** Date: **20 December 2018**

Disclosure document registration number by SECC : **១៧១/២០ គ.ម.ក / ស.ស.វ. (171/20 SECC/SSR)**

SECC Date : **២២ កក្កដា ២០២០ (22 July 2020)**

Representative of the listed entity : **Paul Lim Pay Chuan**

B. Nature of Business

PCL is principally engaged in the provision of comprehensive power system engineering and technical solutions for the:

- design, procurement, construction, installation and commissioning of HV and EHV substations, HV and EHV transmission lines as well as underground power cable systems for electricity transmission and distribution;
- operation and maintenance of electric transmission line and substation; and
- trading of proprietary and non-proprietary power system components and equipment.

C. Quarter's Key Events

There was no key event during the quarter under review.

PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

A. Business Operation Performance including business segment

The undertaking of engineering, procurement, construction and commissioning (“EPCC”) contract for electrical transmission and substation remains the main contributor to the revenue for the quarter under review amounting to KHR11,221 million (Q3 FY2022: KHR52,073 million), which is 58.6% (Q3 FY2022: 94.2%) of the total revenue.

Supplementing to our EPCC services, the operation and maintenance (“O&M”) activities, recorded a revenue of KHR7,939 million, which is 41.4% of the total revenue (Q3 FY2022: KHR3,217 million or 5.8%). The increase is mainly derived from the change of contract sum of O&M Sihanoukville project.

During the quarter, the Group recognised finance income amounting to KHR2,526 million (Q3 FY2022: KHR2,798 million) for certain contracts with customer in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) 15. The finance income form part of total income of the Group.

B. Revenue Structure

No	Source of Revenue	Q3 FY2023		Q3 FY2022		Q3 FY2021	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	11,221	58.6	52,073	94.2	49,378	93.9
2	Operation and Maintenance	7,939	41.4	3,217	5.8	3,186	6.1
Total revenue		19,160	100.0	55,290	100.0	52,564	100.0

No	Source of Contract Income	Q3 FY2023		Q3 FY2022		Q3 FY2021	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	Revenue	19,160	88.4	55,290	95.2	52,564	97.6
2	Finance income for contract assets	2,526	11.6	2,798	4.8	1,286	2.4
Total contract income		21,686	100.0	58,088	100.0	53,850	100.0

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PART 3 – Financial Statements Reviewed by the External Auditors

Please refer to the Financial Statements reviewed by the External Auditors, as attached.

PART 4 - MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

A. Overview of operations

1. Revenue analysis

The revenue for the 3-month financial period ended 31 March 2023 was recorded at KHR19,160 million, representing a decrease of KHR36,130 million or 65.3% as compared to preceding year corresponding quarter that was recorded at KHR55,290 million. The changes in revenue reflected the execution progress of various projects in Cambodia. Lower revenue in the current quarter under review was mainly due to lower project progress being recognised by Laos Border and Tatay projects as compared to preceding year corresponding quarter.

2. Revenue by segment analysis

The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation remains the main contributor to the revenue for the quarter under review amounting to KHR11,221 million (Q3 FY2022: KHR52,073 million), which is 58.6% (Q3 FY2022: 94.2%) of the total revenue.

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3. Gross profit ("GP") margin analysis

GP margin in the current quarter under review was 49.4% as compared to 18.9% in the preceding year corresponding quarter, representing an increase of 30.5%. Higher GP margin in the current quarter under review is mainly contributed from the change of contract sum of O&M Sihanoukville project.

4. (Loss)/Profit before tax analysis

Loss before tax in the current quarter under review was recorded at KHR4,610 million, as compared to profit before tax of KHR1,724 million in the preceding year corresponding quarter, representing a decrease of KHR6,334 million or 367.4%. It was mainly attributable to lower revenue recognised in the current quarter under review compared to preceding year corresponding quarter and higher finance cost due to hike of interest rate.

5. (Loss)/Profit after tax analysis

The loss after tax for the current quarter under review was KHR5,290 million as compared to profit after tax of KHR936 million in the preceding year corresponding quarter, representing a decrease of KHR6,226 million or 665.2%.

B. Significant factors affecting profit

During the period under review, there was no significant factors affecting operating profit of the Group.

C. Material changes in sales and revenue

The revenue for the 3-month financial period ended 31 March 2023 was recorded at KHR19,160 million, representing a decrease of KHR36,130 million or 65.3% as compared to preceding year corresponding quarter that was recorded at KHR55,290 million. The changes in revenue reflected the execution progress of various projects in Cambodia. Lower revenue in the current quarter under review was mainly due to lower project progress being recognised by Laos Border and Tatay projects as compared to preceding year corresponding quarter.

D. Impact of foreign exchange, interest rates and commodity prices

The recent increase in LIBOR rate has increased the finance cost of the Group. Despite the increase in LIBOR rate, the Group has entered into interest rate swaps contract to hedge the Group's exposure to interest rate risks on its term loan borrowings that allows the Group to raise borrowings at floating rates and swap into fixed rates. Other than the aforesaid, there was no material impact due to foreign exchange and fluctuations of commodity prices.

E. Impact of inflation

Our overheads were subject to the impact of inflation, which is about 29% of our revenue. However, the inflation in Cambodia of 3.0% (as of 5 April 2023, source: *ADB pegs Cambodia's economic growth for 2023 at 5.5%*), only posed about 0.86% impact to our profit. All other operating expenses were fixed cost items for the whole duration of the contract. Other than the aforesaid, there was no other material impact due to inflation.

F. Economic / fiscal / monetary policy of Royal Government

There was no material change in the economic, fiscal, monetary policy of Royal Government or factors that had materially impacted to the financial result during the year.

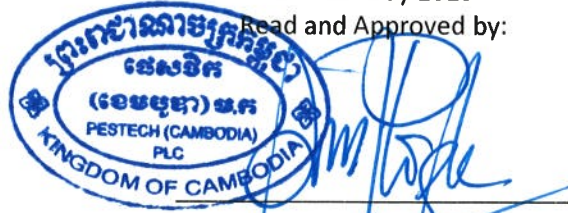
PART 5 - OTHER NECESSARY INFORMATION FOR INVESTORS PROTECTION (IF ANY)

There was no other necessary information for Investors protection to be disclosed.

Signature of Directors of the Listed Entity
(shall be signed by Chairman or at least 2 directors)

Date: 23 May 2023

Read and Approved by:



Signature

Name : Paul Lim Pay Chuan
Position : Executive Chairman