

PESTECH

PESTECH (CAMBODIA) PLC

Quarterly Report

**For the 3rd Quarter of the Financial Year
Ending 30 June 2022**

Financial Highlights

Financial Position		Q3 FY2022 KHR'mil	FY2021 KHR'mil	FY2020 KHR'mil
Total Assets		1,248,013	1,166,882	1,016,112
Total Liabilities		1,138,719	1,072,985	946,155
Total Shareholders' Equity		109,294	93,897	69,957
Profit/ (Loss)		Q3 FY2022 KHR'mil	Q3 FY2021 KHR'mil	Q3 FY2020 KHR'mil
Total Revenues		55,290	52,564	48,663
Profit before Tax		1,724	3,714	3,166
Profit after Tax		936	2,220	1,460
Total Comprehensive Income/(Loss)		7,828	6,035	(9,957)
Financial Ratios		Q3 FY2022	FY2021	FY2020
Solvency ratio		0.49%	2.40%	7.43%
Solvency ratio (General borrowings) *		6.36%	49.93%	203.87%
Liquidity ratio	Current ratio	0.94	0.90	0.28
	Quick ratio	0.92	0.88	0.24
		Q3 FY2022	Q3 FY2021	Q3 FY2020
Profitability ratio	Return on assets	0.07%	0.21%	0.15%
	Return on equity	0.86%	2.56%	1.99%
	Gross profit margin	18.84%	21.15%	33.83%
	Profit margin	1.69%	4.22%	3.00%
	Earnings per share (for equity listed entity) (Riel)	12.49	29.98	20.73
Interest Coverage ratio		0.85	1.42	1.47
Dividend per share (if any) (for equity listed entity)			-	-
Other Important Ratios (if any)			-	-

*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 EDC. Borrowing for normal course of business was KHR31,882 million (FY2021: KHR20,554 million) and term loans were KHR379,980 million as of 31 March 2022 (FY2021: KHR407,806 million).

Board of Directors



Message from Chairman

Dear Shareholders,

We are glad to present to you the 3rd quarterly results of PESTECH (Cambodia) Plc (“PCL”). The improvement in our operational results further reflect the tenacity of overall pandemic recovery situation in Cambodia, which supports the continuous business development activities in the nation.

Cambodia’s economy is forecast to grow 5.3% in 2022 and 6.5% in 2023, thanks to strong merchandise exports and foreign direct investment inflows, according to an Asian Development Bank (ADB). Widespread vaccination against COVID-19 has enabled the country to reopen its borders for trade and tourism, leading to positive economic prospects for this year and 2023,” said ADB Acting Country Director Anthony Gill. According to the Asian Development Outlook (ADO) 2022, industry output is expected to grow by 8.1% in 2022 and 9.1% in 2023. This growth will also be buoyed by the implementation of the Garments, Footwear, and Travel Goods Development Strategy to raise competitiveness in this segment. Goods and services exports are forecast to grow in 2022 and 2023 on strong external demand for Cambodian products supported by a recovery in tourism services. The services sector is projected to rebound to 4.8% this year, rising to 6.8% in 2023. Reopening the economy and the high level of vaccination coverage will allow for a gradual recovery in tourism, which, in turn, will support demand for accommodation, food, transportation, and other in-person services. (Source: *Cambodia’s Economy to Accelerate in 2022 and 2023* — ADB; News Release, 6 April 2022)

This buoyant business atmosphere coupled with stable social environment provide the impetus for growth that directly triggers the immense demand for various infrastructure upgrades and expansion. The improvement of power infrastructure is key in supporting continuous growth of multiple industrial and social advancements in Cambodia. PCL, being the only power infrastructure public company listed on the Main Board of the Cambodia Securities Exchange, has laid down its long-term plans, with focus on sustainable power infrastructure development, to ride on the wave of the imminent infrastructure growth in Cambodia.

In order to sustain a long-term business development endeavour, PCL is dedicated towards fostering knowledge based talent in Cambodia, nurturing engineering, designing specialists, cultivating skilful operation and maintenance teams, and encouraging continuous acquisition of essential industry knowhow to ensure an unceasing capability and capacity development for the Company.

We at PESTECH wish to take this opportunity to reassure our valuable shareholders, customers, suppliers, and various stakeholders of our utmost dedication and insatiable efforts towards building a Cambodian power infrastructure company that is ready to serve the greater Mekong region.

Thank you.



ព្រះរាជាណាចក្រកម្ពុជា
សេសទឹក
(ខេមបូឌា) ភី.ស៊ី.
PESTECH (CAMBODIA)
PLC
KINGDOM OF CAMBODIA

Paul Lim Pay Chuan
Executive Chairman

Date: 6 May 2022

Message from Chief Executive Officer

Greetings dear Shareholders!

I am pleased to share with you, herein, the 3rd quarterly (“Q3”) results for financial year (“FY”) 2022.

Total Revenue recorded during Q3 continued to be resilient, just marginally lower than 2nd quarter at KHR55,290 million. The progression of our various transmission line projects sustained the performance of the business operation in this reporting quarter. The Operating Profit was recorded at 6% improvement quarter to quarter, on the back of relatively similar level of revenue, signifying the transition into higher intensity phase of overall project execution. The overall Profit After Tax in Q3 was also displaying an improved level of KHR936 million from KHR656 million recorded during previous quarter. We are hopeful that this positive trend can be replicated going forward as build a sustainable power infrastructure business under PESTECH (Cambodia) Plc (“PCL”).

The Group’s solvency ratio advanced a few notches in Q3 to 0.49% from 0.45% in Q2. The current ratio and quick ratio both rose slightly as compared to previous quarter. As indicated during the last quarter, PCL continued to build up its own capability to undertake own funding requirements for its projects portfolio, and started to establish local financing track record in order to prepare itself in charting its long term growth path as a distinct Cambodian listed entity, which is capable of commanding most of its operational and financial requirements in the future. In that respect, it was encouraging that the interest coverage ratio registered a higher value at 0.85 during Q3 as compared to 0.78 in Q2.

We also observed a boost in overall profitability ratios during this reporting quarter. Return on equity was recorded at 0.86% versus 0.65%, and earnings per share rose more than 42% to KHR12.49 in Q3.

The management would like to express its appreciation to the team of dedicated PESTION in Cambodia, who had been rendering their relentless support to the Company, We also give thanks to our customers, especially Electricite du Cambodge, for believing in us to deliver essential power infrastructure projects in support for the growth and development of the nation.

In a longer term view, it is with conviction that the management aims towards exploring and adopting new initiatives to gradually widen the business coverage of PCL, in order to open new channels of development that fit well into PESTECH Group’s vision of Energising Growth Sustainably. Shareholders of PCL will be able to witness the progressive involvement of PCL into areas relating to circular economy, such as waste to products, and renewable waste recycling.

As CEO of PCL, I thank you for your confidence in our Company, and give you my pledge to accord my best effort to deliver positive results to our shareholders.

Thank you.



Han Fatt Juan
Chief Executive Officer

Date: 6 May 2022

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Signature of Directors of the listed entity

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 : House No.6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia. *The Shareholders of the Company had at a Shareholders' meeting held on 10 December 2021 approved the change of address to 10th Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 9, Sangkat Boeung Keng Kong I, Khan Boeung Keng Kong, Phnom Penh, Kingdom of Cambodia and it is pending for approval from the Ministry of Commerce (MOC).*

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 ("O&M") 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 is the main contributor to the revenue for the quarters amounting to KHR52,073 million (Q3 FY2021: KHR49,378 million), which comprised about 94.2% (Q3 FY2021: 93.9%) of the total revenue.

Supplemented to our EPCC services, our operation and maintenance services “O&M” comprised KHR3,217 million or 5.8% of the total revenue (Q3 FY2021: KHR3,186 million or 6.1%). During the quarter, O&M for Bavet project has been commenced in February 2022. Therefore, O&M in USD based on O&M contracts have been increased to USD796,000 every quarter.

During the quarter, we have recognised finance income for contract assets amounting to KHR2,798 million (Q3 FY2021: KHR1,286 million). Finance income is arising from the compliance with Cambodian International Financial Reporting Standards (“CIFRS”) 15 for some of our projects and it is part of our overall income of the Group. The increase in finance income in current quarter about KHR1,512 million or 1.18% is mainly due to the commencement of recognition of finance income for Sihanoukville project in March 2021.

B. Revenue Structure

No	Source of Revenue	Q3 FY2022		Q3 FY2021		Q3 FY2020	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	52,073	94.2	49,378	93.9	46,383	95.3
2	Operation and Maintenance	3,217	5.8	3,186	6.1	2,280	4.7
	Total revenue	55,290	100.0	52,564	100.0	48,663	100.0
	Finance income for contract assets	2,798	100.0	1,286	100.0	-	-
	Total income	58,088	100.0	53,850	100.0	48,663	100.0

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 months financial period ended 31 March 2022 recorded at KHR55,290 million, representing an increase of KHR2,726 million or 5.2% as compared to preceding year corresponding quarter recorded at KHR52,564 million. The changes in revenue representing the execution progress of various project in Cambodia.

2. Revenue by segment analysis

The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation is the main contributor to the revenue for the quarters amounting to KHR52,073 million (Q3 FY2021: KHR49,378 million), which comprised about 94.2% (Q3 FY2021: 93.9%) of the total revenue.

Supplemented to our EPCC services, our operation and maintenance services "O&M" comprised KHR3,217 million or 5.8% of the total revenue (Q3 FY2021: KHR3,186 million or 6.1%). During the quarter, O&M for Bavet project has been commenced in February 2022. Therefore, O&M in USD based on O&M contracts have been increased to USD796,000 every quarter.

3. Gross profit margin analysis

Gross profit margin in current quarter under review was recorded at 18.8% as compared to 21.2% in the preceding year corresponding quarter, representing a decrease of 2.4%. Higher margin in preceding year corresponding quarter as compared to current quarter under review is mainly due to revised of the construction revenue for Tatay project as a result of EOT granted. However, changes in the gross profit margin is very much depending on the margin of each project executed during the period. Overall, the gross profit margin for current period is within our expectation.

4. Profit before tax analysis

Profit before tax in current quarter under review was recorded at KHR1,724 million, as compared to profit before tax of KHR3,714 million in the preceding year corresponding quarter, representing a decrease of KHR1,990 million or 53.6%. Lower profit before tax in current quarter under review is mainly attributable to lower gross profit margin and higher finance costs as compared to preceding year corresponding quarter.

5. Profit after tax analysis

The result of the current quarter under review was KHR936 million as compared to profit after tax of KHR2,220 million in the preceding year corresponding quarter, representing an decrease of KHR1,284 million or 57.8%.

A. Significant factors affecting profit

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

B. Material changes in sales and revenue

The revenue for the 3 months financial period ended 31 March 2022 recorded at KHR55,290 million, representing an increase of KHR2,726 million or 5.2% as compared to preceding year corresponding quarter recorded at KHR52,564 million. The changes in revenue representing the execution progress of various project in Cambodia. For the 9 months financial period under review, the revenue recorded at KHR187,651 million representing an increase of KHR24,789 million or 15.2% as compared to KHR162,862 million of the preceding year corresponding period. The movement of the revenue for the 3 months quarter and 9 months period were mainly derived from phases of execution of existing contracts.

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

There was no material impact due to foreign exchange, interest rates and fluctuations of commodity prices.

D. Impact of inflation

Our overheads are subject to the impact of inflation, which is about 9% of our revenue. However, the inflation in Cambodia of 4.70% (as of 8 April 2022, source: *Energy prices set to 'accelerate' inflation to 4.7 % in 2022*), only posed about 0.44% impact to our profit. All other operating costs are fixed price for the whole duration of the contract. Other than the aforesaid, there was no other material impact due to inflation.

E. Economic / fiscal / monetary policy of Royal Government

There was no material change in the economic, fiscal, monetary policy of Royal Government or factors that have 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: 6 May 2022

Read and Approved by:



Signature

Name: Paul Lim Pay Chuan

Position: Executive Chairman