

PESTECH

PESTECH (CAMBODIA) PLC

Quarterly Report

**For the 3rd Quarter of the Financial Year
Ending 30 June 2024**

Financial Highlights

Financial Position		Q3 FY2024 KHR'mil	FY2023 KHR'mil	FY2022 KHR'mil
Total Assets		1,101,090	1,199,486	1,202,282
Total Liabilities		1,048,820	1,108,078	1,092,266
Total Shareholders' Equity		52,270	91,408	110,016
(Loss)/Profit		Q3 FY2024 KHR'mil	Q3 FY2023 KHR'mil	Q3 FY2022 KHR'mil
Total Revenue		9,909	19,160	55,290
(Loss)/Profit before Tax		(11,810)	(4,610)	1,724
Operating (Loss)/Profit		(1,597)	5,163	6,445
(Loss)/Profit after Tax		(11,997)	(5,290)	936
Total Comprehensive (Loss)/Income		(10,197)	(7,996)	7,828
Financial Ratios		Q3 FY2024	FY2023	FY2022
Solvency ratio		(3.37)%	(5.00)%	1.68%
Solvency ratio (General borrowings) *		(43.48)%	(51.03)%	15.95%
Liquidity ratio	Current ratio (times)	1.23	1.16	0.93
	Quick ratio (times)	1.20	1.13	0.92
		Q3 FY2024	Q3 FY2023	Q3 FY2022
Profitability ratio	Return on assets	(1.09)%	(0.44)%	0.07%
	Return on equity	(22.95)%	(5.45)%	0.86%
	Gross profit margin	28.67%	49.40%	18.84%
	(Loss)/Profit margin	(121.07)%	(27.61)%	1.69%
	(Loss)/Earnings per share (for equity listed entity) (Riel)	(160.08)	(70.59)	12.49
Interest Coverage ratio (times)		(0.13)	0.42	0.85

*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 KHR25,179 million (FY2023: KHR36,790 million) and term loans which has been ring fenced by the proceeds of the deferred payment projects were KHR299,705 million as of 31 March 2024 (FY2023: KHR338,928 million).

Board of Directors

IR. PAUL LIM PAY CHUAN
Executive Chairman



LIM AH HOCK
Executive Director



HAN FATT JUAN
Executive Director/
Chief Executive Officer



DAV ANSAN
Independent
Non-Executive Director



PAN SENG WEE
Executive Director



Message from Chairman

Dear Shareholders

PESTECH (Cambodia) Plc (“PCL” or “the Company”) hereby presents the financial results for the third quarter ended 31 March 2024 (“Third Quarter Results”). Despite ongoing challenges, the results from this quarter demonstrate that PCL is on a steady path towards recovery. Although our progress is gradual, it stands as a clear indication of our resilience and our ability to adapt and refine our strategies in response to current challenges.

For this quarter, we reported revenue of KHR9,909 million, an encouraging increase of 53% from KHR6,451 million in the previous quarter. This improvement signals a positive shift in our operational effectiveness, though the journey toward full recovery remains gradual. Our loss after tax has also seen a reduction, decreasing by 4.82% to KHR11,997 million from KHR12,605 million in the prior quarter. These results, while still falling short of our expectations, are steps in the right direction, demonstrating our capacity to navigate fiscal complexities and improve our financial health.

Our efforts to turn around the Company have been robust and multifaceted, where the holding company of PCL is currently undertaking a thorough review of all financing facilities across the Group with the support of a financial adviser. This strategic review and evaluation is necessarily required to devise a viable financial scheme for the Group, including PCL to ensure sustainability and profitability in the long term.

As we move into the next quarter, our focus remains on solidifying our recovery, enhancing operational efficiency, and continuing to implement strategic measures that will secure long-term growth and stability.

Going forward, we will be concentrating on our fundamental core businesses, i.e., engineering, procurement, construction and commissioning with progress payment basis rather than deferred payment method, alongside with operation and maintenance services that generate steady stream of revenue.

We urge all stakeholders to maintain their support and confidence in our strategies as we strive to achieve sustained improvements and create value for all stakeholders.



Paul Lim Pay Chuan
Executive Chairman

Date : 15 May 2024

PESTECH

Message from Chief Executive Officer

Greetings dear Shareholders,

For the quarter ended 31 March 2024, PESTECH (Cambodia) Plc (“PCL”) has initiated a gradual recovery, albeit at a slow pace. The resumption of project executions has contributed to increased revenue and improved profits for PCL.

In the current quarter, we achieved a revenue of KHR9,909 million, marking a 53% increase from KHR6,451 million in the previous quarter. Correspondingly, the revenue improvement has reduced the operating loss from KHR1,909 million to KHR1,597 million in the current quarter under review.

However, the trajectory of our recovery continues to be encumbered by multiple challenges, primarily attributed to constrained financial resources. In response, we have intensified our engagement with customers to ensure their confidence in our capabilities to execute projects effectively and efficiently. Maintaining transparency and fostering open communication are imperative, as we remain dedicated to keeping our stakeholders thoroughly informed while we refine our strategies to handle these challenges.

Additionally, during the current quarter under review, we have successfully secured a funding arrangement that promises acceleration of an ongoing project. We are also exploring additional funding alternatives to support our endeavours to meet our customers’ expectations. We plan to wisely utilize our limited resources, focusing on delivery of projects on time and new projects at a scale that are manageable based on our capacities.

We would like to extend my deepest gratitude to our Cambodian team, customers, suppliers and business associates whose relentless support and dedication have been crucial during these challenging times.

Thank you for your continued trust and support.



Han Fatt Juan
Chief Executive Officer

Date : 15 May 2024

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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 : **085 Brk.DnS/ASN**

Issued by: **MLMUPC** Date: **21 March 2021**

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 which recorded a revenue of KHR 8,011 million (Q3 FY2023: KHR11,221 million), which is 80.8% (Q3 FY2023: 58.6%) of the total revenue in the quarter under review.

Supplementing to EPCC services, the operation and maintenance (“O&M”) activities, recorded a revenue of KHR1,898 million, which is 19.2% of the total revenue (Q3 FY2023: KHR7,939 million or 41.4%). Lower revenue from O&M in the current quarter under review compared to preceding year corresponding quarter is due to the change of contract sum of O&M Sihanoukville project in March 2023.

During the quarter under review, the Group recognised finance income amounting to KHR2,264 million (Q3 FY2023: KHR2,526 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 FY2024		Q3 FY2023		Q3 FY2022	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	8,011	80.8	11,221	58.6	52,073	94.2
2	Operation and Maintenance	1,898	19.2	7,939	41.4	3,217	5.8
Total revenue		9,909	100.0	19,160	100.0	55,290	100.0

No	Source of Contract Income	Q3 FY2024		Q3 FY2023		Q3 FY2022	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	Revenue	9,909	81.4	19,160	88.4	55,290	95.2
2	Finance income for contract assets	2,264	18.6	2,526	11.6	2,798	4.8
Total contract income		12,173	100.0	21,686	100.0	58,088	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-month financial period ended 31 March 2024 was recorded at KHR9,909 million, representing a decrease of KHR9,251 million or 48.3% as compared to preceding year corresponding quarter that was recorded at KHR19,160 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 the completion of East Siem Reap project in March 2023 and lower project progress 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 which recorded a revenue of KHR 8,011 million (Q3 FY2023: KHR11,221 million), which is 80.8% (Q3 FY2023: 58.6%) of the total revenue in the quarter under review.

Supplementing to EPCC services, the operation and maintenance ("O&M") activities, recorded a revenue of KHR1,898 million, which is 19.2% of the total revenue (Q3 FY2023: KHR7,939 million or 41.4%). Lower revenue from O&M in the current quarter under review compared to preceding year corresponding quarter is due to the change of contract sum of O&M Sihanoukville project in March 2023.

3. Gross profit ("GP") margin analysis

In the current quarter under review, a GP margin of 28.7% compared to GP margin of 49.4% in the preceding year corresponding quarter, representing a decrease of 20.7%. Lower GP margin is mainly due to the change of contract sum of O&M Sihanoukville project in March 2023. Overall, the GP margin for current period was within the Group's expectation.

4. Loss before tax analysis

Loss before tax in the current quarter under review was recorded at KHR11,810 million, as compared to loss before tax of KHR4,610 million in the preceding year corresponding quarter, representing an increase in loss of KHR7,200 million or 156.2%. 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 after tax analysis

The loss after tax for the current quarter under review was KHR11,997 million as compared to loss after tax of KHR5,290 million in the preceding year corresponding quarter, representing an increase in loss of KHR6,707 million or 126.8%.

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 2024 was recorded at KHR9,909 million, representing a decrease of KHR9,251 million or 48.3% as compared to preceding year corresponding quarter that was recorded at KHR19,160 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 the completion of East Siem Reap project in March 2023 and lower project progress as compared to preceding year corresponding quarter.

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

The increase in SOFR rate has increased the finance cost of the Group. Despite the increase in SOFR 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. However, the inflation in Cambodia of 2.0% (as of 11 April 2024, source: *Cambodia's Economic Growth to Accelerate in 2024, Fueled by Manufacturing and Tourism*), posed about 1.03% impact to our profit or loss. 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 quarter under review.

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: 15 May 2024

Read and Approved by:



Signature

Name : Paul Lim Pay Chuan
Position : Executive Chairman