

PESTECH

PESTECH (CAMBODIA) PLC

Quarterly Report

**For the 4th Quarter of the Financial Year
Ended 30 June 2024**

Financial Highlights

Financial Position		Q4 FY2024 KHR'mil	FY2023 KHR'mil	FY2022 KHR'mil
Total Assets		931,141	1,199,486	1,202,282
Total Liabilities		918,738	1,108,078	1,092,266
Total Shareholders' Equity		12,403	91,408	110,016
(Loss)/Profit		Q4 FY2024 KHR'mil	Q4 FY2023 KHR'mil	Q4 FY2022 KHR'mil
Total Revenue		17,489	8,463	28,764
Loss before Tax		(40,468)	(10,794)	(3,033)
Operating (Loss)/Profit		(30,074)	(653)	2,499
Loss Profit after Tax		(40,647)	(10,336)	(3,574)
Total Comprehensive (Loss)/Income		(40,550)	(7,504)	183
Financial Ratios		Q4 FY2024	FY2023	FY2022
Solvency ratio		(12.42)%	(5.00)%	1.68%
Solvency ratio (General borrowings)		(179.77)%	(51.03)%	15.95%
* Liquidity ratio	Current ratio (times)	1.23	1.16	0.93
	Quick ratio (times)	1.19	1.13	0.92
		Q4 FY2024	Q4 FY2023	Q4 FY2022
Profitability ratio	Return on assets	(4.37)%	(0.86)%	(0.30)%
	Return on equity	(327.72)%	(11.31)%	(3.25)%
	Gross profit margin	875.68%	49.40%	24.33%
	Loss margin	(232.41)%	(122.13)%	(12.43)%
	(Loss)/Earnings per share (for equity listed entity) (Riel)	(542.36)	(137.91)	(47.69)
Interest Coverage ratio (times)		(2.40)	(0.05)	0.30

*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 KHR22,091 million (FY2023: KHR36,790 million) and term loans which has been ring fenced by the proceeds of the deferred payment projects were KHR297,630 million as of 30 June 2024 (FY2023: KHR338,928 million).

Board of Directors

IR. PAUL LIM PAY CHUAN
Executive Chairman/Acting Chief
Executive Officer



LIM AH HOCK
Executive Director



HAN FATT JUAN
Executive Director
(Resigned on 27 May 2024)



DAV ANSAN
Independent
Non- Executive Director



PAN SENG WEE
Executive Director



PESTECH

Message from Executive Chairman and Acting Chief Executive Officer

Dear Esteemed Shareholders,

The Group concluded the financial year ended 30 June 2024 ("FY 2024") on a slower note, with revenue growth falling short of expectations and finance costs rising.

Despite the financial challenges, our operational team has demonstrated their dedication and diligence in managing costs and optimizing resource allocation, ensuring uninterrupted operations for the Group. Our team, which possesses strong experience in power transmission and distribution, is working relentlessly in delivering the 230kV underground cable transmission development project in the city of Phnom Penh, Cambodia. This project showcases our ability to deliver intricate and large-scale infrastructure projects amidst challenging circumstances. As this is the first 230kV underground cable project undertaken in Cambodia, the execution of this project gives the company invaluable references for participating in the future underground cable project in the country.

The prevailing economic climate, including the impact of the US Federal Reserve interest rate hikes resulting in a jump in borrowing costs on the back of a higher exchange rate, has decelerated our project execution pace. Nonetheless, our management team has been proactively engaging with financial institutions for more indulgence in handling the financing requirement and working closely with our project partners to ensure the continuity of current on-going projects.

We remain cautiously optimistic about PESTECH Cambodia PLC's (PCL) future with commitment to offer comprehensive turnkey project execution and long-term operation and maintenance services to Cambodia's expanding energy market. In the meantime, we are also leveraging our extensive experience and in-depth understanding of the other regional landscape, by expanding our operations into emerging markets. PCL has expanded our services to countries such as Papua New Guinea and the Africa region successfully and is currently actively looking to acquire more works in those regions. We are enthusiastic to contribute to the development of these regions by delivering our technical expertise and know-how for power transmission infrastructure solutions. In the next financial year, we will be focusing on acquiring projects in Cambodia and in the regions to support the electrical infrastructure development.

Despite concluding FY 2024 on a less favourable note, we remain confident in our ability to navigate through these difficulties. Our proven track record in power transmission infrastructure, coupled with the extensive experience of our team in engineering, procurement, construction, and commissioning, positions us strongly to capitalize on emerging opportunities. We are prepared to leverage our capabilities to overcome current challenges and achieve our objectives in the future.

Finally, we extend our heartfelt thanks to our shareholders, customers, suppliers, and fellow PESTIONS for their continued confidence and support in our development journey.

Thank you.



Paul Lim Pay Chuan
Executive Chairman and Acting CEO

Date : 13 August 2024

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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 : **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 2022**

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, except for the annulment of project contract which has been reflected in the current 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 15,579 million (Q4 FY2023: KHR4,182 million), which is 89.1% (Q4 FY2023: 49.4%) of the total revenue in the quarter under review.

Supplementing to EPCC services, the operation and maintenance (“O&M”) activities, recorded a revenue of KHR1,910 million, which is 10.9% of the total revenue (Q4 FY2023: KHR4,281 million or 50.6%). Revenue from O&M in the preceding year corresponding quarter include revenue from O&M Kratie about KHR2,357 million. No more revenue contribution from O&M Kratie in the current quarter under review.

During the quarter under review, the Group recognised finance income amounting to KHR2,065 million (Q4 FY2023: KHR2,451 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	Q4 FY2024		Q4 FY2023		Q4 FY2022	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	15,579	89.1	4,182	49.4	24,533	85.3
2	Operation and Maintenance	1,910	10.9	4,281	50.6	4,231	14.7
Total revenue		17,489	100.0	8,463	100.0	28,764	100.0

No	Source of Contract Income	Q4 FY2024		Q4 FY2023		Q4 FY2022	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	Revenue	17,489	89.4	8,463	77.5	28,764	91.4
2	Finance income for contract assets	2,065	10.6	2,451	22.5	2,695	8.6
Total contract income		19,554	100.0	10,914	100.0	31,459	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 30 June 2024 was recorded at KHR17,489 million, representing an increase of KHR9,026 million or 106.7% as compared to preceding year corresponding quarter that was recorded at KHR8,463 million. The changes in revenue reflected the execution progress of various projects in Cambodia.

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 15,579 million (Q4 FY2023: KHR4,182 million), which is 89.1% (Q4 FY2023: 49.4%) of the total revenue in the quarter under review.

Supplementing to EPCC services, the operation and maintenance ("O&M") activities, recorded a revenue of KHR1,910 million, which is 10.9% of the total revenue (Q4 FY2023: KHR4,281 million or 50.6%). Revenue from O&M in the preceding year corresponding quarter include revenue from O&M Kratie about KHR2,357 million. No more revenue contribution from O&M Kratie in the current quarter under review.

3. Gross profit ("GP") margin analysis

In the current quarter under review, a GP margin of 875.7% compared to GP margin of 49.0% in the preceding year corresponding quarter, representing an increase of 826.7%. Higher GP margin in the current quarter under review is mainly attributable to the one-off adjustments to reverse the provision of trade creditor for a completed project and an annulled project. The GP margin if exclude one off adjustment is about 21.5%.

4. Loss before tax analysis

Loss before tax in the current quarter under review was recorded at KHR40,468 million, as compared to loss before tax of KHR10,794 million in the preceding year corresponding quarter, representing an increase in loss of KHR29,674 million or 274.9%. It was mainly attributable to the impairment of contract asset from the annulment of project contract about KHR178,989 million.

5. Loss after tax analysis

The loss after tax for the current quarter under review was KHR40,647 million as compared to loss after tax of KHR10,336 million in the preceding year corresponding quarter, representing an increase in loss of KHR30,311 million or 293.3%.

B. Significant factors affecting profit

During the period under review, there was no significant factors affecting operating profit of the Group except for the annulment of a specific project contract during the quarter under review. The annulment of the project has reduced the contract assets of the Group amounting to KHR178,989 million. The provision of project costs related to the project amounting to KHR111,453 million was being reversed during the quarter under review. The net loss arising from this is about KHR67,536 million.

C. Material changes in sales and revenue

The revenue for the 3-month financial period ended 30 June 2024 was recorded at KHR17,489 million, representing an increase of KHR9,026 million or 106.7% as compared to preceding year corresponding quarter that was recorded at KHR8,463 million. The changes in revenue reflected the execution progress of various projects in Cambodia.

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 2.3% (as of 7 May 2024, source: *IMF says Cambodia's inflation to be stable at 2.3 percent in 2024*), posed about 0.85% 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: 13 August 2024

Read and Approved by:



The image shows a handwritten signature in blue ink over a horizontal line. To the right of the signature is a blue circular official stamp. The stamp contains the text: "ព្រះរាជាណាចក្រកម្ពុជា" (Kingdom of Cambodia) at the top, "ក្រុមហ៊ុន" (Company) below it, "(ខេមបូឌា) ភ.ក" (Cambodia) PLC in the center, and "PESTECH (CAMBODIA) PLC" at the bottom. The stamp also features a small star icon on the right side.

Signature

Name : Paul Lim Pay Chuan

Position : Executive Chairman and Acting CEO