

PESTECH

PESTECH (CAMBODIA) PLC

Quarterly Report

**For the 2nd Quarter of the Financial Year
Ending 30 June 2023**

Financial Highlights

Financial Position		Q2 FY2023 KHR'mil	FY2022 KHR'mil	FY2021 KHR'mil
Total Assets		1,225,669	1,202,282	1,166,882
Total Liabilities		1,120,395	1,092,266	1,072,985
Total Shareholders' Equity		105,274	110,016	93,897
Profit/(Loss)		Q2 FY2023 KHR'mil	Q2 FY2022 KHR'mil	Q2 FY2021 KHR'mil
Total Revenues		19,106	58,274	35,924
(Loss)/Profit before Tax		(1,769)	1,324	(1,657)
Operating profit		4,973	6,072	5,307
(Loss)/Profit after Tax		(2,297)	656	(1,669)
Total Comprehensive Income/(Loss)		(5,077)	3,360	(1,050)
Financial Ratios		Q2 FY2023	FY2022	FY2021
Solvency ratio		(0.29%)	1.68%	2.40%
Solvency ratio (General borrowings) *		(1.92%)	15.95%	49.93%
Liquidity ratio	Current ratio	0.94	0.93	0.90
	Quick ratio	0.92	0.92	0.88
		Q2 FY2023	Q2 FY2022	Q2 FY2021
Profitability ratio	Return on assets	(0.19%)	0.05%	(0.16%)
	Return on equity	(2.18%)	0.65%	(2.09%)
	Gross profit margin	47.76%	16.50%	25.18%
	Profit margin	(12.02%)	1.13%	(4.65%)
	Earnings per share (for equity listed entity) (Riel)	(30.65)	8.75	(22.49)
Interest Coverage ratio		0.52	0.78	0.75
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 Electricite du Cambodge ("EDC"). Borrowing for normal course of business was KHR63,874 million (FY2022: KHR43,881 million) and term loans were KHR358,463 million as of 31 December 2022 (FY2022: KHR372,692 million).

Board of Directors



Message from Chairman

Dear Shareholders

The Group concluded quarter two (2) ("Q2") of the financial year ("FY") 2023 with improved financial results albeit still reporting a deficit after tax figure as the unfavourable market sentiments continued to bear upon the operation of the Group.

Macro-economic scenario including the interest hikes and the imminent inflation threats, had prolonged impact on the Group, both financially and also operationally.

Total Revenue had, thus, dwindled to KHR19.106 billion as compared to KHR32.756 billion. However, we managed to register an Operating Profit that had enhanced to KHR4.973 billion, a 102% improvement from FY 2023 preceding quarter. We also generated a much smaller Loss Before Tax ("LBT") of KHR1.769 billion, relatively to the LBT of prior quarter for the same FY of KHR4.867 billion. In that respect, we also narrowed down the Loss After Tax to KHR2.297 billion in Q2 of FY 2023, a 57% improvement from quarter 1 of the same FY.

The management had been working vigorously to endeavour for a turn around and hope to be able to deliver positive financial results in the future quarter. We are always attentive on market opportunity in the power infrastructure segment, especially in Cambodia. 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 ensure our shareholders that the Group holds steadfast on our commitment to maintain our position as an active participant in the development of power infrastructure projects in Cambodia.

Last but not least, 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.



Paul Lim Pay Chuan
Executive Chairman

Date : 13 February 2023

Message from Chief Executive Officer

Greetings dear Shareholders,

Despite our best effort, the external unfavourable factors brought about challenging headwinds for us to deliver a positive financial results during this Q2 of FY 2023.

Nonetheless, we strived through this reporting quarter with better performance than prior quarter, reporting better Operating Profit, contributed mainly by the Operation and Maintenance business segment.

Project execution side had seen a lacklustre progress with main activities drawn from the Phnom Penh to Cambodia/ Laos Border project together with the JICA-funded 230kV underground cable project. We hope to be able to deliver a higher level of project execution, especially after we have concluded the project financing arrangement for both projects in a near future.

We had during Q2, successfully energized the 750kWp grid-tier rooftop photovoltaic power generation system for a factory in Kandal Province, for TotalEnergies. The team is well equipped and experienced with grid-tier rooftop solar facility design, engineering, and implementation. We are also capable of offering project management with stringent qualitative standards and requirements. As such, we will continue to contribute in the promotion of sustainable power development, in support of Cambodian Government's effort to actively integrate renewable energy resources into its energy mix.

The Group remain cautiously optimistic on its future performance, focusing on reasonably quick turnover projects, with minimal capital expenditure requirements. We strive to deliver the best and express our gratitude towards our shareholders, customers, suppliers, and fellow PESTIONS for the confidence and support in the path of our development.

Thank you.



ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សេដ្ឋកិច្ច មិត្តភាព
(ខេត្តប៉ៃលិន) ម.ក
PESTECH (CAMBODIA)
PLC
KINGDOM OF CAMBODIA

Han Fatt Juan
Chief Executive Officer

Date : 13 February 2023

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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 : **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

PEPC 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

On November 3, 2022, PEPC conducted the General Meeting of Shareholders in Hyatt Regency Phnom Penh. There were 19 shareholders and 4 proxies present at the meeting with the total shares added up to 71,665,835 shares. The shareholders voted and approved all the five (5) resolutions. Below are some pictures of the shareholders and activities during the General Meeting of Shareholders.

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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 KHR15,705 million (Q2 FY2022: KHR55,079 million), which is 82.2% (Q2 FY2022: 94.5%) of the total revenue.

Supplementing to our EPCC services, the operation and maintenance (“O&M”) activities, recorded a revenue of KHR3,401 million (approximately USD824,000), which is 17.8% of the total revenue (Q2 FY2022: KHR3,195 million or 5.5%).

During the quarter, the Group recognised finance income amounting to KHR2,740 million (Q2 FY2022: KHR2,972 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	Q2 FY2023		Q2 FY2022		Q2 FY2021	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	15,705	82.2	55,079	94.5	32,724	91.1
2	Operation and Maintenance	3,401	17.8	3,195	5.5	3,200	8.9
	Total revenue	19,106	100.0	58,274	100.0	35,924	100.0

No	Source of Contract Income	Q2 FY2023		Q2 FY2022		Q2 FY2021	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	Revenue	19,106	87.5	58,274	95.1	35,924	100.0
2	Finance income for contract assets	2,740	12.5	2,972	4.9	-	-
	Total contract income	21,846	100.0	61,246	100.0	35,924	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 December 2022 was recorded at KHR19,106 million, representing a decrease of KHR39,168 million or 67.2% as compared to preceding year corresponding quarter that was recorded at KHR58,274 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 completion of Bavet project in January 2022, the progress of East Siem Reap project which has been progressing to the tail end of the project cycle as well as lower progress of Laos Border project 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 KHR15,705 million (Q2 FY2022: KHR55,079 million), which is 82.2% (Q2 FY2022: 94.5%) of the total revenue.

Supplementing to our EPCC services, the operation and maintenance ("O&M") activities, recorded a revenue of KHR3,401 million (approximately USD824,000), which is 17.8% of the total revenue (Q2 FY2022: KHR3,195 million or 5.5%).

3. Gross profit ("GP") margin analysis

GP margin in the current quarter under review was 47.8% as compared to 16.5% in the preceding year corresponding quarter, representing an increase of 31.3%. Higher GP margin in the current quarter under review is mainly contributed from the O&M activities. Overall, the GP margin for current period was within the Group's expectation.

4. (Loss)/Profit before tax analysis

Loss before tax in the current quarter under review was recorded at KHR1,769 million, as compared to profit before tax of KHR1,324million in the preceding year corresponding quarter, representing a decrease of KHR3,093 million or 233.6%. It was mainly attributable to lower revenue recognised in the current quarter under review compared to preceding year corresponding quarter.

5. (Loss)/Profit after tax analysis

The loss after tax for the current quarter under review was KHR2,297 million as compared to profit after tax of KHR656 million in the preceding year corresponding quarter, representing a decrease of KHR2,953 million or 450.2%.

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 December 2022 recorded at KHR19,106 million, representing a decrease of KHR39,168 million or 67.2% as compared to preceding year corresponding quarter recorded at KHR58,274 million. The changes in revenue reflected the execution progress of various project in Cambodia. Lower revenue in the current quarter under review was mainly due to completion of Bavet project in January 2022 and the progress of East Siem Reap project has been progressing to the tail end of the project cycle as well as lower progress of Laos Border project 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 28% of our revenue. However, the inflation in Cambodia of 4.9% (as of 27 November 2022, source: *Fibre2Fashion: Cambodia's inflation rate drops to 4.9% in Q3 2022 from 7.4% in Q2*), only posed about 1.37% 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: 13 February 2023

Read and Approved by:



Signature

Name : Paul Lim Pay Chuan
Position : Executive Chairman