

Re: Management Discussion and Analysis (MD&A)

Operating performance for the three-month period ending March 31, 2023

To: President

The Stock Exchange of Thailand

The Board of Directors' meeting no. 2/2023 held on May 15, 2023 resolved to approve the financial statements of PSG Corporation Public Company Limited ("Company") for the three-month period ending March 31, 2023, which has been reviewed and examined by EY Office Limited and the Audit Committee. The details of the management discussion and analysis are as follows:

#### Summary of the Company's Operating Performance

The Company and its subsidiary remained continuously profitable in Q1-2023, with total revenues of Baht 337.66 million, comprising revenue from construction contracts of Baht 335.09 million and other income of Baht 2.57 million. Gross profit was Baht 225.92 million and net profit for the period was Baht 141.78 million.

The Company's performance analysis of the financial statements for the three-month period ending March 31, 2023 consisted of the following changes:

Unit: THB million (reviewed)

Description	Consolidated financial statements	Separate financial statements			
	Three-month (Million Baht)	Three-month (Million Baht)		Changes	
	2023	2023	2022	Increase (Decrease)	%
Revenue from construction contracts	335.09	335.09	4.54	330.55	7,281
Other income	2.57	2.57	8.19	(5.62)	(69)
<b>Total revenues</b>	<b>337.66</b>	<b>337.66</b>	<b>12.73</b>	<b>324.93</b>	<b>2,553</b>
Cost of construction contracts	109.17	119.59	4.58	115.01	2,511
Administrative expenses	41.38	38.43	27.06	11.37	42
Losses on exchange rate	8.87	10.56	0.00	10.56	-
<b>Total expenses</b>	<b>159.42</b>	<b>168.58</b>	<b>31.64</b>	<b>136.94</b>	<b>433</b>

Description	Consolidated financial statements	Separate financial statements			
	Three-month (Million Baht)	Three-month (Million Baht)		Changes	
	2023	2023	2022	Increase (Decrease)	%
Profit (Loss) before finance cost and income tax expenses	178.24	169.08	(18.91)	187.99	994
Finance cost	1.00	0.80	0.10	0.70	700
Income tax expenses	35.46	33.77	0.00	33.77	-
<b>Profit (Loss) for the period</b>	<b>141.78</b>	<b>134.51</b>	<b>(19.01)</b>	<b>153.52</b>	<b>808</b>
Other comprehensive income for the period	(1.51)	(0.62)	(0.01)	(0.61)	6,100
<b>Total comprehensive income for the period</b>	<b>140.27</b>	<b>133.89</b>	<b>(19.02)</b>	<b>152.91</b>	<b>804</b>

#### Total Revenues

For the three-month operating performance ending March 31, 2023, the Company and its subsidiary generated total revenues of Baht 337.66 million. The revenue from international construction projects amounted to USD 9.84 million or equivalent to Baht 335.09 million, and other income of Baht 2.57 million, derived from unrealized profit from short-term investment amounting to Baht 1.2 million and other income of Baht 0.89 million from a reversal of provision of project defect and a refund of legal fees.

For the three-month operating performance ending March 31, 2023 (separate financial statements), the Company generated total revenues of Baht 337.66 million, compared with those in the same period of the previous year of Baht 12.73 million.

#### Profit (Loss) and Total Comprehensive Income

For the three-month operating performance ending March 31, 2023, the Company and its subsidiary had profit for the period of Baht 141.78 million and total comprehensive income of Baht 140.27 million.

For the three-month operating performance ending March 31, 2023 (separate financial statements), the Company had profit of Baht 134.51 million and total comprehensive income of Baht 133.89 million, respectively. Compared with the performance in the same period of 2022, the Company had loss of Baht 19.01 million and total comprehensive loss of Baht 19.02 million, respectively.

The Company would like to clarify the changes on the Q1-2023 profit and loss statement ending March 31, 2023, as those changes varied more than 20 percent compared with those in the same period of the previous year, as follows:

### 1. Total Revenues

The Company and its subsidiary generated total revenues consisting of revenue from construction contracts of Baht 335.09 million and other income of Baht 2.57 million.

The Company's total revenues (separate financial statements) comprised of revenue from construction contracts of Baht 335.09 million and other income of Baht 2.57 million. The revenue from construction contracts increased by Baht 330.55 million from the same quarter of the previous year as a result of revenue recognition from the international construction project starting in Q2-2022 while other income decreased from that in the same quarter of the previous year by Baht 5.61 million due to the selling of unused assets in Q1-2022.

### 2. Cost of Construction Contracts

The Company and its subsidiary's cost of construction contracts in Q1-2023 was Baht 109.17 million.

The Company's cost of construction contracts in Q1-2023 (separate financial statements) was Baht 119.59 million, increasing from that in the same quarter of the previous year by Baht 115.01 million. This was in line with the Company's operating performance and revenues as the Company has been operating the international construction project since Q2-2022.

### 3. Administrative Expenses

The Company and its subsidiary's administrative expenses in Q1-2023 were Baht 41.38 million.

The Company's administrative expenses in Q1-2023 (separate financial statements) were Baht 38.43 million, increasing from those in the same quarter of the previous year by Baht 11.37 million attributed to expenses in conducting feasibility studies relating to new businesses and projects as well as recruitment of additional personnel to align with its business plans on top of provisions for losses on litigation.

### 4. Losses on Exchange Rate

The Company and its subsidiary's exchange losses in Q1-2023 were Baht 8.87 million.

The Company's losses on exchange rate in Q1-2023 (separate financial statements) were Baht 10.56 million, increasing from those in the same quarter of the previous year by Baht 10.56 million. As the Company started operating a construction project internationally in Q2-2022, the Company's assets and liabilities were denominated in foreign currency. As a result, Thai baht volatility resulted in gains and losses, most of which were unrealized losses.

## 5. Finance Costs

The Company and its subsidiary's finance costs in Q1-2023 were Baht 1.00 million.

The Company's finance costs in Q1-2023 (separate financial statements) were Baht 0.80 million, increasing from those in the same quarter of the prior year by Baht 0.70 million due to accounting treatment of interest expenses incurred from office rental agreement and bank transaction fees.

## 6. Income Tax Expenses

The Company and its subsidiary's income tax expenses in Q1-2023 were Baht 35.46 million.

The Company's income tax expenses in Q1-2023 (separate financial statements) were Baht 33.77 million, increasing from those in the same quarter of the prior year, which was in line with the Company's increased profitability.

### Assets Liabilities and Shareholder's Equity

Unit: THB million (reviewed)

	Consolidated financial statements		Separate financial statements	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets	2,279.23	1,947.88	2,250.27	1,889.18
Liabilities	400.80	209.72	400.73	173.54
Shareholders' equity	1,878.43	1,738.16	1,849.54	1,715.64

### Assets

The Company and its subsidiary's total assets as of March 31, 2023 amounted to Baht 2,279.23 million, comprising current assets of Baht 1,902.47 million and non-current assets of Baht 376.76 million, representing the increase of Baht 331.35 million in comparison with the Group's total assets amounting to Baht 1,947.88 million as of December 31, 2022.

The Company's total assets (separate financial statements) as of March 31, 2023 amounted to Baht 2,250.27 million, comprising current assets of Baht 1,841.42 million and non-current assets of Baht 408.86 million, representing the increase of Baht 361.09 million in comparison with the Company's total assets amounting to Baht 1,889.18 million as of December 31, 2022. The increase in current assets was mainly from trade receivables due to the construction work progress approval process, resulting in the delay of billing in some months and this is normal for construction business. Whereas an increase in non-current assets was from expenses advanced for future project feasibility studies and withholding tax.

### Liabilities

The Company and its subsidiary's total liabilities as of March 31, 2023 amounted to Baht 400.80 million, consisting of current liabilities of Baht 359.39 million and non-current liabilities of Baht 41.41 million, representing an increase of Baht 191.08 million in comparison with the Group's total liabilities amounting to Baht 209.72 million as of December 31, 2022.

The Company's total liabilities (separate financial statements) as of March 31, 2023 amounted to Baht 400.73 million, consisting of current liabilities of Baht 363.32 million and non-current liabilities of Baht 37.42 million, representing an increase of Baht 227.20 million in comparison with the Company's total liabilities amounting to Baht 173.53 million as of December 31, 2022.

The increase in current liabilities was mainly from the recognition of revenue received in advance. Due to the amendments of scope of work in one of the Company's construction contracts, the Company is currently in the process of revising its cost budget to be in line with the newly adjusted construction works, and this will lead to the decline in current liabilities in the following quarters.

### Shareholder's Equity

The Company and its subsidiary's shareholders' equity as of March 31, 2023 amounted to Baht 1,878.43 million, compared with that as of December 31, 2022 amounting to Baht 1,738.16 million. The Group's retained deficit declined by Baht 141.79 million due to its profitability.

The Company's shareholders' equity (separate financial statements) as of March 31, 2023 amounted to Baht 1,849.54 million, compared with that as of December 31, 2022 amounting to Baht 1,715.64 million. The Company's retained deficit declined by Baht 134.51 million due to its profitability.

Please be informed accordingly.

Sincerely yours,

(Mr. David Van Dau)

Chief Executive Officer

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Investor Relations

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