



# MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2022

## 1. Analysis of Operation Results According to Consolidated Financial Statement

|  | Year Ended 31 December |                 |                |                 |                |             |
|--|------------------------|-----------------|----------------|-----------------|----------------|-------------|
|  | 2022                   |                 | 2021           |                 | Change         |             |
|  | Amount<br>(MB)         | % to<br>Revenue | Amount<br>(MB) | % to<br>Revenue | Amount<br>(MB) | %<br>Change |
| Revenue from sale and rendering of services      | 4,358.2                | 100%            | 4,492.9        | 100%            | (134.7)        | -3%         |
| Cost of sale and rendering of services           | (1,353.3)              | -31%            | (1,234.6)      | -27%            | 118.7          | 10%         |
| Gross profit                                     | 3,004.9                | 69%             | 3,258.3        | 73%             | (253.4)        | -8%         |
| Other income                                     | 107.9                  | 2%              | 75.5           | 2%              | 32.4           | 43%         |
| Selling and distribution expenses                | (19.0)                 | 0%              | (9.3)          | 0%              | 9.7            | 104%        |
| Administrative expenses                          | (200.8)                | -5%             | (255.9)        | -6%             | (55.1)         | -22%        |
| Gain (loss) on derivatives                       | (72.3)                 | -2%             | (45.7)         | -1%             | (26.6)         | -58%        |
| Gain (loss) on financial assets                  | 5.1                    | 0%              | 11.9           | 0%              | (6.8)          | -57%        |
| Profit (loss) from operating activities          | 2,825.8                | 65%             | 3,034.8        | 68%             | (209.0)        | -7%         |
| Finance costs                                    | (103.9)                | -2%             | (155.2)        | -3%             | (51.3)         | -33%        |
| Profit (loss) before income tax expense          | 2,721.9                | 62%             | 2,879.6        | 64%             | (157.7)        | -5%         |
| Tax (expense) income                             | (257.6)                | -6%             | (143.0)        | -3%             | 114.6          | 80%         |
| <b>Net profit (loss)</b>                         | <b>2,464.3</b>         | <b>57%</b>      | <b>2,736.6</b> | <b>61%</b>      | <b>(272.3)</b> | <b>-10%</b> |
| Other comprehensive income                       | -                      | 0%              | (0.6)          | 0%              | 0.6            | 100%        |
| <b>Total comprehensive income for the period</b> | <b>2,464.3</b>         | <b>57%</b>      | <b>2,736.0</b> | <b>61%</b>      | <b>(271.7)</b> | <b>-10%</b> |

### Net profit (Loss) attributable to :

|                           |                |                |
|---------------------------|----------------|----------------|
| Owners of the parent      | 2,320.5        | 2,479.2        |
| Non-controlling interests | 143.8          | 257.4          |
|                           | <b>2,464.3</b> | <b>2,736.6</b> |

### Total comprehensive income attributable to:

|                           |                |                |
|---------------------------|----------------|----------------|
| Owners of the parent      | 2,320.5        | 2,478.6        |
| Non-controlling interests | 143.8          | 257.4          |
|                           | <b>2,464.3</b> | <b>2,736.0</b> |

### Basic earnings per share (EPS) :

|   |             |             |
|---|-------------|-------------|
| Number of shares (million shares)         | 1,055.8     | 1,044.1     |
| <b>Basic earnings per share (in Baht)</b> | <b>2.20</b> | <b>2.37</b> |

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 presented the net profit of Baht 2,464.3 million or Baht 2.20 per share which decreased by Baht 272.3 million or 10%, compared to the net profit of Baht 2,736.6 million or Baht 2.37 per share of the year ended 31 December 2021. The significant reasons were as follows:



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1.1 Revenue from Sale and Rendering of Services

Revenue from sale and rendering of services of 2022 was Baht 4,358.2 million, decreased by Baht 134.7 million or 3%, compared to 2021 (Baht 4,492.9 million). The main reasons were as follows:

- Revenue from solar farm business of 2022 was Baht 3,720.8 million which decreased by Baht 294.6 million or 7%, compared to 2021 (Baht 4,015.4 million) due to the energy output of 2022 was 374.3 million units which decreasing by 12.7 million units or 3% from 387.0 million units and the revenue from subsidy of adders, 8 Baht per unit, for 9 solar farms had been over, detail as follows:

| No. | Companies                               | Revenue from subsidy of adders ended |
|-----|---|--------------------------------------|
| 1   | Solar Power (Korat 1) Co., Ltd.         | 20 April 2020                        |
| 2   | Solar Power (Sakon Nakorn 1) Co., Ltd.  | 8 February 2021                      |
| 3   | Solar Power (Nakorn Phanom 1) Co., Ltd. | 21 April 2021                        |
| 4   | Solar Power (Korat 2) Co., Ltd.         | 12 September 2021                    |
| 5   | Solar Power (Loei 1) Co., Ltd.          | 14 September 2021                    |
| 6   | Solar Power (Khon Kaen 1) Co., Ltd.     | 14 February 2022                     |
| 7   | Solar Power (Korat 3) Co., Ltd.         | 8 March 2022                         |
| 8   | Solar Power (Korat 4) Co., Ltd.         | 13 May 2022                          |
| 9   | Solar Power (Korat 7) Co., Ltd.         | 29 May 2022                          |

- Solar Power Roof Company Limited (SPR), operates the business of solar roof installation for residential, commercial and industrial customers, its revenue from sale and rendering of services of 2022 was Baht 512.7 million which increased by Baht 299.8 million or 141% compared to 2021 (Baht 212.9 million).
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, the revenue from sale and rendering of services of 2022 was Baht 86.1 million which decreased by Baht 129.7 million or 60%, compared to 2021 (Baht 215.8 million).



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1.2 Cost of Sale and Rendering of Services and Gross Profit

Cost of sale and rendering of services of 2022 was Baht 1,353.3 million, increased by Baht 118.7 million or 10%, compared to 2021 (Baht 1,234.6 million). The increase in cost of sale and rendering of services was aligned to the revenue of solar roof business (SPR).

Gross profit margin of 2022 was 69%, decreased from the period of 2021 (73%). The main reason was the decreasing in the proportion of solar farm business which higher gross profit margin.

### 1.3 Administrative Expenses

Administrative expenses of 2022 was Baht 200.8 million, decreased by Baht 55.1 million or 22%, compared to 2021 (Baht 255.9 million). The main reasons were as follows:

- In 2021, the financial advisor fee and legal advisor fee for investing in Set Energy Co., Ltd. was Baht 23.3 million and Baht 8.3 million, respectively.
- In 2022, the employee expense and donation decreased by Baht 14.4 million and Baht 3.6 million, respectively.

### 1.4 Other income

Other income of 2022 was Baht 107.9 million. The main reason was gain on fair value measurement on long-term loans in foreign currency because Thai Baht had appreciated when the loan had been paid off on 1 July 2022.

### 1.5 Gain (Loss) on Derivatives

Loss on derivatives of 2022 was Baht 72.3 million. The main reason was loss on fair value measurement of cross currency swaps on long-term loans in foreign currency because Thai Baht had appreciated when the loan had been paid off on 1 July 2022.

### 1.6 Finance Costs

Finance costs of 2022 was Baht 103.9 million, decreased by Baht 51.3 million or 33% compared to 2021 (Baht 155.2 million). The main reason was the repayment of debentures in amount of Baht 2,200.0 million and Baht 1,250.0 million in the year 2021 and 2022, respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2022

### 2. Analysis of Financial Position According to Consolidated Financial Statement

#### 2.1 Analysis of Assets

As at 31 December 2022, the total assets were Baht 23,718.2 million, decreased by Baht 330.0 million or 1.4%, compared to balance as of 31 December 2021 which was Baht 24,048.2 million. The details were as follows:

|   | 31-Dec-22                | 31-Dec-21                | Change                   |              |
|---|--------------------------|--------------------------|--------------------------|--------------|
|   | Amount<br>(Million Baht) | Amount<br>(Million Baht) | Amount<br>(Million Baht) | % Change     |
| <b>Property, plant and equipment, net</b> | <b>16,746.9</b>          | <b>17,318.0</b>          | <b>(571.1)</b>           | <b>-3%</b>   |
| <b>Other assets</b>                       | <b>6,971.3</b>           | <b>6,730.2</b>           | <b>241.1</b>             | <b>4%</b>    |
| <b>Total assets</b>                       | <b>23,718.2</b>          | <b>24,048.2</b>          | <b>(330.0)</b>           | <b>-1.4%</b> |

- As at 31 December 2022, property, plant and equipment were Baht 16,746.9 million, decreased by Baht 571.1 million or 3%, compared to balance as of 31 December 2021 which was Baht 17,318.0 million. The main reasons were as follows:
  - Depreciation in amount of Baht 642.0 million.
  - SET Energy Co., Ltd acquired of soil back filled in amount of Baht 85.2 million.
- As at 31 December 2022, other assets were Baht 6,971.3 million, increased by Baht 241.1 million or 4%, compared to balance as of 31 December 2021 which was Baht 6,730.2 million. The main reasons were as follows:
  - The increase in cash and cash equivalents in amount of Baht 1,687.4 million.
  - The decrease in short-term fixed income funds in amount of Baht 1,486.4 million.
  - The increase in trade accounts receivable in amount of Baht 229.0 million.
  - The decrease in inventories in amount of Baht 171.8 million.

#### 2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 December 2022, the total liabilities and shareholders' equity were Baht 23,718.2 million, decreased by Baht 330.0 million or 1.4%, compared to balance as of 31 December 2021 which was Baht 24,048.2 million. The details were as follows:



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2022

|   | 31-Dec-22                | 31-Dec-21                | Change                   |              |
|---|--------------------------|--------------------------|--------------------------|--------------|
|   | Amount<br>(Million Baht) | Amount<br>(Million Baht) | Amount<br>(Million Baht) | % Change     |
| <b>Interest bearing debt</b>                      | <b>2,196.8</b>           | <b>4,388.4</b>           | <b>(2,191.6)</b>         | <b>-50%</b>  |
| <b>Other liabilities</b>                          | <b>547.5</b>             | <b>312.9</b>             | <b>234.6</b>             | <b>75%</b>   |
| <b>Shareholders' equity</b>                       | <b>20,973.9</b>          | <b>19,346.9</b>          | <b>1,627.0</b>           | <b>8%</b>    |
| <b>Total liabilities and shareholders' equity</b> | <b>23,718.2</b>          | <b>24,048.2</b>          | <b>(330.0)</b>           | <b>-1.4%</b> |

- As at 31 December 2022, interest bearing debt was Baht 2,196.8 million, decreased by Baht 2,191.6 million or 50%, compared to balance as of 31 December 2021 which was Baht 4,388.4 million. The main reasons were as follows:
  - The repayment of the debentures in amount of Baht 1,250.0 million.
  - The repayment of the long-term loans from financial institutions in amount of Baht 930.0 million.
- As at 31 December 2022, other liabilities were Baht 547.5 million, increased by Baht 234.6 million or 75%, compared to balance as of 31 December 2021 which was Baht 312.9 million. The main reasons were as follows:
  - The increase in trade accounts payable in amount of Baht 125.0 million.
  - The increase in construction payable of SET Energy Co., Ltd in amount of Baht 97.7 million.
- As at 31 December 2022, shareholders' equity was Baht 20,973.9 million, increased by Baht 1,627.0 million or 8%, compared to balance as of 31 December 2021 which was Baht 19,346.9 million. The main reasons were as follows:
  - The net profit was Baht 2,464.3 million.
  - The payment of dividend was Baht 999.9 million.
  - The issuance of share capital of SET Energy Co., Ltd in amount of Baht 162.6 million.

### 2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 December 2022, debt to equity ratio was 0.13 times, decreased from the ratio as at 31 December 2021, 0.24 times. The main reasons were as follows:

- The repayment of the debentures in amount of Baht 1,250.0 million.
- The repayment of the long-term loans from financial institutions in amount of Baht 930.0 million.
- The net profit was Baht 2,464.3 million.
- The payment of dividend was Baht 999.9 million.
- The issuance of share capital of SET Energy Co., Ltd in amount of Baht 162.6 million.



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2022

### 3. Analysis of Cash Flow According to Consolidated Financial Statement

|  | Year Ended 31 December   |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
|  | 2022                     | 2021                     | Change                   |
|  | Amount<br>(Million Baht) | Amount<br>(Million Baht) | Amount<br>(Million Baht) |
| Net cash generated from (used in) operating activities   | 3,424.3                  | 3,733.1                  | (308.8)                  |
| Net cash generated from (used in) investing activities   | 1,425.8                  | (3,947.3)                | 5,373.1                  |
| Net cash generated from (used in) financing activities   | (3,162.7)                | (475.2)                  | (2,687.5)                |
| Net increase (decrease) in cash and cash equivalents     | 1,687.4                  | (689.4)                  | 2,376.8                  |
| Cash and cash equivalents at the beginning of the period | 46.0                     | 735.4                    | (689.4)                  |
| Cash and cash equivalents at the end of the period       | 1,733.4                  | 46.0                     | 1,687.4                  |

As at 31 December 2022, cash and cash equivalents were Baht 1,733.4 million, increased by Baht 1,687.4 million from Baht 46.0 million as at 31 December 2021. The reasons were as follows:

- 1) Net cash generated from operating activities in amount of Baht 3,424.3 million, resulting in
  - Net cash generated from operating in amount of Baht 3,617.9 million.
  - Taxes paid in amount of Baht 193.6 million.
- 2) Net cash generated from investing activities in amount of Baht 1,425.8 million, resulting in
  - Cash proceed from sale of investments in short-term fixed income funds in amount of Baht 3,640.8 million.
  - Cash paid for acquisition of investments in short-term fixed income funds in amount of Baht 2,152.1 million.
- 3) Net cash used in financing activities in amount of Baht 3,162.7 million, resulting in
  - Repayment of debentures in amount of Baht 1,250.0 million.
  - Repayment of long-term loan from financial institutions in amount of Baht 930.0 million.
  - Dividend paid in amount of Baht 999.9 million.

Please be informed accordingly.

Yours sincerely,

(Dr. Wandee Khunchornyakong Juljarern)

Chief Executive Officer