

7UP004/66

February 27, 2023

Subject: Management Discussion and Analysis for the year 2022 of Seven Utilities and Power Public Company Limited

To: The President, The Stock Exchange of Thailand

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the operating results of the Company and its subsidiaries for the year 2022, ended December 31, 2022 are as follows:

**Statement of profit and loss**

(Unit: Thousand Bath)

| Statement of profit and loss                            | Consolidated financial statements |                |                |                |                  |                |
|---|-----------------------------------|----------------|----------------|----------------|------------------|----------------|
|   | 31 Dec 22                         | %              | 31 Dec 21      | %              | YOY              | %YOY           |
| Revenues from sales                                     | 806,932                           | 83.92%         | 679,061        | 84.93%         | 127,871          | 18.83%         |
| Revenues from rendering of services                     | 105,764                           | 11.00%         | 71,628         | 8.96%          | 34,136           | 47.66%         |
| Other income  | 48,838                            | 5.08%          | 48,855         | 6.11%          | (17)             | 0.03%          |
| <b>Total revenues</b>                                   | <b>961,534</b>                    | <b>100.00%</b> | <b>799,544</b> | <b>100.00%</b> | <b>161,990</b>   | <b>20.26%</b>  |
| Costs of sales of goods                                 | (745,132)                         | 77.49%         | (610,381)      | 76.34%         | (134,751)        | 22.08%         |
| Costs of rendering of services                          | (88,276)                          | 9.18%          | (48,749)       | 6.10%          | (39,527)         | 81.08%         |
| Selling expenses  | (21,085)                          | 2.19%          | (21,994)       | 2.75%          | 909              | 4.13%          |
| Administrative expenses                                 | (257,762)                         | 26.81%         | (206,717)      | 25.85%         | (51,045)         | 24.69%         |
| Gain on disposal of assets                              | 38,144                            | 3.97%          | -              | -              | 38,144           | 100.00%        |
| Bargain purchase of investment in subsidiaries          | -                                 | -              | 154,537        | 19.33%         | (154,537)        | 100.00%        |
| Gain on sale of investment in associates                | -                                 | -              | 123,412        | 15.44%         | (123,412)        | 100.00%        |
| Gain on disposal of a subsidiary                        | -                                 | -              | 82,042         | 10.26%         | (82,042)         | 100.00%        |
| Finance cost  | (25,882)                          | 2.69%          | (31,179)       | 3.90%          | 5,297            | 16.99%         |
| Reversal of allowance for loans and interest            | 5,595                             | 0.58%          | 14,300         | 1.79%          | (8,705)          | 60.87%         |
| Reversal of allowance for investment in subsidiary      | -                                 | -              | 13,327         | 1.67%          | (13,327)         | 100.00%        |
| Share of loss from investment in associates             | (8,469)                           | 0.88%          | (2,547)        | 0.32%          | (5,922)          | 232.51%        |
| <b>Profit (loss) before income tax (expense) income</b> | <b>(141,333)</b>                  | <b>14.70%</b>  | <b>265,595</b> | <b>33.22%</b>  | <b>(406,928)</b> | <b>153.21%</b> |
| Income tax (expense) income                             | 14,300                            | 1.49%          | 11,098         | 1.39%          | 3,202            | 28.85%         |
| <b>Net profit (loss) for the year</b>                   | <b>(127,033)</b>                  | <b>13.21%</b>  | <b>276,693</b> | <b>34.61%</b>  | <b>(403,726)</b> | <b>145.91%</b> |

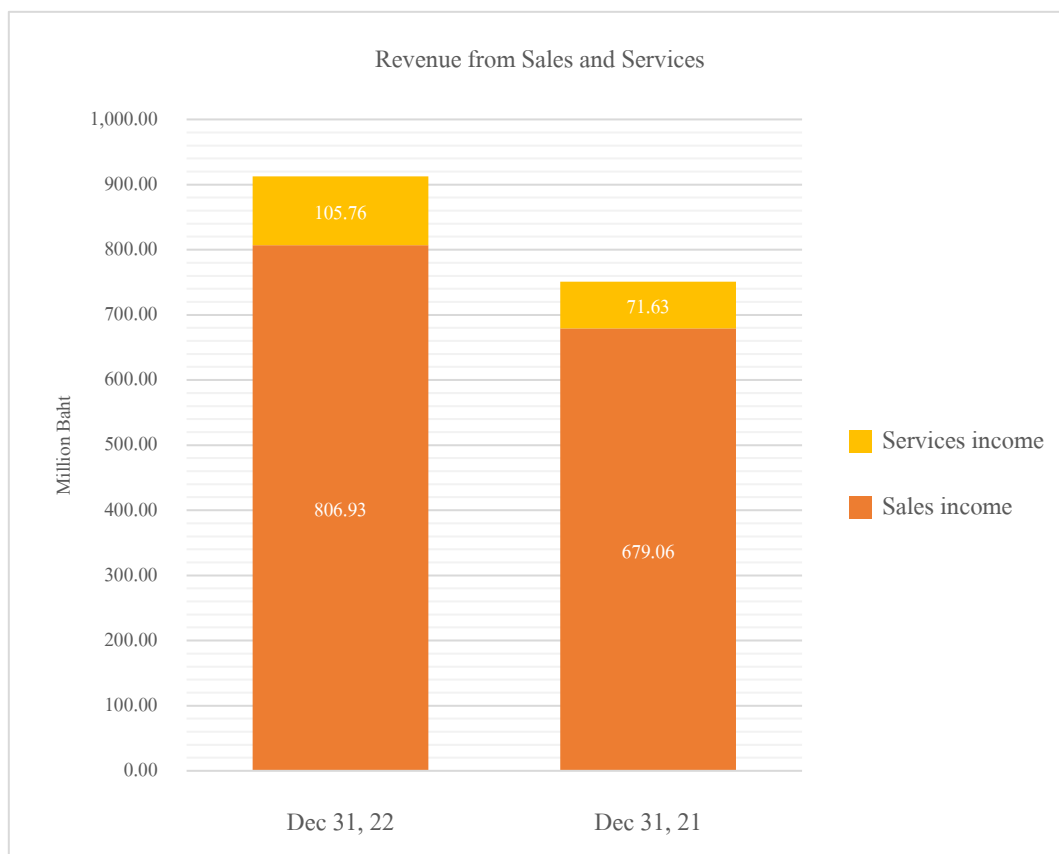
Remark: Financial ratio is based on common-size analysis to total revenue

## Overall business operation 12 months

For the year 2022, Seven Utilities and Power Public Company Limited and its subsidiaries has net loss of Baht 127.03 million which loss increased from the year 2021 by Baht 403.72 million, or 145.91%.

## Revenue 12 months

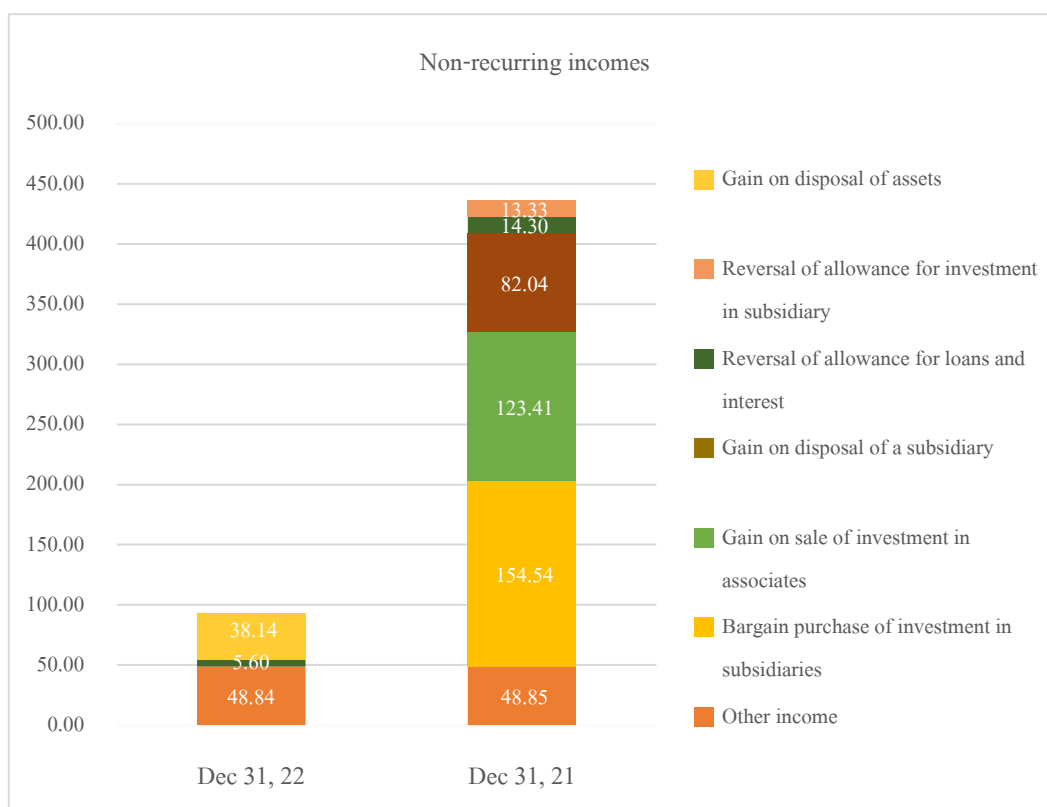
(Unit: Million Baht)



For the year 2022, the Company has sales and services income of Baht 912.69 million, which increased from the year 2021 by Baht 162.01 million, or 21.58%. Sales income of Baht 806.93 million, mostly consists of revenue from the sale of LPG and oil by Baht 784.18 million and revenue from the sale of electricity by Baht 22.75 million. Services income amounting to Baht 105.76 million, mostly consists of revenue from waste water management services and water production management by Baht 85.42 million and revenue from LPG and oil station management by Baht 20.34 million.

Sales and services income increased by Baht 162.01 million mostly came from revenue from LPG and oil station business was increased by Baht 129.42 million, or 19.17% due to the COVID-19 pandemic was continuous better, the domestic tourism both private and business to recovered as a result increased in usage of LPG and oil. Furthermore, the increased by Baht 42.73 million, or 100.07% from revenue of utilities business which was the company’s subsidiary since December 29, 2021.

(Unit: Million Baht)



For the year 2022, the Company has other income and non-recurring incomes of Baht 92.58 million which decreased from the year 2021 by Baht 343.89 million, or 78.79%. Non-recurring incomes of Baht 92.58 million, mostly came from gain on disposal of assets of Baht 38.14 million, income from the accrual tax adjustment of Baht 20.64 million, rental income and utilities of Baht 8.57 million, and dividend income of Baht 1.68 million.

## Revenue, cost and operation by segment

(Unit: Million Baht)

| Gross Profit by Segment                                    | 31 Dec 22     | 31 Dec 21     | Changes        |                |
|--|---------------|---------------|----------------|----------------|
|  |               |               | YOY            | %YOY           |
| <b><u>LPG and oil station business</u></b>                 |               |               |                |                |
| Revenues from sales and rendering of services              | 804.52        | 675.10        | 129.42         | 19.17%         |
| Cost of sales and rendering of services                    | 736.48        | 604.77        | 131.71         | 21.78%         |
| <b>Gross Profit by Segment</b>                             | <b>68.04</b>  | <b>70.33</b>  | <b>(2.29)</b>  | <b>3.26%</b>   |
| <b>Gross Profit Margin</b>                                 | <b>8.46%</b>  | <b>10.42%</b> |                |                |
| <b><u>Renewable energy business</u></b>                    |               |               |                |                |
| Revenues from sales and rendering of services              | 22.74         | 23.33         | (0.59)         | 2.53%          |
| Cost of sales and rendering of services                    | 17.74         | 17.22         | 0.52           | 3.02%          |
| <b>Gross Profit by Segment</b>                             | <b>5.00</b>   | <b>6.11</b>   | <b>(1.11)</b>  | <b>18.17%</b>  |
| <b>Gross Profit Margin</b>                                 | <b>21.99%</b> | <b>26.19%</b> |                |                |
| <b><u>Trunked radio and Internet of Things (IoT)</u></b>   |               |               |                |                |
| Revenues from sales and rendering of services              | -             | 9.56          | (9.56)         | 100.00%        |
| Cost of sales and rendering of services                    | -             | 7.60          | (7.60)         | 100.00%        |
| <b>Gross Profit by Segment</b>                             | <b>-</b>      | <b>1.96</b>   | <b>(1.96)</b>  | <b>100.00%</b> |
| <b>Gross Profit Margin</b>                                 | <b>-</b>      | <b>20.50%</b> |                |                |
| <b><u>Utilities business</u></b>                           |               |               |                |                |
| Revenues from sales and rendering of services              | 85.43         | 42.70         | 42.73          | 100.07%        |
| Cost of sales and rendering of services                    | 79.10         | 29.60         | 49.50          | 167.23%        |
| <b>Gross Profit by Segment</b>                             | <b>6.33</b>   | <b>13.10</b>  | <b>(6.77)</b>  | <b>51.68%</b>  |
| <b>Gross Profit Margin</b>                                 | <b>7.41%</b>  | <b>30.68%</b> |                |                |
| <b>Total revenues from sales and rendering of services</b> | <b>912.69</b> | <b>750.69</b> | <b>162.00</b>  | <b>21.58%</b>  |
| <b>Total cost of sales and rendering of services</b>       | <b>833.32</b> | <b>659.19</b> | <b>174.13</b>  | <b>26.42%</b>  |
| <b>Total gross profit by segment before eliminations</b>   | <b>79.37</b>  | <b>91.50</b>  | <b>(12.13)</b> | <b>13.26%</b>  |
| <b>Less Eliminate transactions</b>                         | <b>(0.08)</b> | <b>0.08</b>   | <b>(0.16)</b>  | <b>200.00%</b> |
| <b>Total Gross Profit</b>                                  | <b>79.29</b>  | <b>91.58</b>  | <b>(12.29)</b> | <b>13.42%</b>  |
| <b>Gross Profit Margin</b>                                 | <b>8.69%</b>  | <b>12.20%</b> |                |                |

### **Cost of sales and services 12 months**

Cost of sales and services for the year 2022 of Baht 833.32 million, which increased from the year 2021 by Baht 174.13 million, or 26.42%, which consists of increase in cost of sales and cost of services of Baht 134.68 million and Baht 39.45 million, respectively. Consists of cost of sales and services mostly came from the following;

- LPG and oil station business of Baht 736.48 million mainly from purchasing LPG and oil amounting to Baht 727.39 million and cost from sales management amounting to Baht 9.09 million.
- Utilities business of Baht 79.10 million which is cost of water distribution management amounting to Baht 54.06 million and waste water management services amounting to Baht 25.04 million.
- Renewable energy business of Baht 17.74 million which is cost of electricity production in whole amount.

### **Gross profit 12 months**

Gross profit for the year 2022 and 2021 were Baht 79.29 million and Baht 91.58 million, respectively. Gross profit decreased by Baht 12.29 million, or 13.42%. Consists of gross profit mostly came from the following;

- LPG and oil station business of Baht 68.04 million mainly from gross profit on sale of LPG and oil amounting to Baht 56.80 million and gross profit from sales management amounting to Baht 11.24 million.
- Utilities business of Baht 6.33 million which is gross profit from waste water management services and water distribution management.
- Renewable energy business of Baht 5.00 million which is gross profit from sale electricity in whole amount.

### **Selling and administrative expenses 12 months**

Selling and administrative expenses for the year 2022 is equal to Baht 278.85 million and for the year 2021 is equal to Baht 228.71 million, which increased by Baht 50.14 million. Selling and administrative expenses for the year 2022 are from selling expenses amounting to Baht 21.09 million, which is selling expenses from LPG and oil business and administrative expenses amounting to Baht 257.76 million, mainly due to management expenses, employee expenses, utilities, audit fees, depreciations, and amortizations.

### Financial cost 12 months

For the year 2022, the Company's finance cost is Baht 25.88 million, which decreased from the year 2021 by Baht 5.29 million, or 16.99%, which mostly resulted from borrowings from financial institutions.

### Net profit (loss) for the period 12 months

Results of operations for the year 2022, the Company has net loss of Baht 127.03 million, which the Company increased in loss operation from the year 2021 by Baht 403.72 million, or 145.91%.

### Statement of financial position

(Unit: Thousand Baht)

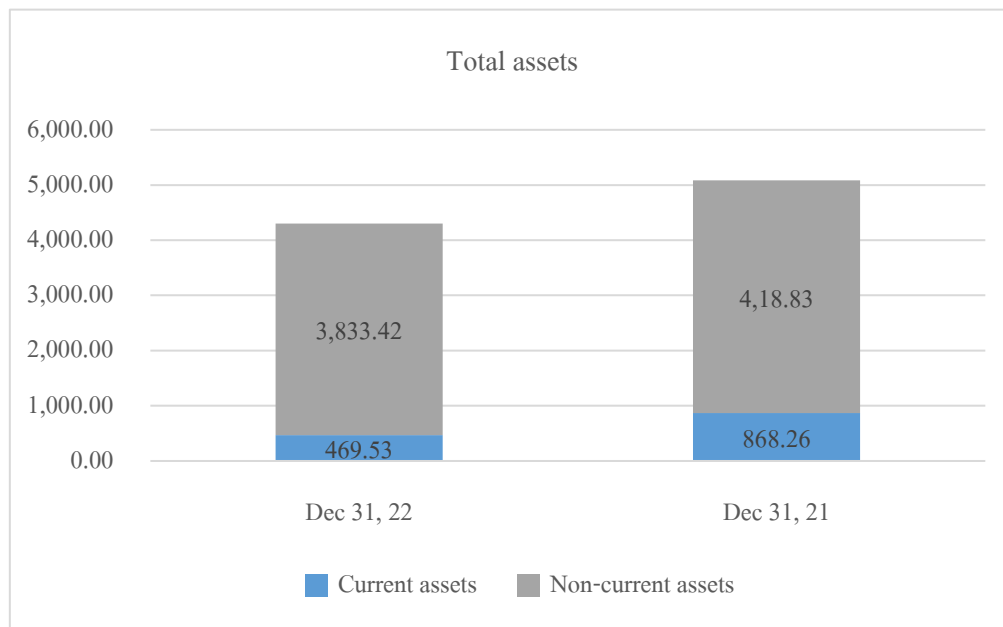
| Statement of financial position              | Consolidated financial statements |                  | Changes          | Changes %     |
|--|-----------------------------------|------------------|------------------|---------------|
|  | as at                             |                  |                  |               |
|  | 31 Dec 22                         | 31 Dec 21        |                  |               |
| <b>Total Assets</b>                          | <b>4,302,951</b>                  | <b>5,087,095</b> | <b>(784,144)</b> | <b>15.41%</b> |
| <b>Total Liabilities</b>                     | <b>1,022,462</b>                  | <b>1,719,534</b> | <b>(697,072)</b> | <b>40.54%</b> |
| Equity Attributable to Owners of the Company | 2,572,163                         | 2,633,225        | (61,062)         | 2.32%         |
| Non-Controlling Interests                    | 708,326                           | 734,336          | (26,010)         | 3.54%         |
| <b>Total Shareholders' Equity</b>            | <b>3,280,489</b>                  | <b>3,367,561</b> | <b>(87,072)</b>  | <b>2.59%</b>  |

As at December 31, 2022, total assets of the Company amounting to Baht 4,302.95 million, and as at December 31, 2021 of Baht 5,087.09 million, which decreased by Baht 784.14 million, or 15.41%. Total assets mostly consist of property, plant and equipment amounting to Baht 1,555.19 million, intangible assets amounting to Baht 1,465.39 million, investment in associated amounting to Baht 356.36 million, trade and other current receivables amounting to Baht 221.38 million, goodwill amounting to Baht 165.47 million, and cash and cash equivalents amounting to Baht 103.53 million.

The total liabilities of the Company as at December 31, 2022 was Baht 1,022.46 million, and as at December 31, 2021 of Baht 1,719.53 million, which decreased by Baht 697.07 million, or 40.54%. Total liabilities mostly consist of deferred tax liabilities amounting to Baht 306.21 million, trade and other payables amounting to Baht 153.73 million, borrowings from financial institutions amounting to Baht 161.71 million, liabilities under finance lease agreements amounting to Baht 151.70 million, and borrowings from non-related person and parties amounting to Baht 83.00 million.

Shareholders' equity as at December 31, 2022 amounting to Baht 3,280.48 million, while balance as at December 31, 2021 amounting to Baht 3,367.56 million, which decreased by Baht 87.07 million, or 2.59%.

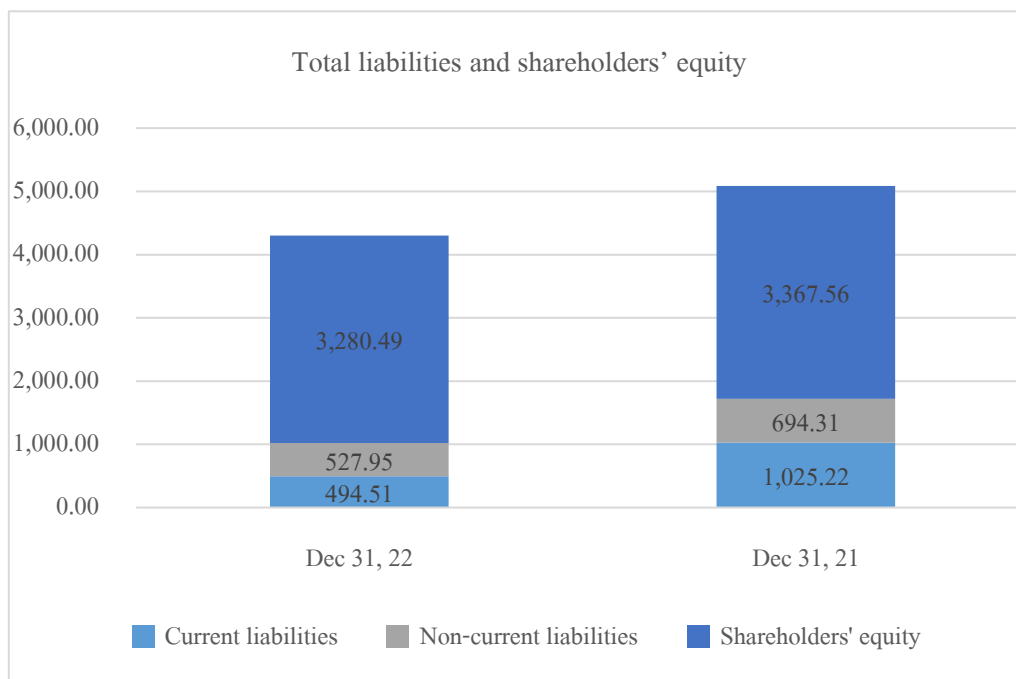
(Unit: Million Baht)



As at December 31, 2022, the Company has total assets by Baht 4,302.95 million which decreased from December 31, 2021 by Baht 784.14 million, or 15.41% mostly came from;

- Trade and other receivables decreased by Baht 338.45 million which mostly came from decrease in other receivables - non-related parties by Baht 281.53 million and decrease in prepaid expenses by Baht 11.84 million.
- Cash and cash equivalents decreased by Baht 62.24 million which cash and cash equivalent at the beginning of the period by Baht 165.77 million, therefore, cash and cash equivalents at the period ended amounting to Baht 103.53 million. The decreasing in cash by Baht 62.24 million mainly came from cash outflow for payment of short-term borrowing from non-related persons and parties by Baht 276.01 million, cash outflow for long-term borrowings from financial institutions by Baht 176.10 million, interest payment by Baht 30.19 million, cash outflow for liabilities under finance lease agreements by Baht 27.08 million, and cash payment for collateral for financial institutions by Baht 22.52 million. However, there are cash inflow from sell an investment in associated by Baht 270.00 million, cash received from disposal land and building by Baht 123.00 million, and cash received from borrowings from non-related person and parties by Baht 83.00 million.

(Unit: Million Baht)



As at December 31, 2022, the Company has total liabilities by Baht 1,022.46 million which decreased from December 31, 2021 by Baht 697.07 million, or 40.54%, mostly came from;

- Short-term loan from non-related persons and parties decreased by Baht 276.01 million.
- Trade and other payables decreased by Baht 249.90 million which mostly came from the decreased in trade payables by Baht 48.02 million, advance deposit by Baht 100 million, and accrued expenses from non-related parties by Baht 19.87 million.
- Borrowings from financial institutions decreased by Baht 156.17 million.
- Liabilities under finance lease agreements decreased by Baht 28.93 million.

As at December 31, 2022, Shareholders' equity of the Company by Baht 3,280.49 million, which decreased from December 31, 2021 by Baht 87.07 million, or 2.59% mostly came from change in revaluation of asset which decreased by Baht 85.59 million.



## Company's liquidity

(Unit: Thousand Baht)

| Details  | Consolidated financial statements         |   |
|--|---|---|
|  | For the period ended<br>December 31, 2022 | For the period ended<br>December 31, 2021 |
| Net cash provided by (used in) operating activities      | (66,018)                                  | 357,034                                   |
| Net cash provided by (used in) investing activities      | 408,758                                   | (634,044)                                 |
| Net cash provided by (used in) financing activities      | (404,981)                                 | 326,314                                   |
| Net increase (decrease) in cash and cash equivalents     | (62,241)                                  | 49,304                                    |
| Cash and cash equivalents at the beginning of the period | 165,775                                   | 116,472                                   |
| Cash and cash equivalents at the ending of the period    | <b>103,534</b>                            | <b>165,776</b>                            |

The Company's liquidity for the period ended December 31, 2022, the Company has net decreased in cash and cash equivalents by Baht 62.24 million, while cash and cash equivalent at the beginning of the period by Baht 165.77 million, therefore cash and cash equivalent balance at the period ended amounting to Baht 103.53 million, cash flow activities are as follows;

Net cash outflow used in operating activities amounting to Baht 66.02 million due to the Company has loss before income tax by Baht 141.33 million while add back by non-cash transactions from depreciation expense by Baht 112.67 million, and deduct by non-cash transactions from gain on disposal and write off assets by Baht 38.14 million.

Net cash inflow provided by investment activities amounting to Baht 408.75 million mostly came from cash inflow from sell an investment in associated by Baht 270.00 million and cash inflow from disposal land and building by Baht 123.00 million.

Net cash outflow used in financing activities amounting to Baht 404.98 million mostly came from cash repayment for short-term borrowing from non-related persons and non-related parties by Baht 276.01 million, cash repayment for long-term borrowing from financial institutions by Baht 176.10 million, and interest payment by Baht 30.19 million. However, there are cash inflow from short-term borrowings from non-related person and parties by Baht 83.00 million.

For financing activities to support current operations and future investment, the Group has a policy to provide source of investment funds from financial institutions and investors which have knowledge and



capabilities in that business. In addition, the Group has a debt-to-equity ratio and interest coverage ratio are 0.31 times and 3.14 times, respectively, which indicating that the Group has sufficient solvency and there was no default on repayment to financial institutions.

Please be informed accordingly.

Yours Sincerely,

(Ms.Poonchaya Patkotchakorn)

Chief Financial Officer