

**P**ossible **ATTITUDE**  
**R**espect  
**I**ntegrity  
**M**astery  
**E**ntrepre  
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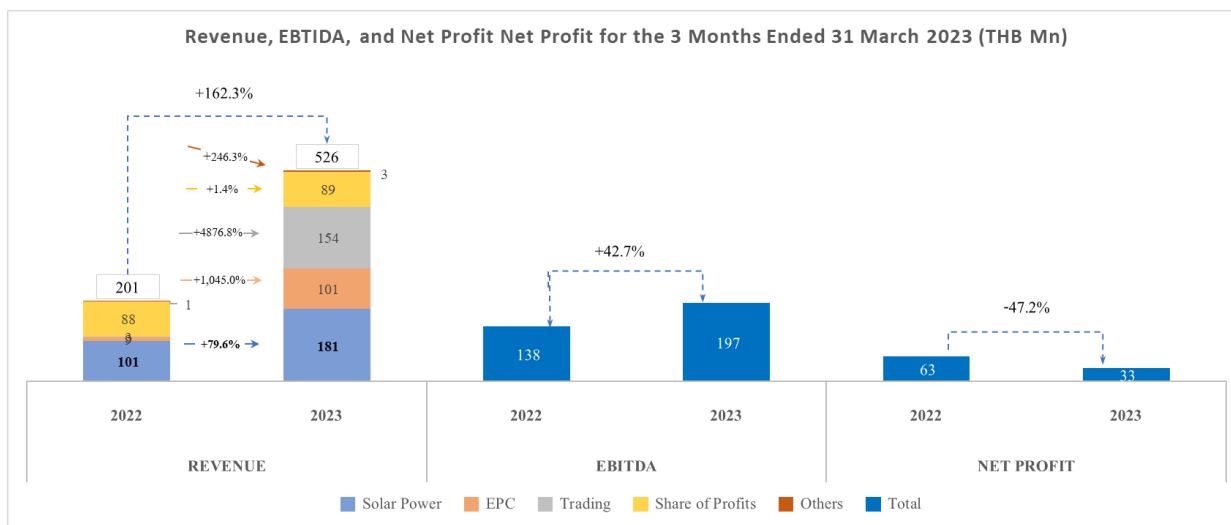
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
FOR OPERATING PERFORMANCE OF THE 1<sup>st</sup> QUARTER  
ENDED 31<sup>st</sup> March 2023**

# Management Discussion and Analysis for the 1<sup>st</sup> Quarter Ended 31<sup>st</sup> of March 2023

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## 1. Executive Summary



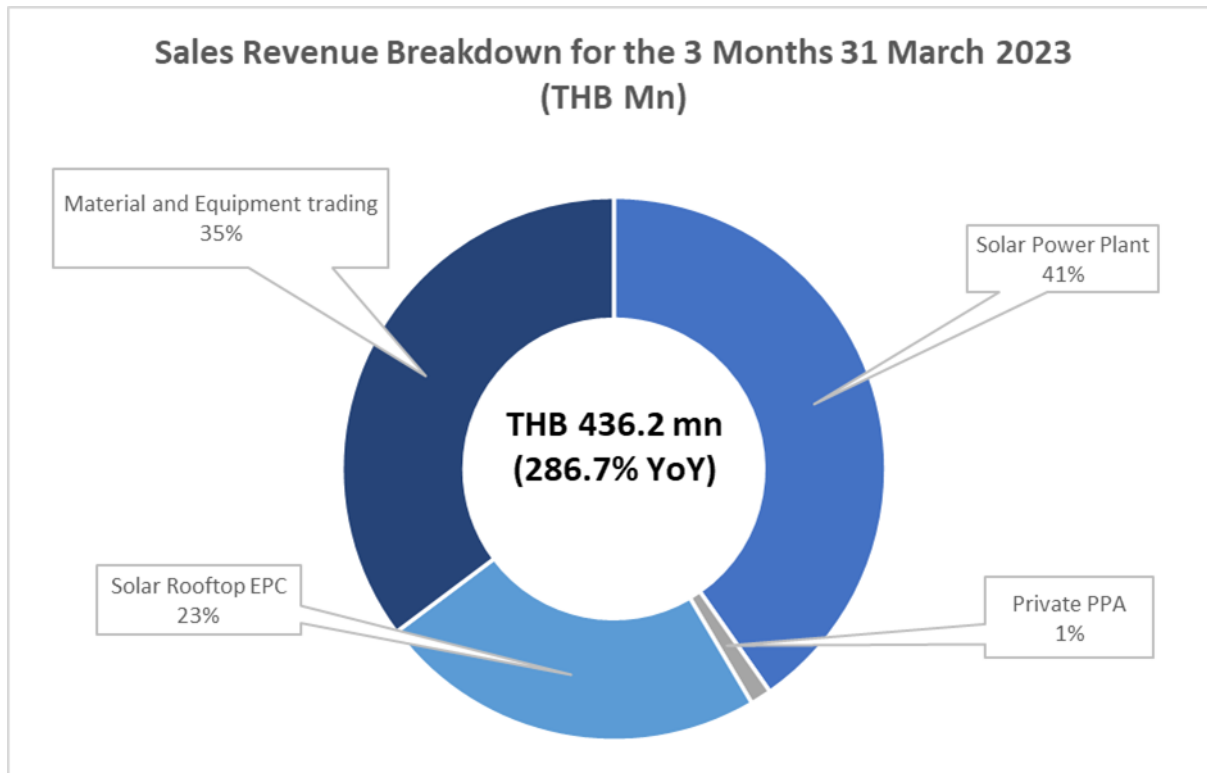
- Total revenue for Q1, 2023 amounted to THB 436.24 million, increasing by THB 323.44 million or 286.7% YoY. The most considerable improvement came from the Sale of Goods (+THB 150.66 million or +4,875.7% YoY), followed by the Solar Rooftop Engineering, Procurement, and Construction (EPC) business (+THB 89.65 million or + 1,013.0% YoY). EPC and trading businesses picked up as the COVID-19 effect subsided. PRIME focuses on the business of selling equipment and products and the EPC business. PRIME has a new group of EPC customers since the 3<sup>rd</sup> quarter of the year 2022. While, Solar Power Plant business (+THB 80.34 million or 79.7% YoY). In the 1<sup>st</sup> quarter of the year 2023, the Energy Regulatory Commission (ERC) has announced an increase in the variable electricity (Ft value) for other types of electricity users (non-residential type), thus causing the income of this businesses to increase steadily.
- EBITDA increased by 42.7% YoY to THB 196.53 million due to PRIME's power plant projects in foreign countries starting to COD and cause the depreciation to increase. Moreover, last year PRIME has issued debentures in the year 2022 to expand the Solar Power Plant Business Thus, PRIME has higher financial costs than Q1, 2022.
- Net profit declined 47.2% or THB 29.87 million YoY to THB 33.44 million, was mainly due to the higher administrative expenses and financial costs

## 2. Business Overview by Segment

Apart from PRIME's core Solar Power Plant business, PRIME expanded into 4 other new businesses in the interest of diversification. The detail is as follows: -

### 2.1 Solar Power Plant Business

The Solar Power Plant business is PRIME's core business which drives most of PRIME's sales revenue and comprises 41% of total operating income in Q1, 2023.



All our solar power plants have Power Purchase Agreements (PPA) with the government agencies of several countries in the Asia Pacific region.

The Company's power plants are in Thailand, Japan, Taiwan, and Cambodia, with a combined installed capacity of 305.24 MW. and contract capacity of 262.37 MW. As some projects are joint-venture investments, the equity installed capacity is 218.94 MW of 305.24 MW.

## 2.2 Solar Rooftop Engineering, Procurement, and Construction (EPC) Business

This is the complete installation of rooftop solar power generation systems from survey and design to installation and maintenance to help owners of buildings and industrial plants significantly reduce their electricity costs by partially replacing the electricity they purchase from the grid. It comprises 23% of total operating income in Q1, 2023.

## 2.3 Solar Rooftop Private-Power Purchase Agreement (PPA)

This business is a continuation of the solar power plant and the rooftop solar power system installation businesses (EPC). PRIME invests in the system on behalf of the customers and then sells the electricity generated to them at a lower price than what they typically buy from the government. Alternatively, customers could lease the system from PRIME and pay it off from the electricity cost savings they would enjoy. This business model is relatively new in Thailand, and PRIME has a first-mover advantage to become a market leader in this segment.

## 2.4 Power-Related Material and Equipment Trading

The Company is exploring new areas, such as innovation and new products targeting multiple customer segments, including engineering procurement construction contractors and individual customers. In addition, we plan to provide total solution products and services through various

platforms like online trading. PRIME foresees that this business will be profitable and will strengthen the company's sustainability initiatives.

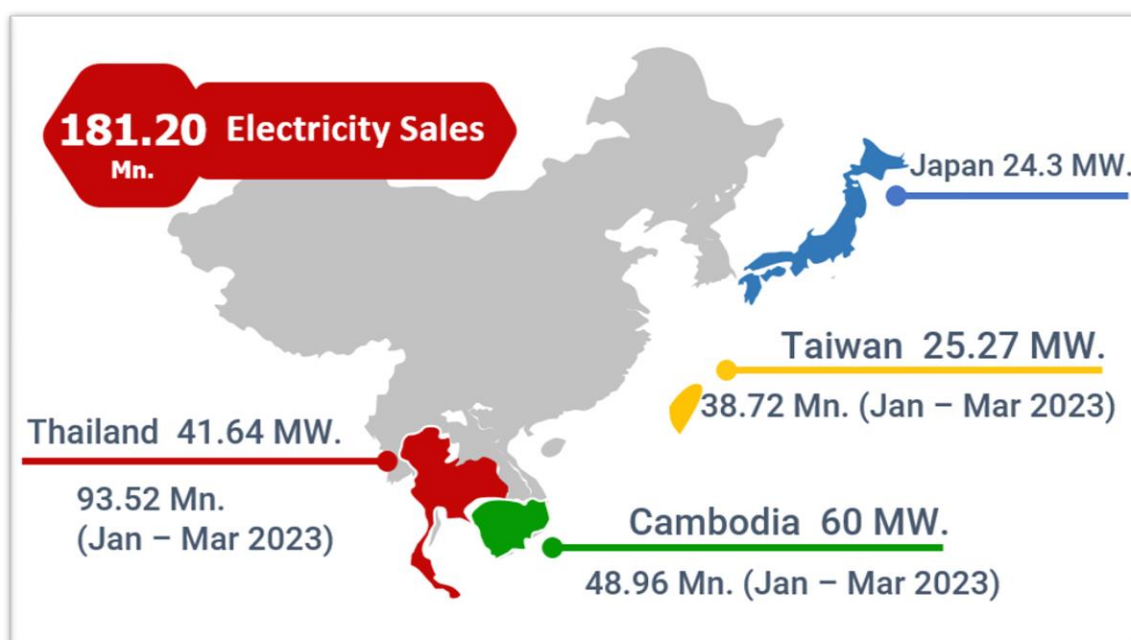
## 2.5 Energy and environmental technology solutions business

This business is to design, installation and consulting on innovations such as IoT Technology for Building Energy Management (BEM). The proportion of income is 1% of total revenue of the Company.

In the first quarter of the year 2023, the Company's revenue grew by 1,475.7% YoY. The Company expects that its business will continue to grow in the remaining quarters of the year 2023 from the growth of the Company's core business including equipment and product sales business and EPC business.

## 3. Business Overview by Region

PRIME's Solar Power Plant Locations



### 3.1 Thailand

The Company's solar power plants in Thailand have a total contracted power generation capacity of 126.91 MW. These solar power plants have 3 types of PPA: (i) Feed-in-Tariff (FIT) Scheme projects, (ii) Adder scheme projects, and (iii) Private PPA projects.

- In Q1, 2023, the total revenue from selling electricity in Thailand was THB 93.52 million, which improved by 3.5% YoY.
- The revenue of other domestic Adder projects in which the Company has a 30% stake is THB 88.81 million, which rose 2.1% YoY and comes in the form of shared profit from associates.
- The Private PPA portfolio generated THB 5.5 million in Q1, 2023, which increased 1.3% YoY as the Company benefited from the full operation of operating assets, continually achieving COD since 2021.

### 3.2 Japan

PRIME received THB 0.08 million in Q1, 2023, a decline of 88.6% YoY, as a share of the profit from selling electricity under FiT in Japan. The YoY reduction in the dividend distribution is mainly attributable to Awaji project, which distribute dividends in Q1, 2022 but this year is postponed to pay within Q2, 2023.

### 3.3 Taiwan

Total revenue in Q1, 2023 was THB 32.72 million, an increase of 269.5% YoY, with a total of 25.27 MW.

### 3.4 Cambodia

In late 2019, PRIME won a tender from the Cambodian government for the National Solar Park project supported by the Asian Development Bank (ADB). This project has an installed and contract capacity of 77 MW and 60 MW, respectively. PRIME achieved Commercial Operation Date with Electricity of Cambodia (EDC) on 30 November 2022 as scheduled. In 2022, total revenue from Cambodia was THB 48.96 million.

## 4. Outlook

### 4.1 Business Outlook

- Solar Power Plant

For Thailand, The Energy Regulatory Commission (ERC) is planning to purchase renewable energy with a total of 5.2 GW., and PRIME submitted projects under this campaign comprising ground mounted solar power and ground mounted solar with battery storage. and ground-mounted solar power generation systems together with the energy storage system (ground mounted solar with battery storage). PRIME has joined the project in the year 2022 and has been selected for a total of 4 projects with a total contract size of 87.96 MW. It is expected to have an installed capacity of 300 MW., which must be operated by the year 2030.

For Taiwan, the Taiwanese government continuously purchases renewable energy from power producers of various sizes and PRIME recently signed a contract for Outdoor Aquacultural Solar Project with a total capacity of 99 MW. In addition, PRIME is in the process of the Corporate PPA contract development or power purchase agreement with the private sector that will purchase the renewable energy price higher than the Taiwanese government.

- Solar Rooftop Engineering, Procurement, and Construction (EPC) Business

In the 1<sup>st</sup> quarter of the year 2023, PRIME signed contracts for 4 projects throughout Thailand with the amount of THB 51 million, compared to the 1<sup>st</sup> quarter of the year 2022, PRIME has 1 contract for THB 0.76 million. There are projects under contract signing in the 2<sup>nd</sup> quarter of the year 2023, there are 7 projects with the amount approximately THB 92 million, including the installed capacity of both quarters, equal to 8.15 MW., as detailed in the table.

Quarter	EPC Projects	Capacity (MW.)	Project value
1/2023	4 projects	2.72	51,323,250
2/2023	7 projects	5.43	91,856,180
<b>Total</b>		<b>8.15</b>	<b>143,179,430</b>

For the 1<sup>st</sup> and the 2<sup>nd</sup> quarters of the year 2023, PRIME is expected to have a backlog of THB 143 million and revenue will be recognized in Q2,2023.

- Solar Rooftop Private-Power Purchase Agreement (Private PPA)

With the surge in electricity rates, PRIME used this opportunity to its utmost advantage to expand its business and successfully signed multiple Private PPA contracts with many private companies. These projects started to COD of more than 4.97 MW. There are signed projects that are under construction, both roof-mounted and floating-mounted about 5.41 MW. In addition, there is about 1 MW. project about to be signed.

- Power-Related Material and Equipment Trading

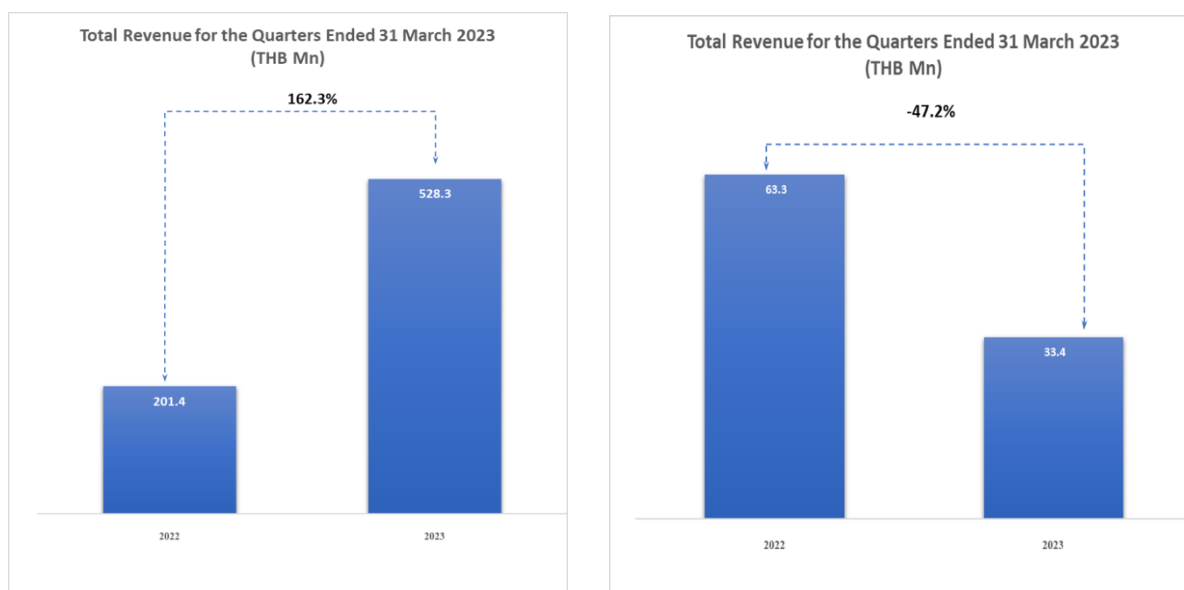
PRIME has sent power-related materials and equipment totaling more than THB 153.75 million in Q1, 2023. This year, PRIME intends to focus on the target group of contractors (EPC) in order to create repeat purchases from existing customers. Then 1.4 MW. of which has already been traded in this group of customers. PRIME is also increasing its product offerings and building its competitiveness by partnering with other companies from both the public and private sectors to expand its business in the future.

## 4.2 Industry Outlook

According to Thailand's Power Development Plan (PDP), the country's electricity generating capacity will increase from 46,090 MW. in the year 2017 to 77,211 megawatts by 2037; comprise of 12% from coal, 35% from non-fossil fuels and 53% from natural gas. In the year 2022, the Energy Regulatory Commission (ERC) has announced the purchase of renewable energy electricity. According to the plan to support renewable energy supply, the total capacity for this plan is 5.2 GW., which includes biogas (0.335 GW.), wind power (1.5 GW.), ground-mounted solar systems (2.368 GW.) and a ground-mounted solar power generation system combined with an energy storage system (1 GW.). In March 2023, the National Energy Policy Council (NEPC) approved a plan to increase power generation from renewable energy under PDP2018 Rev. 1 to 12,700 MW from 9,996 MW previously. This auction is scheduled to be organized later this year.

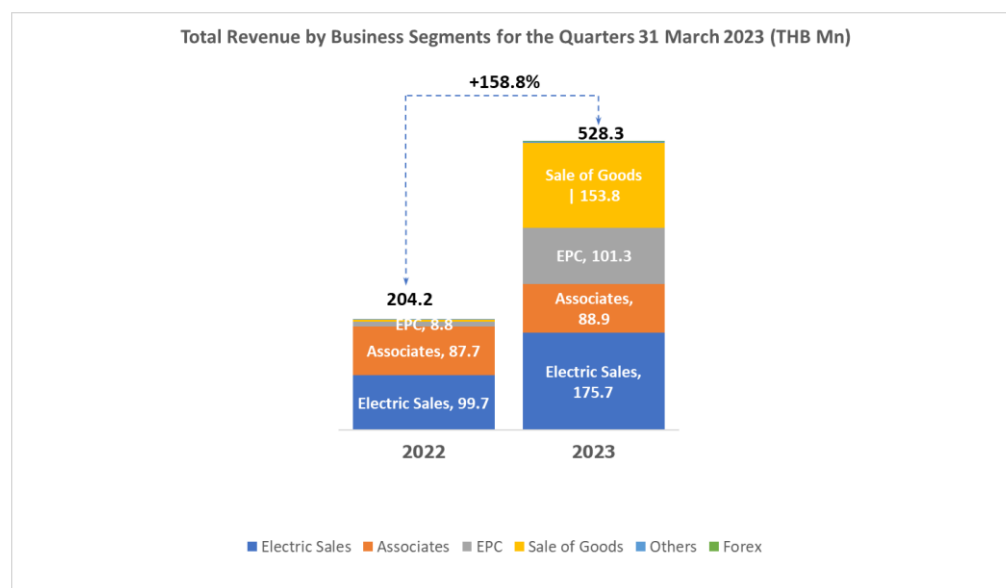
## 5. Financial Statements Analysis

### 5.1 Revenue Analysis



The total revenue for 1Q23 was THB 528.29 million, representing a 162.3 % YoY increased. The net profit for 1Q23 dropped 47.2% YoY, respectively, to THB 33.44 million due to the higher sales revenue but the administrative expenses and finance costs increased in a greater proportion.

#### 5.1.1 Details of Total Revenue by Business Segments



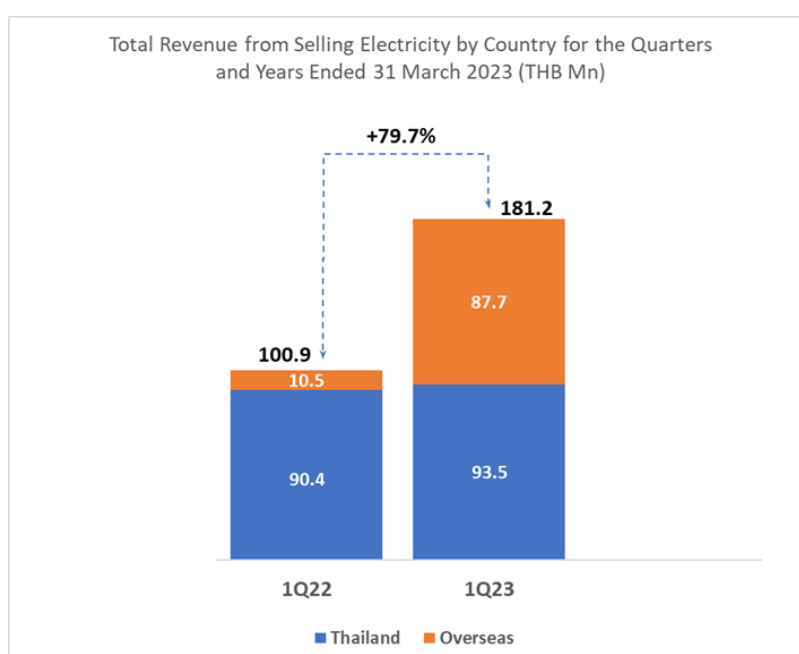


### 5.1.2 Revenue from Selling Electricity (Solar Power Plant)

Electricity sales in Q1, 2023 grew 79.7 % YOY to THB 181.2 million. The strong performance is attributed to the COD of the 60 MW. Cambodia and Taiwan projects. Electricity sales revenue comprises the following:

- a. Ground-mounted solar power plants in Thailand are contracted on FiT and Adder schemes for 25 years from the COD. There are 9 power purchase agreements ("PPA") with the Provincial Electricity Authority ("PEA") with a total electricity power generation of 41.64 MW.
- b. Solar rooftop on the Private PPA has a period of 15 years from the COD. The power purchase agreement is with the private sector, with a total electricity power generation of 14.55 MW. and COD in Q1, 2023 with the capacity of 7.24 MW.
- c. Ground-mounted solar power plants and solar rooftops in Taiwan have been contracted on the FiT scheme for 20 years from the COD. There are many power purchase agreements with the Taiwan Power Company, with a total electricity power generation of 25.27 MW.
- d. Ground-mounted solar power plants in Cambodia have been contracted on FiT schemes for 20 years from the COD. The project will sell electricity to Electricity of Cambodia with a total contract capacity of 60 MW.

### 5.1.3 Breakdown of Revenue from Selling Electricity (Solar Power Plant) in Thailand and Overseas



- **Thailand:** Revenue improved by 3.47% YoY in 1Q, 2023 from the additional COD of Private PPA
- **Overseas:** Revenue in 1Q, 2023 benefited from the additional COD projects in Taiwan and Cambodia that improved by 736.8 YoY.

### 5.1.4 Revenue from Consultancy

Revenue from consultancy in 1Q, 2023 amounted to THB 2.79 million. PRIME started to recognize consulting fees at the end of 2022.

#### 5.1.5 Revenue from Solar Rooftop Engineering, Procurement, and Construction (EPC) Business

Revenue from Solar Rooftop Engineering, Procurement, and Construction (EPC) Business was at THB 98.50 million, growing 1,013.5% YOY because the company signed contracts for 4 projects throughout Thailand with a total value of THB 51 million.

#### 5.1.6 Revenue from the Sale of Goods (Power-Related Material and Equipment Trading)

Revenue from trading and supply agreements for solar rooftops and other power generation systems in Q1, 2023 was THB 153.75 million, representing a growth of 4,875.7 YoY. With the recovery of the COVID-19 pandemic in 2022, trading business improved substantially as clients stepped up their investments in the purchase of material and equipment. Additionally, inventory shortages encountered during the pandemic eased.

#### 5.1.7 Share of Profits in Associates

As some projects are joint investments, revenue from these projects is considered a share of profit from associates. The revenue is derived from selling electricity in Thailand and Japan. In Q1, 2023, it increased 1.4% YoY to THB 88.89 million or accounting for 16.8% of total revenue.

#### 5.1.8 Other Revenue

Other Revenue amounted to THB 2.06 million, representing a 1.4% decline YoY.

#### 5.1.9 Cost of Sales and Construction

Cost of sale and construction in Q1, 2023 increased 90.0%, to THB 82.28 million, which is in line with the higher level of sale revenue. The cost of sales and construction consists of the following:

- a. Depreciation and amortization,
- b. Operating and maintenance fees for solar power plants (O&M),
- c. Cost of trading and supply and
- d. Construction and other expenses.

The operating and maintenance costs of the power plants are fixed as stipulated in the contracts, with a constant rate of increase throughout the contract period. In contrast, depreciation and amortization are based on the life span of the power plants, which averages 25 years. Therefore, the cost of sales and services will not change significantly without new projects.

#### 5.1.10 Administrative Expenses

Administrative expenses in Q1, 2023 was THB 72.56 million, increasing 50.8% YoY. The higher expenses are due to the following reasons.

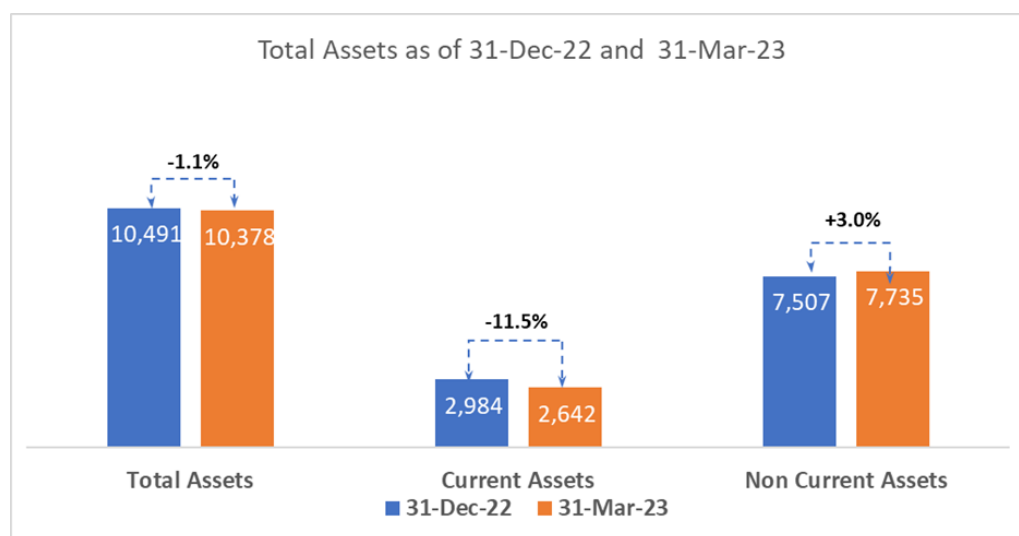
- a. Higher employee expenses due to the increase in headcount and expertise to assist in the development of new businesses,
- b. Higher financial fees relating to bank entry fees, account opening fees, annual management fees, bond issuance fees, etc.,
- c. Higher professional fees relating to the incorporation of new subsidiaries in Thailand and overseas, and
- d. Higher advisory fees and operating expenses for waste-to-energy projects.

### 5.1.11 Finance Cost

In Q1. 2023 finance costs increased by 125.5% YoY, to THB 83.53 million since the Company issued long-term unsubordinated debentures to finance the investments in developing solar and other renewable energy projects. To development of solar power plants, there is a development and construction period of 1-2 years, the revenue will begin to be reflected in the financial statements after COD.

## 5.2 Financial Position Analysis

### 5.2.1 Total Assets



**Total assets** as of 31 March 2023 amounted to THB 10,377.84 million, a decrease of 1.1 % or THB 113.63 million QoQ.

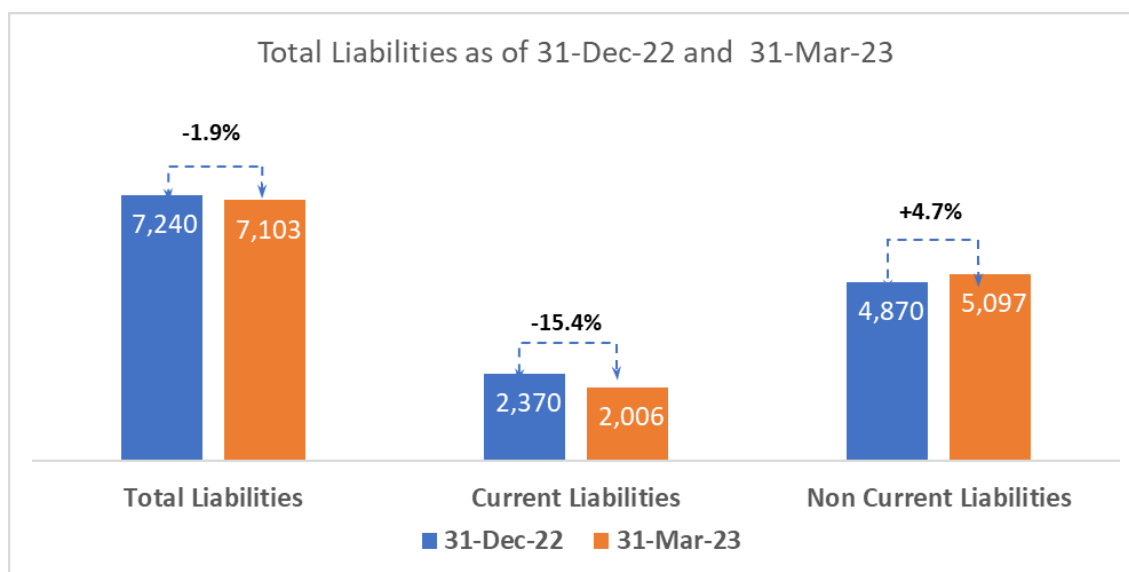
**Current assets** dropped 11.5% QoQ or THB 341.96 million to THB 2,642.41 million because of the following:

- a. Cash and cash equivalents decreased due to PRIME paid trade payables including paying debts with financial institutions and pay interest on debentures.
- b. Trade accounts receivable and others increased due to trade accounts receivable, expenses paid in advance, deposit for products and solar panel installation equipment
- c. Higher inventory to support the expansion of PRIME group's business.

**Non-current assets** were THB 7,735.44 million, an increase of 3.0% QoQ or THB 228.34 million because of the following:

- a. Higher investment in associates, which realized shares from associates.
- b. Higher land, property, plant, and equipment of foreign subsidiaries are in line with the development of solar power plants and solar rooftop projects.

## 5.2.2 Total liabilities



As of 31 March 2023, total liabilities were THB 7,102.81 million, which is 1.9% or THB 137.16 million lower QoQ.

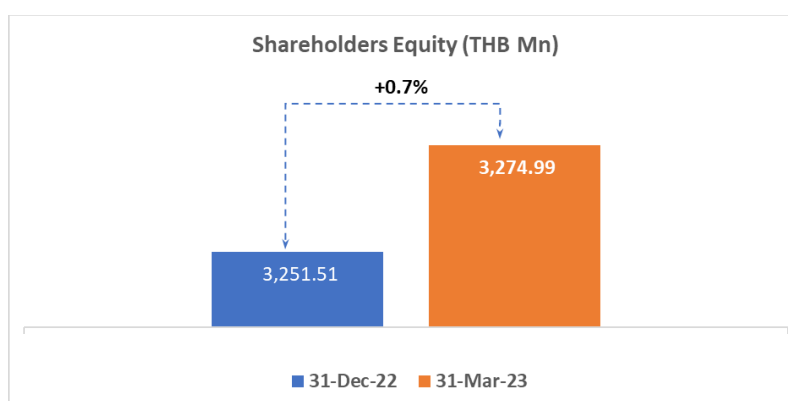
**Current liabilities** decreased by 15.4% or THB 364.11 million QoQ to THB 2,006.10 million, mainly due to the following reasons:

- a. Lower accounts payable from equipment purchases for the construction business (EPC).

**Non-current liabilities** increased 4.7 %, or THB 226.95 million, to THB 5,096.71 million, because of:

- a. Higher balances of loans from financial institutions which are maturing in more than 1 year. These are loans of foreign subsidiaries, which were used as working capital for business expansion and project development.
- b. Debentures are issued to increase working capital for developing renewable projects in Thailand and abroad.

## 5.2.3 Equity



Total equity as of 31 March 2023 was THB 3,247.99 million from unappropriated retained earnings and fair value adjustments. This is an increase of 0.7% or THB 23.48 million.

## **6. Project Update**

In terms of solar power plants, the Company's solar power plants in Cambodia (77 MW) and Taiwan (4.0 MW) achieved COD in November and December 2022, respectively. Taiwan's school solar projects will gradually COD starting from 4Q22.

4 Private PPA projects with a total installed capacity of 4.98 MW. COD in Q1 2023, while other 7 projects will start construction in Q1 2023. In addition, 9 private PPA projects will COD from the end of Q2, 2023 onward. The total installed capacity is 8.86 MW as a table shown below:

Quarter	Private PPA	Capacity (MW.)
3/2023	2 projects	2.27
4/2023	5 projects	4.61
1/2024	2 projects	1.98
<b>Total</b>	<b>9 projects</b>	<b>8.86</b>

## **7. Sustainability**

The Company has formulated a Social and Environmental Responsibility Policy at the corporate level to provide the business with a sustainable direction to ensure uninterrupted growth. This also helps mitigate ESG risks. The following are the eight topics covered under the Policy.



1. Good Corporate Governance



2. Fair operation



3. Human rights and employment to drive sustainable economy



4. Energy, climate, water and waste management



5. Producing goods and services with responsibility and promoting sustainable society



6. Investing in a profitable operation by centering on business for sustainability innovations



7. Comprehensive sustainability assessment for new business



8. Contributing to community and society development by facilitating educational quality development and providing social innovation support

PRIME is committed to contributing to climate change mitigations and adaptations to reduce greenhouse gas emissions to support the Thai government's Nationally Determined

Contributions (NDC) under the United Nations Framework Convention on Climate Change (UNFCCC).

To this end, PRIME is preparing a roadmap towards achieving Carbon Neutral and Net Zero over the next 7 years.

	Carbon Neutral	Net Zero
	Short-Term Goal	Long-Term Goal
<b>PRIME's target in contributing to the climate change</b>	Become carbon neutral by 2023	Achieve net zero by 2030

Some of the initiatives include the installation of solar rooftops to generate power and upgrading equipment to improve energy efficiencies in PRIME's operations. Additionally, the Company has partnered with the Industrial Estate Authority of Thailand (IEAT) to promote the use of solar energy.

In February 2023, the Company has announced its intention to join the Private Sector Collective Action Coalition Against Corruption with Private Sector Collective Action against Corruption (CAC). In addition, the Company places great importance on conducting business with caution, especially in the matter of anti-corruption which the Company adheres to the principles of good corporate governance for the best interests of shareholders, stakeholders and related persons.

Best regards,

*Piroon Shinawatra*

**(Mr. Piroon Shinawatra)**  
**Chief Financial Officer**

**Appendices**  
**Quarterly and 3-Month Statement of Comprehensive Income**  
**Ended 31 March 2022**

**Summary of Statement of Comprehensive Income**

Statement of Comprehensive Income	2023	2022	Change (YoY)	Change% (YoY)
Revenue from sales	181.2	100.9	80.3	79.6%
Revenue from construction	98.5	8.8	89.7	1013.5%
Revenue from the Sale of Goods	153.8	3.1	150.7	4876.8%
Revenue from consultant	2.8	-	2.8	100%
Cost of sales and construction	(335.5)	(52.8)	282.8	535.8%
<b>Gross profit</b>	<b>100.7</b>	<b>60.0</b>	<b>40.7</b>	<b>67.8%</b>
Other income	2.1	2.1	(0.0)	-1.5%
Administrative expenses	(72.6)	(48.1)	24.5	50.8%
Net gain (loss) on exchange rate	1.1	(1.2)	2.3	193.5%
profit and (loss) from financial derivative	3.6	-	3.6	100.0%
Finance costs	(83.5)	(37.0)	46.5	125.5%
Share of profit from associates	88.9	87.7	1.2	1.4%
<b>Profit (loss) before income tax</b>	<b>40.3</b>	<b>63.4</b>	<b>(23.2)</b>	<b>-36.5%</b>
Income tax	(6.9)	(0.1)	6.7	4992.5%
<b>Profit (loss) for the period</b>	<b>33.43</b>	<b>63.31</b>	<b>(29.9)</b>	<b>-47.2%</b>

**Details of Total Revenue by Business Segments**

Revenue Calculations	2023	2022	Change (YoY)	Change% (YoY)
Revenue from selling electricity	181.2	100.9	80.3	79.6%
Revenue from EPC Business	101.3	8.8	92.5	1045.2%
Revenue from the Sale of Goods	153.8	3.1	150.7	4876.8%
Share of profit in associates	88.9	87.7	1.2	1.4%
Other revenue	2.1	2.1	(0.0)	-1.5%
Net gain (loss) on exchange rate	1.1	(1.2)	2.3	-193.5%
<b>Total Revenue</b>	<b>528.3</b>	<b>201.4</b>	326.9	162.3%

### Financial Positions as of 31<sup>st</sup> March 2023

Balance Sheet	31-Mar-23	31-Mar-22	Increase (decrease)	Change
Current assets	2,642.4	2,984.4	(342.0)	-11.5%
Non-current assets	7,735.4	7,507.1	228.3	3.0%
<b>Total assets</b>	<b>10,377.8</b>	<b>10,491.5</b>	<b>(113.7)</b>	<b>-1.1%</b>
Current liabilities	2,006.1	2,370.2	(364.1)	-15.4%
Non-current liabilities	5,096.7	4,869.8	227.0	4.7%
<b>Total liabilities</b>	<b>7,102.8</b>	<b>7,240.0</b>	<b>(137.1)</b>	<b>-1.9%</b>
<b>Shareholders' equity</b>	<b>3,275.0</b>	<b>3,251.5</b>	<b>23.5</b>	<b>0.7%</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,377.8</b>	<b>10,491.5</b>	<b>(113.7)</b>	<b>-1.1%</b>

### Breakdown of Revenue from Selling Electricity by Country

Total Revenue from Selling Electricity by Country for the Quarters Ended 31 March 2022 and 2023 (THB Mn)	2023	2022	Change (YoY)	Change % (YoY)
Thailand	93.52	90.39	3.14	3.47%
Taiwan	38.72	10.48	28.24	269.49%
Cambodia	48.96	-	48.96	100.00%
<b>Total</b>	<b>181.20</b>	<b>100.86</b>	<b>80.34</b>	<b>79.65%</b>





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