



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

1. Analysis of Operation Results According to Consolidated Financial Statement for Nine-Month Period Ended 30 September

	Nine-Month Period Ended 30 September					
	2023		2022		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
Revenue from sale and rendering of services	3,176.1	100%	3,022.8	100%	153.3	5%
Cost of sale and rendering of services	(1,223.3)	-39%	(885.0)	-29%	338.3	38%
Gross profit	1,952.8	61%	2,137.8	71%	(185.0)	-9%
Other income	51.6	2%	94.0	3%	(42.4)	-45%
Selling and distribution expenses	(36.8)	-1%	(8.0)	0%	28.8	360%
Administrative expenses	(168.6)	-5%	(146.1)	-5%	22.5	15%
Gain (loss) on derivatives	2.9	0%	(72.0)	-2%	74.9	104%
Gain (loss) on financial assets	2.3	0%	5.1	0%	(2.8)	-55%
Profit (loss) from operating activities	1,804.2	57%	2,010.8	67%	(206.6)	-10%
Finance costs	(40.5)	-1%	(80.2)	-3%	(39.7)	-50%
Profit (loss) before income tax expense	1,763.7	56%	1,930.6	64%	(166.9)	-9%
Tax (expense) income	(202.5)	-6%	(171.5)	-6%	31.0	18%
Net profit (loss)	1,561.2	49%	1,759.1	58%	(197.9)	-11%
Other comprehensive income	1.7	0%	-	0%	1.7	
Total comprehensive income for the period	1,562.9	49%	1,759.1	58%	(196.2)	-11%

Net profit (Loss) attributable to :

Owners of the parent	1,448.6	1,649.8
Non-controlling interests	112.6	109.3
	1,561.2	1,759.1

Total comprehensive income attributable to:

Owners of the parent	1,450.3	1,649.8
Non-controlling interests	112.6	109.3
	1,562.9	1,759.1

Basic earnings per share (EPS) :

Number of shares (million shares)	1,055.8	1,055.8
Basic earnings per share (in Baht)	1.37	1.56

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the nine-month period ended 30 September 2023 presented the net profit of Baht 1,561.2 million or Baht 1.37 per share which decreased by Baht 197.9 million or 11%, compared to the net profit of Baht 1,759.1 million or Baht 1.56 per share of the nine-month period ended 30 September 2022. The significant reasons were as follows:



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

1.1 Revenue from Sale and Rendering of Services

Revenue from sale and rendering of services for 9M 2023 was Baht 3,176.1 million, increased by Baht 153.3 million or 5%, compared to period of 9M 2022 (Baht 3,022.8 million). The main reasons were as follows:

- Revenue from solar farm business for 9M 2023 was Baht 2,345.8 million which decreased by Baht 358.8 million or 13%, compared to period of 9M 2022 (Baht 2,704.6 million) although the energy output for 9M 2023 was 275.8 million units which increasing by 0.5 million units or 0.2% from 275.3 million units but the revenue from subsidy of adders, 8 Baht per unit, for 22 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
10	Solar Power (Korat 5) Co., Ltd.	14 January 2023
11	Solar Power (Korat 8) Co., Ltd.	14 January 2023
12	Solar Power (Korat 9) Co., Ltd.	15 January 2023
13	Solar Power (Khon Kaen 3) Co., Ltd.	16 January 2023
14	Solar Power (Khon Kaen 4) Co., Ltd.	16 January 2023
15	Solar Power (Khon Kaen 5) Co., Ltd.	17 January 2023
16	Solar Power (Khon Kaen 8) Co., Ltd.	17 January 2023
17	AJ Technology Co., Ltd.	24 June 2023
18	Tipyanarai Co., Ltd.	24 June 2023
19	Solar Power (Korat 6) Co., Ltd.	25 June 2023



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20	Solar Power (Bureerum 1) Co., Ltd.	25 June 2023
21	Solar Power (Bureerum 2) Co., Ltd.	25 June 2023
22	Solar Power (Khon Kaen 2) Co., Ltd.	28 July 2023

- 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 for period of 9M 2023 was Baht 757.3 million which increased by Baht 533.3 million or 238% compared to period of 9M 2022 (Baht 224.0 million) as a result of electricity rate was higher. Therefore, many businesses turned to install solar roof to reduce electricity cost.

1.2 Cost of Sale and Rendering of Services and Gross Profit

Cost of sale and rendering of services for 9M 2023 was Baht 1,223.3 million, increased by Baht 338.3 million or 38%, compared to period of 9M 2022 (Baht 885.0 million). The increase in cost of sale and rendering of services was aligned to the revenue of solar roof business (SPR).

Gross profit margin for 9M 2023 was 61%, decreased from the period of 9M 2022 (71%). The main reason was the decreasing in the proportion of solar farm business, which higher gross profit margin decreased from 89% to 74% of total revenue.

1.3 Selling and Distribution Expenses

Selling and distribution expenses for 9M 2023 was Baht 36.8 million, increased by Baht 28.8 million or 360%, compared to period of 9M 2022 (Baht 8.0 million). The increase in selling and distribution expenses was aligned to the revenue of solar roof business (SPR)

1.4 Administrative Expenses

Administrative expenses for 9M 2023 was Baht 168.6 million, increased by Baht 22.5 million or 15%, compared to period of 9M 2022 (Baht 146.1 million). The main reasons were as follows:

- In 2023, the employee expense and consulting fee increased by Baht 12.4 million.
- In 2023, the company got loss on exchange rates on fair value measurement on investment in Japan as a result of Japanese Yen had depreciated by Baht 7.7 million.

1.5 Other Income

Other income for 9M 2023 was Baht 51.6 million, decreased by Baht 42.4 million or 45%, compared to period of 9M 2022 (Baht 94.0 million). The main reason was gain on fair value measurement on long-term loans in foreign currency in 2022 as a result of Japanese Yen had depreciated.



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1.6 Gain (Loss) on Derivatives

Gain on derivatives for 9M 2023 was Baht 2.9 million, increased by Baht 74.9 million or 104%, compared to period of 9M 2022 (Baht -72.0 million). The main reason was loss on fair value measurement of cross currency swaps on long-term loans in foreign currency in 2022 as a result of Japanese Yen had depreciated.

1.7 Finance Costs

Finance costs for 9M 2023 was Baht 40.5 million, decreased by Baht 39.7 million or 50% compared to period of 9M 2022 (Baht 80.2 million). The main reason was the repayment of debentures in amount of Baht 1,250.0 million in the year 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

2. Analysis of Operation Results According to Consolidated Financial Statement for Three-Month Period Ended 30 September

	Three-Month Period Ended 30 September					
	2023		2022		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
Revenue from sale and rendering of services	789.4	100%	1,003.6	100%	(214.2)	-21%
Cost of sale and rendering of services	(359.6)	-46%	(358.8)	-36%	0.8	0.2%
Gross profit	429.8	54%	644.8	64%	(215.0)	-33%
Other income	7.5	1%	6.2	1%	1.3	21%
Selling and distribution expenses	(7.3)	-1%	(5.6)	-1%	1.7	30%
Administrative expenses	(54.8)	-7%	(55.6)	-6%	(0.8)	-1%
Gain (loss) on derivatives	0.8	0%	17.1	2%	(16.3)	-95%
Gain (loss) on financial assets	-	0%	2.8	0%	(2.8)	-100%
Profit (loss) from operating activities	376.0	48%	609.7	61%	(233.7)	-38%
Finance costs	(13.6)	-2%	(25.9)	-3%	(12.3)	-47%
Profit (loss) before income tax expense	362.4	46%	583.8	58%	(221.4)	-38%
Tax (expense) income	(40.9)	-5%	(78.8)	-8%	(37.9)	-48%
Net profit (loss)	321.5	41%	505.0	50%	(183.5)	-36%
Other comprehensive income	(0.2)	0%	-	0%	(0.2)	
Total comprehensive income for the period	321.3	41%	505.0	50%	(183.7)	-36%

Net profit (Loss) attributable to :

Owners of the parent	298.7	483.3
Non-controlling interests	22.8	21.7
	321.5	505.0

Total comprehensive income attributable to:

Owners of the parent	298.5	483.3
Non-controlling interests	22.8	21.7
	321.3	505.0

Basic earnings per share (EPS) :

Number of shares (million shares)	1,055.8	1,055.8
Basic earnings per share (in Baht)	0.28	0.46

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the three-month period ended 30 September 2023 presented the net profit of Baht 321.5 million or Baht 0.28 per share which decreased by Baht 183.5 million or 36%, compared to the net profit of Baht 505.0 million or Baht 0.46 per share of the three-month period ended 30 September 2022. The significant reasons were as follows:



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

2.1 Revenue from Sale and Rendering of Services

Revenue from sale and rendering of services for 3M 2023 was Baht 789.4 million, decreased by Baht 214.2 million or 21%, compared to period of 3M 2022 (Baht 1,003.6 million). The main reasons were as follows:

- Revenue from solar farm business for 3M 2023 was Baht 604.6 million which decreased by Baht 220.4 million or 27%, compared to period of 3M 2022 (Baht 825.0 million) due to the energy output for 3M 2023 was 83.1 million units which decreasing by 2.0 million units or 2% from 85.1 million units and the revenue from subsidy of adders, 8 Baht per unit, for 22 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
10	Solar Power (Korat 5) Co., Ltd.	14 January 2023
11	Solar Power (Korat 8) Co., Ltd.	14 January 2023
12	Solar Power (Korat 9) Co., Ltd.	15 January 2023
13	Solar Power (Khon Kaen 3) Co., Ltd.	16 January 2023
14	Solar Power (Khon Kaen 4) Co., Ltd.	16 January 2023
15	Solar Power (Khon Kaen 5) Co., Ltd.	17 January 2023
16	Solar Power (Khon Kaen 8) Co., Ltd.	17 January 2023
17	AJ Technology Co., Ltd.	24 June 2023
18	Tipyanarai Co., Ltd.	24 June 2023
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20	Solar Power (Bureerum 1) Co., Ltd.	25 June 2023
21	Solar Power (Bureerum 2) Co., Ltd.	25 June 2023
22	Solar Power (Khon Kaen 2) Co., Ltd.	28 July 2023

- 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 for period of 3M 2023 was Baht 156.3 million which increased by Baht 3.0 million or 2% compared to period of 3M 2022 (Baht 153.3 million) as a result of electricity rate was higher. Therefore, many businesses turned to install solar roof to reduce electricity cost.

2.2 Cost of Sale and Rendering of Services and Gross Profit

Cost of sale and rendering of services for 3M 2023 was Baht 359.6 million, increased by Baht 0.8 million or 0.2%, compared to period of 3M 2022 (Baht 358.8 million). The increase in cost of sale and rendering of services was aligned to the revenue of solar roof business (SPR).

Gross profit margin for 3M 2023 was 54%, decreased from the period of 3M 2022 (64%). The main reason was the decreasing in the proportion of solar farm business, which higher gross profit margin decreased from 82% to 77% of total revenue.

2.3 Selling and Distribution Expenses

Selling and distribution expenses for 3M 2023 was Baht 7.3 million, increased by Baht 1.7 million or 30%, compared to period of 3M 2022 (Baht 5.6 million). The increase in selling and distribution expenses was aligned to the revenue of solar roof business (SPR)

2.4 Administrative Expenses

Administrative expenses for 3M 2023 was Baht 54.8 million, decreased by Baht 0.8 million or 1%, compared to period of 3M 2022 (Baht 55.6 million). The main reasons were as follows:

- In 2023, the employee expense and consulting fee increased by Baht 6.9 million.
- In 2022, the company got loss on fair value measurement on long-term loans in foreign currency as a result of Japanese Yen had appreciated by Baht 8.7 million.

2.5 Other Income

Other income for 3M 2023 was Baht 7.5 million, increased by Baht 1.3 million or 21%, compared to period of 3M 2022 (Baht 6.2 million). The main reason was interest income on fixed deposit as a result of interest rate was higher.



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2.6 Gain (Loss) on Derivatives

Gain on derivatives for 3M 2023 was Baht 0.8 million, decreased by Baht 16.3 million or 95%, compared to period of 3M 2022 (Baht 17.1 million). The main reason was gain on fair value measurement of cross currency swaps on long-term loans in foreign currency in 2022 as a result of Japanese Yen had appreciated.

2.7 Finance Costs

Finance costs for 3M 2023 was Baht 13.6 million, decreased by Baht 12.3 million or 47% compared to period of 3M 2022 (Baht 25.9 million). The main reason was the repayment of debentures in amount of Baht 1,250.0 million in the year 2022.

3. Analysis of Financial Position According to Consolidated Financial Statement

3.1 Analysis of Assets

As at 30 September 2023, the total assets were Baht 24,191.0 million, increased by Baht 472.8 million or 2%, compared to balance as of 31 December 2022 which was Baht 23,718.2 million. The details were as follows:

	30-Sep-23	31-Dec-22	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	16,377.1	16,746.9	(369.8)	-2%
Other assets	7,813.9	6,971.3	842.6	12%
Total assets	24,191.0	23,718.2	472.8	2%

- As at 30 September 2023, property, plant and equipment were Baht 16,377.1 million, decreased by Baht 369.8 million or 2%, compared to balance as of 31 December 2022 which was Baht 16,746.9 million. The main reasons were as follows:
 - Depreciation in amount of Baht 477.6 million.
 - SET Energy Co., Ltd developed the land of EEC project in amount of Baht 75.5 million.
- As at 30 September 2023, other assets were Baht 7,813.9 million, increased by Baht 842.6 million or 12%, compared to balance as of 31 December 2022 which was Baht 6,971.3 million. The main reasons were as follows:
 - The increase in cash and deposits with financial institutions in amount of Baht 1,313.6 million.
 - The decrease in trade accounts receivable in amount of Baht 328.5 million.



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- The decrease in inventories in amount of Baht 55.0 million.

3.2 Analysis of Liabilities and Shareholders' Equity

As at 30 September 2023, the total liabilities and shareholders' equity were Baht 24,191.0 million, increased by Baht 472.8 million or 2%, compared to balance as of 31 December 2022 which was Baht 23,718.2 million. The details were as follows:

	30-Sep-23	31-Dec-22	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	2,201.0	2,196.8	4.2	0.2%
Other liabilities	511.6	547.5	(35.9)	-7%
Shareholders' equity	21,478.4	20,973.9	504.5	2%
Total liabilities and shareholders' equity	24,191.0	23,718.2	472.8	2%

- As at 30 September 2023, interest bearing debt was Baht 2,201.0 million, increased by Baht 4.2 million or 0.2%, compared to balance as of 31 December 2022 which was Baht 2,196.8 million. The main reasons were as follows:
 - The increase in lease liabilities in amount of Baht 3.1 million.
- As at 30 September 2023, other liabilities were Baht 511.6 million, decreased by Baht 35.9 million or 7%, compared to balance as of 31 December 2022 which was Baht 547.5 million. The main reasons were as follows:
 - The decrease in income tax payable in amount of Baht 33.6 million.
- As at 30 September 2023, shareholders' equity was Baht 21,478.4 million, increased by Baht 504.5 million or 2%, compared to balance as of 31 December 2022 which was Baht 20,973.9 million. The main reasons were as follows:
 - The net profit was Baht 1,561.2 million.
 - The payment of dividend was Baht 1,111.1 million.
 - The proceed from call for additional paid-up capital of SET Energy Co., Ltd in amount of Baht 52.8 million.

3.3 The Appropriateness of Financial Structure

According to statement of financial position as at 30 September 2023, debt to equity ratio was 0.13 times, there was no significant change from 31 December 2022.



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4. Analysis of Cash Flow According to Consolidated Financial Statement

	Nine-Month Period Ended 30 September		
	2023	2022	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	2,478.5	2,525.8	(47.3)
Net cash generated from (used in) investing activities	1,435.7	1,435.1	0.6
Net cash generated from (used in) financing activities	(1,100.6)	(1,821.3)	720.7
Net increase (decrease) in cash and cash equivalents	2,813.6	2,139.6	674.0
Cash and cash equivalents at the beginning of the period	1,733.5	46.0	1,687.5
Cash and cash equivalents at the end of the period	4,547.1	2,185.6	2,361.5

As at 30 September 2023, cash and cash equivalents were Baht 4,547.1 million, increased by Baht 2,813.6 million from Baht 1,733.5 million as at 31 December 2022. The reasons were as follows:

- 1) Net cash generated from operating activities in amount of Baht 2,478.5 million, resulting in
 - Net cash generated from operating in amount of Baht 2,714.6 million.
 - Taxes paid in amount of Baht 236.1 million.
- 2) Net cash generated from investing activities in amount of Baht 1,435.7 million, resulting in
 - Cash proceed from fixed deposit with financial institution in amount of Baht 1,500.0 million.
 - Cash paid for acquisition of property plant and equipment in amount of Baht 138.7 million.
- 3) Net cash used in financing activities in amount of Baht 1,100.6 million, resulting in
 - Proceeds from call for additional paid-up capital of SET Energy Co., Ltd in amount of Baht 52.8 million.
 - Dividend paid in amount of Baht 1,111.1 million.
 - Interest paid in amount of Baht 25.7 million.

Please be informed accordingly.

Yours sincerely,

(Dr. Wandee Khunchornyakong Juljareen)

Chief Executive Officer