

-Translation-

Management Discussion & Analysis of Business Operation

For the third quarter ended 30<sup>th</sup> September 2023

Significant event in third quarter of 2023 and after Reporting Period

1. In July 2023, The Company has purchased shares from exiting shareholder and proceeded capital increase to Samart Plastpack Co., Ltd, who mainly engaged in the production and sale of Flexible Packaging to industrial factory and small-scale operators, resulting in equivalent to 75% of the total registered capital or company's total investment 140.8 million Bath. The Company will improve the efficiency of production and capacity expansion for the future business growth to build value-added to the company.
2. In October 2023, the Board of Directors approve to further invest in Winchai Company Limited ("Winchai"), the owner and operator of the Romklao Wind Farm, a wind power plant project with a total capacity of 45.0 megawatts equivalent to 75% with total investment value of not exceeding 2,322 million Baht. The Transaction of Receiving the Entire Business Transfer is still uncertain due to both the entering into the Entire Business Transfer Agreement and the entering into the Transaction of Receiving the Entire Business Transfer requiring an approval from the Shareholders' Meeting of NOVA and subject to the fulfillment of the conditions precedent under the Entire Business Transfer Agreement.

The Company's overall performance in 3<sup>rd</sup> quarter of 2023 presenting that the Company's generated higher revenues than last year mainly driven from performance of Wind farm project in Vietnam and Solar farm (SPN) in Thailand as well as an increasing EPC projects resulted in strong revenues contribution from sale and services of 810.5 million Baht, a gradually improvement of 9.5% compared to the same period last year. However, consolidated finance costs increased owing to the recognition of interest expenses from the newly commercial operation projects, leading to a decrease in core operating profit from 254.7 million Baht in 3<sup>rd</sup> quarter of 2022 to 221.5 million Bath in 3<sup>rd</sup> quarter of 2023. While the Financial Statement remained robust with D/E ratio at the end of 3<sup>rd</sup> quarter of 2023 of 1.52 times. The Company, as a result, has strongly financial capability and sufficient source of fund for further investment.

## Financial statement

Consolidated Financial Statement (Unit: MB)	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YoY
<b>Revenues</b>								
Revenue from sales	739.1	756.4	769.4	1.7%	4.1%	2,397.1	2,284.0	-4.7%
Revenue from services	0.8	5.7	41.1	626.6%	4989.8%	22.6	49.9	120.8%
Other income	64.5	13.8	16.7	21.2%	-74.1%	412.4	44.9	-89.1%
<b>Total revenues</b>	<b>804.4</b>	<b>775.9</b>	<b>827.2</b>	<b>6.6%</b>	<b>2.8%</b>	<b>2,832.0</b>	<b>2,378.8</b>	<b>-16.0%</b>
<b>Cost of sales and services</b>	<b>324.7</b>	<b>315.3</b>	<b>349.9</b>	<b>11.0%</b>	<b>7.7%</b>	<b>1,020.5</b>	<b>977.3</b>	<b>-4.2%</b>
<b>Gross Profit</b>	<b>415.2</b>	<b>446.8</b>	<b>460.6</b>	<b>3.1%</b>	<b>10.9%</b>	<b>1,399.1</b>	<b>1,356.5</b>	<b>-3.0%</b>
Administrative expenses	65.1	65.5	72.7	11.0%	11.6%	228.6	234.7	2.7%
Share of profit from investments in subsidiaries and an associate	(5.9)	18.0	7.7	-57.3%	229.1%	11.9	85.4	620.3%
Finance income	2.8	7.4	3.3	-55.9%	17.8%	9.2	12.1	31.0%
Finance cost	118.0	161.2	170.2	5.6%	44.2%	366.6	491.1	33.9%
Income tax	18.4	31.7	21.3	-32.7%	15.8%	20.6	72.0	249.8%
<b>Net profit for the period</b>	<b>274.9</b>	<b>227.6</b>	<b>224.0</b>	<b>-1.6%</b>	<b>-18.5%</b>	<b>1,216.8</b>	<b>701.1</b>	<b>-42.4%</b>
Non-controlling interests of the subsidiaries	11.0	(0.5)	5.3	1232.7%	-52.0%	55.1	14.6	-73.4%
<b>Net profit attributable to: Equity holders of the Company</b>	<b>263.8</b>	<b>228.1</b>	<b>218.7</b>	<b>-4.1%</b>	<b>-17.1%</b>	<b>1,161.7</b>	<b>686.5</b>	<b>-40.9%</b>
<b>EBITDA</b>	<b>590.5</b>	<b>603.5</b>	<b>612.8</b>	<b>1.5%</b>	<b>3.8%</b>	<b>2,264.3</b>	<b>1,870.7</b>	<b>-17.4%</b>
<b>Core EBITDA</b>	<b>592.0</b>	<b>605.5</b>	<b>620.4</b>	<b>2.5%</b>	<b>4.8%</b>	<b>1,934.9</b>	<b>1,886.8</b>	<b>-2.5%</b>
<b>Core operating profit</b>	<b>254.7</b>	<b>225.4</b>	<b>221.5</b>	<b>-1.7%</b>	<b>-13.0%</b>	<b>839.4</b>	<b>696.8</b>	<b>-17.0%</b>

## 1) Executive Summary

The Company's summarized performance for third quarter of 2023 ended 30<sup>th</sup> September 2023.

Consolidated Financial Statement (Unit: MB)	3Q22	2Q23	3Q23	QoQ	YoY
Revenue from sales and services <sup>1</sup>	739.9	762.1	810.5	6.3%	9.5%
EBITDA	590.5	603.5	612.8	1.5%	3.8%
Core Operating EBITDA <sup>2</sup>	592.0	605.5	620.4	2.5%	4.8%
Net Profit (to SSP's Shareholders)	263.8	228.1	218.7	(4.1)%	(17.1)%
Core Operating Profit	254.7	225.4	221.5	(1.7)%	(13.0)%
EBITDA Margin (%)	73.2%	77.0%	73.8%		
Core Operating EBITDA Margin (%)	80.0%	79.4%	76.5%		
Net Profit Margin (%)	32.7%	29.1%	26.3%		
Core Operating Profit Margin (%)	34.4%	29.6%	27.3%		

Remark: <sup>1</sup> Revenues from electricity sales, Subsidy for adder, construction services

<sup>2</sup> Net profit before tax expense, finance cost, and deducted finance income, add back depreciation and amortization, loss (gain) from unrealized FX, gain (loss) from share of profit from investments in subsidiaries and an associate, and add back loss (gain) from one-time transaction.

For the 3-month period ended 30<sup>th</sup> September 2023, revenue from sales and services was 810.5 million Baht, increased by 9.5% compared to the same period last year and increased by 6.3% compared to the previous quarter. Net profit (to SSP's Shareholders) reported 218.7 million Baht and core operating EBITDA was 620.4 million Baht, representing Net profit margin and core operating EBITDA margin were 26.3% and 76.5%, respectively.

Core operating profit was 221.5 million Baht, decreased by 13.0% compared to the same period last year, representing core operating profit margin was 27.3% of Revenue from sales and services.

Consolidated Financial Statement (Unit: MB)	9M22	9M23	YoY
Revenue from sales and services <sup>1</sup>	2,419.6	2,333.9	(3.5)%
EBITDA	2,264.3	1,870.7	(17.4)%
Core Operating EBITDA <sup>2</sup>	1,934.9	1,886.8	(2.5)%
Net Profit (to SSP's Shareholders)	1,161.7	686.5	(40.9)%
Core Operating Profit	839.4	696.8	(17.0)%
EBITDA Margin (%)	79.7%	78.2%	
Core Operating EBITDA Margin (%)	80.0%	80.8%	
Net Profit Margin (%)	40.9%	28.7%	
Core Operating Profit Margin (%)	34.7%	29.9%	

Remark: <sup>1</sup> Revenues from electricity sales, Subsidy for adder, construction services

<sup>2</sup> Net profit before tax expense, finance cost, and deducted finance income, add back depreciation and amortization, loss (gain) from unrealized FX, gain (loss) from share of profit from investments in subsidiaries and an associate, and add back loss (gain) from one-time transaction.

For the 9-month period ended 30<sup>th</sup> September 2023, revenue from sales and services was 2,333.9 million Baht, 3.5% decline compared to the same period last year. Net profit (to SSP's Shareholders) was 686.5 million Baht and core operating EBITDA was 1,886.8 million Baht, representing Net profit margin and core operating EBITDA margin were 28.7% and 80.8%, respectively.

Core operating profit was 696.8 million Baht, 17.0% decrease compared to the same period last year, representing core operating profit margin was 29.9% of Revenue from sales and services.

## 2) Analysis of financial results and financial status

## 2.1) Analysis of financial results

## (1) Revenues

Consolidated Financial Statement Revenues Structure (Unit: MB)	3Q22	2Q23	3Q23	QoQ	YoY
<b>Revenue from sales</b>					
Sale revenue from solar	534.5	551.6	530.3	(3.9)%	(0.8)%
Sale revenue from wind	101.5	99.4	139.5	40.4%	37.5%
Sale revenue from biomass	80.4	80.7	74.3	(7.9)%	(7.6)%
Sale revenue from solar rooftop	22.7	24.8	25.3	2.0%	11.1%
<b>Total revenue from sales</b>	<b>739.1</b>	<b>756.4</b>	<b>769.4</b>	<b>1.7%</b>	<b>4.1%</b>
<b>Total revenue from services</b>	<b>0.8</b>	<b>5.7</b>	<b>41.1</b>	<b>626.6%</b>	<b>4,989.9%</b>
<b>Total revenue from sales and services</b>	<b>739.9</b>	<b>762.1</b>	<b>810.5</b>	<b>6.3%</b>	<b>9.5%</b>

In 3<sup>rd</sup> quarter, 2023, the revenue from sales and services increased by 9.5%. The revenue from solar projects declined by 0.8% compared to the same period last year as a result of less electricity production of Japan projects. The revenue generation from wind projects significantly improved by 37.5% compared to the same period last year, mainly from an increase in electricity production. The revenue generation of biomass project decreased by 7.6% compared to the same period last year due to maintenance shutdown. The revenue contribution from solar rooftop projects improved by 11.1% from an increase in the new projects both in Thailand and Indonesia as well as an increase in revenue from services of 4,989.9% compared to the same period last year. Comparing to the previous quarter, the revenue from sales and services increased by 6.3%. The revenue from solar projects decreased by 3.9% compared to the previous quarter, mainly came from decreased electricity production. The revenue from wind projects increased by 40.4% compared to the previous quarter, mainly from an increase in electricity production. The revenue of biomass project decreased by 7.9% compared to the previous quarter from maintenance shutdown. The revenue from solar rooftop projects slightly increased by 2.0% from the previous quarter mainly from an increase in electricity production.

Consolidated Financial Statement Revenues Structure (Unit: MB)	9M22	9M23	YoY
<b>Revenue from sales</b>			
Sale revenue from solar	1,729.5	1,555.3	(10.1)%
Sale revenue from wind	379.1	420.9	11.0%
Sale revenue from biomass	228.3	233.6	2.3%
Sale revenue from solar rooftop	60.2	74.2	23.3%
<b>Total revenue from sales</b>	<b>2,397.1</b>	<b>2,284.0</b>	<b>(4.7)%</b>
<b>Total revenue from services</b>	<b>22.5</b>	<b>49.9</b>	<b>120.8%</b>
<b>Total revenue from sales and services</b>	<b>2,419.6</b>	<b>2,333.9</b>	<b>(3.5)%</b>

For the 9-month period ended 30<sup>th</sup> September 2023, the revenue from sales and services decreased by 3.5%. The revenue from solar projects decreased by 10.1% compared to the same period last year from divestment Hidaka project in 2<sup>nd</sup> quarter of 2022, however, SPN project has benefited from increasing Ft rate from the year 2022. The revenue from wind projects increased by 11.0% from the same period last year. The revenue of biomass project increased by 2.3% compared to the same period last year. The revenue from solar rooftop projects increased by 23.3% from growing projects both in Thailand and Indonesia with increasingly reported revenue from services by 120.8% higher than last year, mainly from an increase in EPC projects.

## (2) Share of profit from investments in subsidiaries and an associate

Consolidated Financial Statement Share of profit (Unit: MB)	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YTD
Share of profit from investments in subsidiaries and an associate	(5.9)	18.0	7.7	(57.3)%	229.1%	11.9	85.4	620.3%

The Company recognized gain from share of profit from investments in subsidiaries and an associate from Romklao wind farm, investment of 25.0% in March 2022, the Company recognized the Share of profit from investments in subsidiaries and an associate with total amount of 7.7 million Baht in 3<sup>rd</sup> quarter 2023, significantly increased by 229.1% from the same period last year and dropped by 57.3% from previous quarter since in the 2<sup>nd</sup> quarter 2023 the electricity production was higher than 3<sup>rd</sup> quarter 2023. For 9-month period the Company recognized full period the Share of profit from investments in subsidiaries and an associate with total amount of 85.4 million Baht increasing by 620.3% from the same period last year.

### (3) Administrative Expenses

Consolidated Financial Statement Administrative Expenses (Unit: MB)	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YoY
	Unrealized loss	-	(14.0)	-			-	-
SG&A expenses	65.1	79.5	72.7	(8.6%)	11.6%	228.6	234.7	2.7%
SG&A expenses per revenue from sales (%)	8.8	10.4	9.0			9.4	10.1	

The selling, general and administrative expenses (SG&A expenses) in 3<sup>rd</sup> quarter of 2023 reported 11.6% higher than the same period last year, due to an increase in number of employees, and dropped by 8.6% from previous quarter, mainly due to new project development expenses in 2<sup>nd</sup> quarter of 2023. For 9-month period selling, general and administrative expenses were 234.7 million Bath, an increase of 2.7% from the same period last year.

### (4) Finance Costs

Consolidated Financial Statement Finance Cost (Unit: MB)	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YoY
	Finance Costs	118.0	161.2	170.2	5.6%	44.2%	366.6	491.1

In 3<sup>rd</sup> quarter of 2023, finance costs were 170.2 million Baht, increased by 44.2% from the same period last year, mainly from the recognition of interest expenses of TTQN and TTTV projects. While, comparing to last quarter, finance costs increased by 5.6% from higher market interest rate. For 9-month period finance costs was 491.1 million Baht, increased by 33.9% from the same period last year mainly from the recognition of interest expenses of TTQN and TTTV projects, even finance costs has decreased from loan restructuring of SPN project and lower outstanding loan of SSP.

### (5) One-time items

One-time items are transactions that management had considered to be non-recurring items. Regarding with the purpose of providing a comparison of financial performance data more appropriately, the Company would adjust these one-time items in Core Operating Profit and Core Operating EBITDA.

In 3<sup>rd</sup> quarter of 2023, the Company had unrealized foreign exchange gain from loan from Subsidiaries, total amount of 4.8 million Baht and loss other transaction totaling 7.6 million Baht. For 9-month period the Company had unrealized foreign exchange gain from loan from Subsidiaries, total amount of 5.7 million Baht and loss from other transaction totaling 16.0 million Baht

**(6) Net Profit (attributed to company's shareholders) and Core Operating Profit**

Consolidated Financial Statement								
	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YoY
Net profit distribution to SSP's shareholders								
Net profit distribution to SSP's shareholders	263.8	228.1	218.7	(4.1)%	(17.1)%	1,161.7	686.5	(40.9)%
• Adjust unrealized FX	(10.6)	(4.7)	(4.8)			15.5	(5.7)	
• Adjust others								
- Adjust gain from disposal	-	-	-			(348.4)	-	
- Adjust impairment provision	-	-	-			(8.5)	-	
- Adjust others	1.5	2.0	7.6			19.1	16.0	
<b>Core Operating Profit</b>	<b>254.7</b>	<b>225.4</b>	<b>221.5</b>	<b>(1.7)%</b>	<b>(13.0)%</b>	<b>839.4</b>	<b>696.8</b>	<b>(17.0)%</b>

In 3<sup>rd</sup> quarter of 2023, net profit (to SSP's shareholders) was 218.7 million Baht decreased by 17.1% from the same period last year and decreased by 4.1% from previous quarter. For 9-month period net profit (to SSP's shareholders) decreased to 686.5 million Baht mainly from gain reconization from divestment of Hidaka project in 2<sup>nd</sup> quarter of 2022.

In 3<sup>rd</sup> quarter of 2023, Core Operating Profit delivered 221.5 million Baht, decreased by 13.0% compared to the same period last year from a decrease in irradiation in Japan projects and high finance costs and tax provision expenses. For 9-month period, Core Operating Profit was 696.8 million Baht, decreased by 17.0% compared to the same period last year mainly from no revenue contribution from Hidaka project including an increase in finance costs and tax provision expenses.

Core Operating Profit is the key performance indicator of management and board of directors to evaluate the Company's financial performance, and to consider dividend policy together with dividend payment. The adjustment items (from net profit to core operating profit) for 3<sup>rd</sup> quarter 2023 by deducted unrealized foreign exchange gain from loan from Subsidiaries, total amount of 4.8 million Baht, add back other transaction, total amount of 7.6 million Baht. For 9-month period, the adjustment items (from net profit to core



operating profit) by deducted unrealized foreign exchange gain from loan from Subsidiaries, total amount of 5.7 million Baht, added back other transaction, total amount of 16.0 million Baht.

## 2.2 Financial Status

Consolidated Financial Statement			
Financial Status (Unit: MB)	31 Dec 2022	30 Sep 2023	Change
Total Assets	21,292.0	21,846.2	2.6%
Total Liabilities	13,015.0	13,170.0	1.2%
Total Equity	8,277.0	8,676.2	4.8 %
Total Equity (To SSP's shareholders)	7,775.7	8,224.8	5.8%
Debt to Equity Ratio (Consolidated)	1.57	1.52	
Debt to Equity Ratio (Company)	0.35	0.33	

As at 30<sup>th</sup> September 2023, consolidated total assets were 21,846.2 million Baht, increased by 554.2 million Baht, from 21,292.0 million Baht as at 31<sup>st</sup> December 2022 or increased by 2.6%. Most of total assets were property, plant and equipment of power plant which accounted for 59.5% of total assets.

Consolidated total liabilities were 13,170.0 million Baht, increased by 155.0 million Baht, from 13,015.0 million Baht as at 31<sup>st</sup> December 2022, increased by 1.2%. The increase of total liabilities mainly from long-term loan from financial institutions in the amount of 186.7 million Baht.

The total equity at the end of 30<sup>th</sup> September 2023 increased from 8,277.0 million Baht as at 31<sup>st</sup> December 2022 to 8,676.2 million Baht at the end of 3<sup>rd</sup> quarter of 2023 or increased by 4.8%. Total Equity (To SSP's shareholders) increased from 7,775.7 million Baht as at 31<sup>st</sup> December 2022 to 8,224.8 million Baht at the end of 3<sup>rd</sup> quarter of 2023 or increased by 5.8%.

Debt to Equity ratio (Consolidated) decreased from 1.57 times at the end of year 2022 to 1.52 times at the end of 3<sup>rd</sup> quarter of 2023. Debt to Equity Ratio (Separated Company) slightly dropped from 0.35 times at the end of year of 2022 to 0.33 times at the end of 3<sup>rd</sup> of quarter of 2023.

### Environmental, Social, Governance: ESG

Sermasang Power Corporation PLC. (SSP) is committed to operating an ecologically sustainable clean energy company. As part of our commitment to the Sustainable Development Goals (SDGs), we focus on business development in the economic, social, and environmental dimensions, with the goal of propelling the organization to become a sustainable energy firm of the future.

**Environmental (E)** The Company works under a good governance framework with the goal of serving as a role model for the Good Corporate Citizen society in terms of sustainable business operations, growth, and acceptance by society. The Company acknowledges the significance of managing environmental quality and biodiversity in accordance with relevant laws. It also recognizes the significance of investing in, developing, and enhancing the quality of environmental management, as well as encouraging the efficient, appropriate, and maximum benefit use of resources. The Company has an environmental protection policy to guarantee safety and decrease environmental impacts in all business activities.

For 9-month period 2023, The Company sold electricity from renewable energy total of 411,203 MWh or 2,284.0 million Baht, if exclude Hidaka project in 2022, revenue from sales was 2,278.2 million Baht in 9-month period 2022 similar to the same period last year.

**Social (S)** The Company realizes that it is important for the business to contribute to the health of the economy, society, and environment. We are aware of the impact of the business, which can both favorably and adversely affect the community. Favorable relationships with the community and community engagement have thus been given top priority, which will assist in streamlining the operation. We are ready to fully cooperate with the government and stakeholder groups in supporting surrounding communities and local communities to grow together in a sustainable manner.

**Governance (G)** The Company recognizes the importance of excellent corporate governance in promoting the Group of Companies' effectiveness and sustained growth. This will benefit all parties, including employees, investors, shareholders, and other stakeholders. As a result, a solid corporate governance policy has been established as a guideline for organizational management. This ensures that any operation of the Company is fair and serves the best interests of all stakeholders.

The Thai Institute of Directors (IOD) approved the company as a member of the Collective Action Coalition Against Corruption (CAC) in 2021. This accreditation will be valid for three years and will demonstrate the intention to combat all types of corruption via transparent management in compliance with corporate governance standards. This helps foster trust among stakeholders from different industries. In addition in 2023, The Company has received "4 Star (Very Good) CG Scoring" of The Corporate Governance Report of Thai Listed Companies, conducted by the Thai Institute of Directors (IOD)