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Management Discussion & Analysis of Business Operation

For the fourth quarter of 2023 ended 31st December 2023

Significant event in the year 2023

1. Full period share of profit from investments in subsidiaries and an associate recognition from Romklao wind farm (Winchai), Wind power plant in Mukdahan, Thailand, PPAs of 45.0 MW in which the Company hold 25.0% stake since March 2022.
2. In April 2023, the Company have been awarded as renewable energy power producers in Thailand total 170.5 MW (Solar farm 154.5 MW and Wind farm 16.0 MW).
3. In April 2023, the Company purchased shares 13% of Truong Thanh Quang Ngai Power and High Technology Joint Stock Company (TTQN), totaling holding from 87% to 100%. Solar power plant in Vietnam, PPA of 40.0 MW.
4. In July 2023, the Company has purchased shares from the existing shareholders and proceeded capital increase in Samart Plastpack Co., Ltd, who mainly engaged in the production and sale of Flexible Packaging to industrial factory and small-scale operators, equivalent to 75% of the total registered capital or company's total investment 140.8 million Baht. The Company plans to improve the production efficiency and capacity expansion for the future business growth to build value-added to the Company.
5. In October 2023, the Board of Directors approved to further investment 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 was approved from the Shareholders' Meeting of NOVA since Jan 30, 2024, however, the Transaction is still subject to the fulfillment of the condition precedent under the Entire Business Transfer Agreement.

The Company's overall performance in the year 2023 presenting that the Company's generated revenues similar to last year, although no revenue recognition from divested Hidaka project in second quarter of 2022, however the performance of wind farm projects in Vietnam, as well as solar farms (SPN) in Thailand, has improved compared to the same period last year. In addition, consolidated finance costs increased owing to the recognition of interest expenses from the newly commercial operation projects and Tax expenses increased because the SPN project, which has BOI benefits, COD for eighth year in the first quarter of 2023

and began paying corporate income tax at a rate of 10%, leading to a decrease in core operating profit from 1,019.5 million Baht in 2022 to 862.3 million Baht in 2023.

Total assets of the Company at the end of 2023 reported 21,067.1 million Baht, slightly declined from 21,292.0 million Baht as of 31st December 2022. The Company represented total liabilities 12,600.3 million Baht, decreased from 13,015.0 million Baht as of 31st December 2022 and represented total equity 8,466.8 million Baht, increased from 8,227.0 million Baht as of 31st December 2022. While the Financial Statement remained robust with D/E ratio at the end of 2023 of 1.49 times. The Company, as a result, has presented a strong balance sheet and sufficient source of fund for further investment.

Financial statement

Consolidated Financial Statement (Unit: MB)	4Q22	3Q23	4Q23	QoQ	YoY	12M22	12M23	YoY
Revenues								
Revenue from sales	689.8	769.4	684.7	(11.0%)	(0.7%)	3,086.8	2,968.7	(3.8%)
Revenue from services	8.2	41.1	53.3	29.9%	550.3%	30.8	103.2	235.4%
Other income	(9.8)	16.7	5.9	(64.5%)	(160.5%)	402.5	50.8	(87.4%)
Total revenues	688.2	827.2	744.0	(10.1%)	8.1%	3,520.2	3,122.7	(11.3%)
Cost of sales and services	335.6	349.9	368.2	5.2%	9.7%	1,356.1	1,345.6	(0.8%)
Gross Profit	362.4	460.6	369.8	(19.7%)	2.0%	1,761.5	1,726.3	(2.0%)
Administrative expenses	92.2	72.7	123.6	70.2%	34.1%	320.7	358.4	11.7%
Share of profit from investments in subsidiaries and an associate	74.4	7.7	41.7	443.2%	44.0%	86.3	127.1	47.3%
Finance income	3.1	3.3	23.0	601.8%	645.8%	12.3	35.1	185.0%
Finance cost	194.7	170.2	169.1	(0.6%)	(13.1%)	561.3	660.2	17.6%
Income tax	19.5	21.3	18.2	(14.6%)	(6.5%)	40.1	90.2	125.2%
Net profit for the period	123.8	224.0	129.4	(42.2%)	4.6%	1,340.5	830.5	(38.0%)
Non-controlling interests of the subsidiaries	(16.3)	5.3	3.5	33.4%	(121.6%)	38.8	18.2	(53.1%)
Net profit attributable to: Equity holders of the Company	140.1	218.7	125.9	(42.4%)	(10.1%)	1,301.8	812.3	(37.6%)
EBITDA	582.0	612.8	560.8	(8.5%)	(3.6%)	2,846.2	2,431.5	(14.6%)
Core EBITDA	597.1	620.4	586.7	(5.4%)	(1.7%)	2,532.0	2,473.5	(2.3%)
Core operating profit	180.1	221.5	165.5	(25.3%)	(8.1%)	1,019.5	862.3	(15.4%)

1) Executive Summary

The Company's summarized performance for the fourth quarter of 2023 ended 31st December 2023.

Consolidated Financial Statement (Unit: MB)	4Q22	3Q23	4Q23	QoQ	YoY
Revenue from sales and services ¹	698.0	810.5	738.0	(8.9)%	5.7%
EBITDA	582.0	612.8	560.8	(8.5)%	(3.6)%
Core Operating EBITDA ²	597.1	620.4	586.7	(5.4)%	(1.7)%
Net Profit (to SSP's Shareholders)	140.1	218.7	125.9	(42.4)%	(10.1)%
Core Operating Profit	180.1	221.5	165.5	(25.3)%	(8.1)%
EBITDA Margin (%)	84.2%	73.8%	73.1%		
Core Operating EBITDA Margin (%)	85.5%	76.5%	79.5%		
Net Profit Margin (to SSP's Shareholders) (%)	20.3%	26.3%	16.4%		
Core Operating Profit Margin (%)	25.8%	27.3%	22.4%		

Remark:¹ Revenues from electricity sales, Subsidy for adder, construction services

² Net profit before tax expense, finance cost, and deducted finance income, add back depreciation and amortization, loss (gain) from 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 31st December 2023, revenue from sales and services was 738.0 million Baht, increased by 5.7% compared to the same period last year and decreased by 8.9% compared to the previous quarter. Net profit (to SSP's Shareholders) reported 125.9 million Baht and core operating EBITDA was 586.7 million Baht, representing net profit margin (to SSP's Shareholders) and core operating EBITDA margin were 16.4% and 79.5%, respectively.

Core operating profit was 165.5 million Baht, decreased by 8.1% compared to the same period last year, representing core operating profit margin was 22.4% of Revenue from sales and services.

Consolidated Financial Statement (Unit: MB)	12M22	12M23	YoY
Revenue from sales and services ¹	3,117.6	3,071.9	(1.5)%
EBITDA	2,846.2	2,431.5	(14.6)%
Core Operating EBITDA ²	2,532.0	2,473.5	(2.3)%
Net Profit (to SSP's Shareholders)	1,301.8	812.3	(37.6)%
Core Operating Profit	1,019.5	862.3	(15.4)%
EBITDA Margin (%)	80.6%	77.0%	
Core Operating EBITDA Margin (%)	81.2%	80.5%	
Net Profit Margin (to SSP's Shareholders) (%)	36.9%	25.7%	
Core Operating Profit Margin (%)	32.7%	28.1%	

Remark: ¹ Revenues from electricity sales, Subsidy for adder, construction services

² Net profit before tax expense, finance cost, and deducted finance income, add back depreciation and amortization, loss (gain) from 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 12-month period ended 31st December 2023, revenue from sales and services was 3,071.9 million Baht, 1.5% decline compared to the same period last year. Net profit (to SSP's Shareholders) was 812.3 million Baht and core operating EBITDA was 2,473.5 million Baht, representing Net profit margin (to SSP's Shareholders) and core operating EBITDA margin were 25.7% and 80.5%, respectively.

Core operating profit was 862.3 million Baht, 15.4% decrease compared to the same period last year, representing core operating profit margin was 28.1% 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)	4Q22	3Q23	4Q23	QoQ	YoY
Revenue from sales					
Sale revenue from solar	465.1	530.3	411.8	(22.3)%	(11.5)%
Sale revenue from wind	129.1	139.5	173.6	24.4%	34.5%
Sale revenue from biomass	74.5	74.3	74.9	0.8%	0.5%
Sale revenue from solar rooftop	21.1	25.3	24.4	(3.3)%	15.9%
Total revenue from sales	689.8	769.4	684.7	(11.0)%	(0.7)%
Total revenue from services	8.2	41.1	53.3	29.9%	551.1%
Total revenue from sales and services	698.0	810.5	738.0	(8.9)%	5.7%

In 4th quarter, 2023, the revenue from sales and services increased by 5.7%. The revenue from solar projects declined by 11.5% compared to the same period last year as a result of less electricity sales of Japan projects and weaken Japanese Yen compared to last year and a decrease in Ft rate of SPN power plant from 0.78 to 0.13 Baht. The revenue generation from wind projects significantly improved by 34.5% compared to the same period last year, mainly from an increase in electricity production. The revenue generation of biomass project similar compared to the same period last year. The revenue contribution from solar rooftop projects improved by 15.9% from an increase in the new projects both in Thailand and Indonesia as well as an increase in revenue from services of 551.1% compared to the same period last year, mainly expanded installed EPC from last year. Comparing to the previous quarter, the revenue from sales and services decreased by 8.9%. The revenue from solar projects decreased by 22.3% compared to the previous quarter, mainly came from decreased electricity production. The revenue from wind projects increased by 24.4% compared to the previous quarter, mainly from an increase in electricity production. The revenue of biomass project similar to the previous quarter. The revenue from solar rooftop projects slightly decreased by 3.3% from the previous quarter.

Consolidated Financial Statement Revenues Structure (Unit: MB)	12M22	12M23	YoY
Revenue from sales			
Sale revenue from solar	2,194.6	1,967.0	(10.4)%
Sale revenue from wind	508.2	594.5	17.0%
Sale revenue from biomass	302.8	308.5	1.9%
Sale revenue from solar rooftop	81.2	98.7	21.4%
Total revenue from sales	3,086.6	2,968.7	(3.8)%
Total revenue from services	30.8	103.2	235.4%
Total revenue from sales and services	3,117.6	3,071.9	(1.5)%

For the 12-month period ended 31st December 2023, the revenue from sales and services decreased by 1.5%. The revenue from solar projects decreased by 10.4% compared to the same period last year from divestment Hidaka project in 2nd quarter of 2022 and lower electricity sales of Japan projects, however, SPN project has benefited from increasing average Ft rate from 0.25 to 0.72 Baht. The revenue from wind projects increased by 17.0% from the same period last year. The revenue of biomass project increased by 1.9% compared to the same period last year. The revenue from solar rooftop projects increased by 21.4% from growing projects both in Thailand and Indonesia with increasingly reported revenue from services by 235.4% 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)	4Q22	3Q23	4Q23	QoQ	YoY	12M22	12M23	YTD
Share of profit from investments in subsidiaries and an associate	74.4	7.7	41.7	443.2%	(44.0)%	86.3	127.1	47.3%

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 41.7 million Baht in 4th quarter 2023, dropped by 44.0% from the same period last year due to one-times expenses and increased by 443.2% from previous quarter since in the 4th quarter 2023 the electricity production was higher than 3rd quarter 2023. For 12-month period the Company recognized full period the share of profit from investments in subsidiaries and an associate with total amount of 127.1 million Baht increasing by 47.3% from the same period last year.

(3) Administrative Expenses

Consolidated Financial Statement Administrative Expenses (Unit: MB)	4Q22	3Q23	4Q23	QoQ	YoY	12M22	12M23	YoY
	Unrealized loss	-	-	28.7			-	28.7
SG&A expenses	92.2	72.7	95.0	30.7%	3.0%	320.7	329.7	2.8%
SG&A expenses per revenue from sales	13.2%	9.0%	12.9%			10.3%	10.7%	

The selling, general and administrative expenses (SG&A expenses) in 4th quarter of 2023 reported similar the same period last year and increased by 30.7% from previous quarter, mainly due to new project development expenses. For 12-month period selling, general and administrative expenses were 329.7 million Baht, an increase of 2.8% from the same period last year.

(4) Finance Costs and Tax Expenses

Consolidated Financial Statement Finance Cost (Unit: MB)	4Q22	3Q23	4Q23	QoQ	YoY	12M22	12M23	YoY
	Finance Costs	194.7	170.2	169.1	(0.6)%	(13.1)%	561.3	660.2
Tax Expenses	19.5	21.3	18.2	(14.6)%	(6.5)%	40.1	90.2	125.2%

In 4th quarter of 2023, finance costs were 169.1 million Baht, decreased by 13.1% from the same period last year, due to one-times expense from loan restructuring in 4th quarter of 2022. For 12-month period, finance costs were 660.2 million Baht, increased by 17.6% 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.

For tax expenses in 4th quarter of 2023 presented 18.2 million Baht, decreased by 14.6%, mainly from a lower SPN performance. For 12 month period, tax expenses were 90.2 million Baht, an increase of 125.2%, mainly due to SPN tax payment began in 1st quarter of 2023.

(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 4th quarter of 2023, the Company had unrealized foreign exchange loss from loan from Subsidiaries, total amount of 13.7 million Baht and loss other transaction totaling 25.9 million Baht. For 12-month period, the Company had unrealized foreign exchange loss from loan from Subsidiaries, total amount of 8.0 million Baht and loss from other transaction totaling 42.0 million Baht

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

Consolidated Financial Statement	4Q22	3Q23	4Q23	QoQ	YoY	12M22	12M23	YoY
Net profit distribution to SSP's shareholders								
Net profit distribution to SSP's shareholders	140.1	218.7	125.9	(42.4)%	(10.1)%	1,301.8	812.3	(37.6)%
• Adjust unrealized FX	25.0	(4.8)	13.7			40.5	8.0	
• Adjust others	15.0	7.6	25.9			(322.8)	42.0	
Core Operating Profit	180.1	221.5	165.5	(25.3)%	(8.1)%	1,019.5	862.3	(15.4)%

In 4th quarter of 2023, net profit (to SSP's shareholders) was 125.9 million Baht decreased by 10.1% from the same period last year and decreased by 42.4% from previous quarter. For 12-month period net profit (to SSP's shareholders) decreased to 812.3 million Baht mainly from gain reconization from divestment of Hidaka project in 2nd quarter of 2022.

In 4th quarter of 2023, Core Operating Profit delivered 165.5 million Baht, decreased by 8.1% compared to the same period last. For 12-month period, Core Operating Profit was 862.3 million Baht, decreased by 15.4% compared to the same period last year.

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 4th quarter 2023 by add back unrealized foreign exchange loss from loan from Subsidiaries, total amount of 13.7 million Baht, added back other transaction, total amount of 25.9 million Baht. For 12-month period, the adjustment items (from net profit to core operating profit) by added back unrealized foreign exchange loss from loan from Subsidiaries, total amount of 8.0 million Baht, added back other transaction, total amount of 42.0 million Baht.

2.2 Financial Status

Consolidated Financial Statement			
Financial Status (Unit: MB)	31 Dec 2022	31 Dec 2023	Change
Total Assets	21,292.0	21,067.1	(1.1)%
Total Liabilities	13,015.0	12,600.3	(3.2)%
Total Equity	8,277.0	8,466.8	2.3%
Total Equity (To SSP's shareholders)	7,775.7	8,033.8	3.3%
Debt to Equity Ratio (Consolidated)	1.57	1.49	
Debt to Equity Ratio (Company)	0.35	0.34	

As at 31st December 2023, consolidated total assets were 21,067.1 million Baht, decreased by 224.9 million Baht, from 21,292.0 million Baht as at 31st December 2022 or decreased by 1.1%. Most of total assets were property, plant and equipment of power plant which accounted for 60.0% of total assets.

Consolidated total liabilities were 12,600.3 million Baht, decreased by 414.7 million Baht, from 13,015.0 million Baht as at 31st December 2022, decreased by 3.2%. The decrease of total liabilities mainly from long-term loan from financial institutions in the amount of 453.7 million Baht.

The total equity at the end of 31st December 2023 increased from 8,277.0 million Baht as at 31st December 2022 to 8,466.8 million Baht at the end of 4th quarter of 2023 or increased by 2.3%. Total Equity (To SSP's shareholders) increased from 7,775.7 million Baht as at 31st December 2022 to 8,033.8 million Baht at the end of 4th quarter of 2023 or increased by 3.3%.

Debt to Equity ratio (Consolidated) decreased from 1.57 times at the end of year 2022 to 1.49 times at the end of 4th quarter of 2023. Debt to Equity Ratio (Separated Company) was 0.34 times at the end of year 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 12-month period 2023, The Company sold electricity from renewable energy total of 543,706 MWh or 2,968.7 million Baht, if exclude Hidaka project in 2022, revenue from sales was 2,967.9 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)