



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

1. Analysis of Operation Results According to Consolidated Financial Statement

	Six-Month Period Ended 30 June					
	2022		2021		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
Revenue from sale and rendering of services	2,019.1	100%	2,360.6	100%	(341.5)	-14%
Cost of sale and rendering of services	(526.2)	-26%	(620.9)	-26%	(94.7)	-15%
Gross profit	1,492.9	74%	1,739.7	74%	(246.8)	-14%
Other income	97.8	5%	27.7	1%	70.1	253%
Selling and distribution expenses	(2.4)	0%	(5.8)	0%	(3.4)	-59%
Administrative expenses	(100.3)	-5%	(143.9)	-6%	(43.6)	-30%
Gain (loss) on derivatives	(89.1)	-4%	0.8	0%	(89.9)	-11238%
Gain (loss) on financial assets	2.3	0%	7.1	0%	(4.8)	-68%
Profit (loss) from operating activities	1,401.2	69%	1,625.6	69%	(224.4)	-14%
Finance costs	(54.4)	-3%	(73.4)	-3%	(19.0)	-26%
Profit (loss) before income tax expense	1,346.8	67%	1,552.2	66%	(205.4)	-13%
Tax (expense) income	(92.7)	-5%	(68.6)	-3%	24.1	35%
Net profit (loss)	1,254.1	62%	1,483.6	63%	(229.5)	-15%

Net profit (Loss) attributable to :

Owners of the parent	1,166.5	1,337.1
Non-controlling interests	87.6	146.5
	1,254.1	1,483.6

Basic earnings per share (EPS) :

Number of shares (million shares)	1,055.8	1,032.3
Basic earnings per share (in Baht)	1.10	1.30

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2022 presented the net profit of Baht 1,254.1 million or Baht 1.10 per share which decreased by Baht 229.5 million or 15%, compared to the net profit of Baht 1,483.6 million or Baht 1.30 per share of the six-month period ended 30 June 2021. The significant reasons were as follows:



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1.1 Revenue from Sale and Rendering of Services

Revenue from sale and rendering of services for 1H 2022 was Baht 2,019.1 million, decreased by Baht 341.5 million or 14%, compared to period of 1H 2021 (Baht 2,360.6 million). The main reasons were as follows:

- Revenue from solar farm business for 1H 2022 was Baht 1,879.6 million which decreased by Baht 229.5 million or 11%, compared to period of 1H 2021 (Baht 2,109.1 million) due to the energy output for 1H 2022 was 190.2 million units which decreasing by 9.0 million units or 5% from 199.2 million units and the revenue from subsidy of adders, 8 Baht per unit, for 9 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

- 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 1H 2022 was Baht 70.8 million which decreased by Baht 50.6 million or 42% compared to period of 1H 2021 (Baht 121.4 million).



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1.2 Cost of Sale and Rendering of Services and Gross Profit

Cost of sale and rendering of services of 1H 2022 was Baht 526.2 million, decreased by Baht 94.7 million or 15%, compared to period of 1H 2021 (Baht 620.9 million). The decrease in cost of sale and rendering of services was aligned to the revenue of solar roof business (SPR).

Gross profit margin of 1H 2022 was 74%. There is no significant change from the period of 1H 2021.

1.3 Administrative Expenses

Administrative expenses for 1H 2022 was Baht 100.3 million, decreased by Baht 43.6 million or 30%, compared to period of 1H 2021 (Baht 143.9 million). The main reasons were as follows:

- In 2021, the financial advisor fee and legal advisor fee for investing in SET ENERGY Co., Ltd. was Baht 23.3 million and Baht 6.0 million, respectively.
- In 2022, the employee expense and donation decreased by Baht 6.6 million and Baht 4.0 million, respectively.

1.4 Other income

Other income for 1H 2022 was Baht 97.8 million. The main reason was gain on fair value measurement on long-term loans in foreign currency due to as at 30 June 2022 the Thai currency had been appreciate from the contract date.

1.5 Gain (Loss) on Derivatives

Loss on derivatives for 1H 2022 was Baht 89.1 million. The main reason was loss on fair value measurement of cross currency swaps on long-term loans in foreign currency due to as at 30 June 2022 the Thai currency had been appreciate from the contract date.

1.6 Finance Costs

Finance costs for 1H 2022 was Baht 54.4 million, decreased by Baht 19.0 million or 26% compared to period of 1H 2021 (Baht 73.4 million). The main reason was the repayment of debentures in amount of Baht 2,200.0 million in the year 2021.



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2. Analysis of Financial Position According to Consolidated Financial Statement

2.1 Analysis of Assets

As at 30 June 2022, the total assets were Baht 24,493.3 million, increased by Baht 445.1 million or 2%, compared to balance as of 31 December 2021 which was Baht 24,048.2 million. The details were as follows:

	30-Jun-22	31-Dec-21	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	17,062.9	17,318.0	(255.1)	-1%
Other assets	7,430.4	6,730.2	700.2	10%
Total assets	24,493.3	24,048.2	445.1	2%

- As at 30 June 2022, property, plant and equipment were Baht 17,062.9 million, decreased by Baht 255.1 million or 1%, compared to balance as of 31 December 2021 which was Baht 17,318.0 million. The main reasons were as follows:
 - Depreciation in amount of Baht 320.3 million.
 - SET Energy Co., Ltd acquired of construction in process in amount of Baht 101.6 million.
- As at 30 June 2022, other assets were Baht 7,430.4 million, increased by Baht 700.2 million or 10%, compared to balance as of 31 December 2021 which was Baht 6,730.2 million. The main reasons were as follows:
 - The increase in cash and cash equivalents in amount of Baht 1,935.8 million.
 - The decrease in short-term fixed income funds in amount of Baht 1,110.7 million.
 - The decrease in trade accounts receivable in amount of Baht 168.6 million.

2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 June 2022, the total liabilities and shareholders' equity were Baht 24,493.3 million, increased by Baht 445.1 million or 2%, compared to balance as of 31 December 2021 which was Baht 24,048.2 million. The details were as follows:

	30-Jun-22	31-Dec-21	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	4,078.5	4,388.4	(309.9)	-7%
Other liabilities	485.4	312.9	172.5	55%
Shareholders' equity	19,929.4	19,346.9	582.5	3%
Total liabilities and shareholders' equity	24,493.3	24,048.2	445.1	2%



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- As at 30 June 2022, interest bearing debt was Baht 4,078.5 million, decreased by Baht 309.9 million or 7%, compared to balance as of 31 December 2021 which was Baht 4,388.4 million.

The main reasons were as follows:

- The repayment of the long-term loans from financial institutions in amount of Baht 210.0 million.
 - The repayment of the short-term loans from financial institutions in amount of Baht 20.7 million.
- As at 30 June 2022, other liabilities were Baht 485.4 million, increased by Baht 172.5 million or 55%, compared to balance as of 31 December 2021 which was Baht 312.9 million. The main reasons were as follows:
- The increase in trade and other accounts payable in amount of Baht 98.1 million.
 - The increase in derivatives liabilities of interest rate and cross currency swaps in amount of Baht 56.0 million.
 - The increase in income tax payable in amount of Baht 24.1 million.
- As at 30 June 2022, shareholders' equity was Baht 19,929.4 million, increased by Baht 582.5 million or 3%, compared to balance as of 31 December 2021 which was Baht 19,346.9 million.

The main reasons were as follows:

- The net profit was Baht 1,254.1 million.
- The payment of dividend was Baht 671.6 million.

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 30 June 2022, debt to equity ratio was 0.23 times, there was no significant change from the ratio as at 31 December 2021 by 0.24 times.



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3. Analysis of Cash Flow According to Consolidated Financial Statement

	Six-Month Period Ended 30 June		
	2022	2021	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	1,820.2	2,097.7	(277.5)
Net cash generated from (used in) investing activities	1,082.0	(2,947.0)	4,029.0
Net cash generated from (used in) financing activities	(966.4)	218.0	(1,184.4)
Net increase (decrease) in cash and cash equivalents	1,935.8	(631.3)	2,567.1
Cash and cash equivalents at the beginning of the period	46.0	735.5	(689.5)
Cash and cash equivalents at the end of the period	1,981.8	104.2	1,877.6

As at 30 June 2022, cash and cash equivalents were Baht 1,981.8 million, increased by Baht 1,935.8 million from Baht 46.0 million as at 31 December 2021. The reasons were as follows:

- 1) Net cash generated from operating activities in amount of Baht 1,820.2 million, resulting in
 - Net cash generated from operating in amount of Baht 1,900.2 million.
 - Taxes paid in amount of Baht 80.0 million.
- 2) Net cash generated from investing activities in amount of Baht 1,082.0 million, resulting in
 - Cash proceed from sale of investments in short-term fixed income funds in amount of Baht 3,265.1 million.
 - Cash paid for acquisition of investments in short-term fixed income funds in amount of Baht 2,152.1 million.
- 3) Net cash used in financing activities in amount of Baht 966.4 million, resulting in
 - Repayment of long-term loan from financial institutions in amount of Baht 210.0 million.
 - Dividend paid in amount of Baht 671.6 million.
 - Interest paid in amount of Baht 53.1 million.

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer