



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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

	Six-Month Period Ended 30 June					
	2023		2022		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
Revenue from sale and rendering of services	2,386.7	100%	2,019.1	100%	367.6	18%
Cost of sale and rendering of services	(863.7)	-36%	(526.2)	-26%	337.5	64%
Gross profit	1,523.0	64%	1,492.9	74%	30.1	2%
Other income	44.1	2%	97.8	5%	(53.7)	-55%
Selling and distribution expenses	(29.5)	-1%	(2.4)	0%	27.1	1129%
Administrative expenses	(113.8)	-5%	(100.3)	-5%	13.5	13%
Gain (loss) on derivatives	2.1	0%	(89.1)	-4%	91.2	102%
Gain (loss) on financial assets	2.3	0%	2.3	0%	-	0%
Profit (loss) from operating activities	1,428.2	60%	1,401.2	69%	27.0	2%
Finance costs	(26.9)	-1%	(54.4)	-3%	(27.5)	-51%
Profit (loss) before income tax expense	1,401.3	59%	1,346.8	67%	54.5	4%
Tax (expense) income	(161.6)	-7%	(92.7)	-5%	68.9	74%
Net profit (loss)	1,239.7	52%	1,254.1	62%	(14.4)	-1%
Other comprehensive income	1.9	0%	-	0%	1.9	
Total comprehensive income for the period	1,241.6	52%	1,254.1	62%	(12.5)	-1%

Net profit (Loss) attributable to :

Owners of the parent	1,149.9	1,166.5
Non-controlling interests	89.8	87.6
	1,239.7	1,254.1

Total comprehensive income attributable to:

Owners of the parent	1,151.8	1,166.5
Non-controlling interests	89.8	87.6
	1,241.6	1,254.1

Basic earnings per share (EPS) :

Number of shares (million shares)	1,055.8	1,055.8
Basic earnings per share (in Baht)	1.09	1.10

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2023 presented the net profit of Baht 1,239.7 million or Baht 1.09 per share which decreased by Baht 14.4 million or 1%, compared to the net profit of Baht 1,254.1 million or Baht 1.10 per share of the six-month period ended 30 June 2022. The significant reasons were as follows:



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

1.1 Revenue from Sale and Rendering of Services

Revenue from sale and rendering of services for 1H 2023 was Baht 2,386.7 million, increased by Baht 367.6 million or 18%, compared to period of 1H 2022 (Baht 2,019.1 million). The main reasons were as follows:

- Revenue from solar farm business for 1H 2023 was Baht 1,741.2 million which decreased by Baht 138.4 million or 7%, compared to period of 1H 2022 (Baht 1,879.6 million) although the energy output for 1H 2023 was 192.7 million units which increasing by 2.5 million units or 1% from 190.2 million units but the revenue from subsidy of adders, 8 Baht per unit, for 21 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

- 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 2023 was Baht 601.1 million which increased by Baht 530.3 million or 749% compared to period of 1H 2022 (Baht 70.8 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 1H 2023 was Baht 863.7 million, increased by Baht 337.5 million or 64%, compared to period of 1H 2022 (Baht 526.2 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 1H 2023 was 64%, decreased from the period of 1H 2022 (74%). The main reason was the decreasing in the proportion of solar farm business, which higher gross profit margin decreased from 93% to 73% of total revenue.

1.3 Selling and Distribution Expenses

Selling and distribution expenses for 1H 2023 was Baht 29.5 million, increased by Baht 27.1 million or 1129%, compared to period of 1H 2022 (Baht 2.4 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 1H 2023 was Baht 113.8 million, increased by Baht 13.5 million or 13%, compared to period of 1H 2022 (Baht 100.3 million). The main reasons were as follows:

- In 2023, the employee expense and consulting fee increased by Baht 5.5 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 7.2 million.

1.5 Other Income

Other income for 1H 2023 was Baht 44.1 million, decreased by Baht 53.7 million or 55%, compared to period of 1H 2022 (Baht 97.8 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 1H 2023 was Baht 2.1 million, increased by Baht 91.2 million or 102%, compared to period of 1H 2022 (Baht -89.1 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 1H 2023 was Baht 26.9 million, decreased by Baht 27.5 million or 51% compared to period of 1H 2022 (Baht 54.4 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 SIX-MONTH PERIOD ENDED 30 JUNE 2023

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

	Three-Month Period Ended 30 June					
	2023		2022		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
Revenue from sale and rendering of services	1,204.8	100%	964.3	100%	240.5	25%
Cost of sale and rendering of services	(483.4)	-40%	(261.6)	-27%	221.8	85%
Gross profit	721.4	60%	702.7	73%	18.7	3%
Other income	38.4	3%	46.9	5%	(8.5)	-18%
Selling and distribution expenses	(20.2)	-2%	(1.9)	0%	18.3	963%
Administrative expenses	(59.9)	-5%	(52.6)	-5%	7.3	14%
Gain (loss) on derivatives	1.6	0%	(37.3)	-4%	38.9	104%
Gain (loss) on financial assets	2.3	0%	2.2	0%	0.1	5%
Profit (loss) from operating activities	683.6	57%	660.0	68%	23.6	4%
Finance costs	(13.6)	-1%	(27.1)	-3%	(13.5)	-50%
Profit (loss) before income tax expense	670.0	56%	632.9	66%	37.1	6%
Tax (expense) income	(76.5)	-6%	(44.9)	-5%	31.6	70%
Net profit (loss)	593.5	49%	588.0	61%	5.5	1%
Other comprehensive income	1.8	0%	-	0%	1.8	
Total comprehensive income for the period	595.3	49%	588.0	61%	7.3	1%

Net profit (Loss) attributable to :

Owners of the parent	553.4	554.0
Non-controlling interests	40.1	34.0
	593.5	588.0

Total comprehensive income attributable to:

Owners of the parent	555.2	554.0
Non-controlling interests	40.1	34.0
	595.3	588.0

Basic earnings per share (EPS) :

Number of shares (million shares)	1,055.8	1,055.8
Basic earnings per share (in Baht)	0.52	0.52

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the three-month period ended 30 June 2023 presented the net profit of Baht 593.5 million or Baht 0.52 per share which increased by Baht 5.5 million or 1%, compared to the net profit of Baht 588.0 million or Baht 0.52 per share of the three-month period ended 30 June 2022. The significant reasons were as follows:



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

2.1 Revenue from Sale and Rendering of Services

Revenue from sale and rendering of services for 3M 2023 was Baht 1,204.8 million, increased by Baht 240.5 million or 25%, compared to period of 3M 2022 (Baht 964.3 million). The main reasons were as follows:

- Revenue from solar farm business for 3M 2023 was Baht 805.7 million which decreased by Baht 88.6 million or 10%, compared to period of 3M 2022 (Baht 894.3 million) although the energy output for 3M 2023 was 93.5 million units which increasing by 0.8 million units or 1% from 92.7 million units but the revenue from subsidy of adders, 8 Baht per unit, for 21 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
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17	AJ Technology 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

- 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 374.7 million which increased by Baht 339.1 million or 953% compared to period of 3M 2022 (Baht 35.6 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 483.4 million, increased by Baht 221.8 million or 85%, compared to period of 3M 2022 (Baht 261.6 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 60%, decreased from the period of 3M 2022 (73%). The main reason was the decreasing in the proportion of solar farm business, which higher gross profit margin decreased from 93% to 67% of total revenue.

2.3 Selling and Distribution Expenses

Selling and distribution expenses for 3M 2023 was Baht 20.2 million, increased by Baht 18.3 million or 963%, compared to period of 3M 2022 (Baht 1.9 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 59.9 million, increased by Baht 7.3 million or 14%, compared to period of 3M 2022 (Baht 52.6 million). The main reasons were as follows:

- In 2023, the employee expense increased by Baht 2.0 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 5.2 million.

2.5 Other Income

Other income for 3M 2023 was Baht 38.4 million, decreased by Baht 8.5 million or 18%, compared to period of 3M 2022 (Baht 46.9 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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2.6 Gain (Loss) on Derivatives

Gain on derivatives for 3M 2023 was Baht 1.6 million, increased by Baht 38.9 million or 104%, compared to period of 3M 2022 (Baht -37.3 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.

2.7 Finance Costs

Finance costs for 3M 2023 was Baht 13.6 million, decreased by Baht 13.5 million or 50% compared to period of 3M 2022 (Baht 27.1 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 June 2023, the total assets were Baht 24,280.3 million, increased by Baht 562.1 million or 2.4%, compared to balance as of 31 December 2022 which was Baht 23,718.2 million. The details were as follows:

	30-Jun-23	31-Dec-22	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	16,527.4	16,746.9	(219.5)	-1%
Other assets	7,752.9	6,971.3	781.6	11%
Total assets	24,280.3	23,718.2	562.1	2.4%

- As at 30 June 2023, property, plant and equipment were Baht 16,527.4 million, decreased by Baht 219.5 million or 1%, 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 315.8 million.
 - SET Energy Co., Ltd developed the land of EEC project in amount of Baht 63.9 million.
- As at 30 June 2023, other assets were Baht 7,752.9 million, increased by Baht 781.6 million or 11%, 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 943.7 million.
 - The decrease in trade accounts receivable in amount of Baht 33.9 million.
 - The decrease in inventories in amount of Baht 85.9 million.



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

3.2 Analysis of Liabilities and Shareholders' Equity

As at 30 June 2023, the total liabilities and shareholders' equity were Baht 24,280.3 million, increased by Baht 562.1 million or 2.4%, compared to balance as of 31 December 2022 which was Baht 23,718.2 million. The details were as follows:

	30-Jun-23	31-Dec-22	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	2,205.6	2,196.8	8.8	0.4%
Other liabilities	557.2	547.5	9.7	2%
Shareholders' equity	21,517.5	20,973.9	543.6	3%
Total liabilities and shareholders' equity	24,280.3	23,718.2	562.1	2.4%

- As at 30 June 2023, interest bearing debt was Baht 2,205.6 million, increased by Baht 8.8 million or 0.4%, 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 8.0 million.

- As at 30 June 2023, other liabilities were Baht 557.2 million, increased by Baht 9.7 million or 2%, compared to balance as of 31 December 2022 which was Baht 547.5 million. The main reasons were as follows:

- The increase in income tax payable in amount of Baht 15.8 million.
- The decrease in revenue department payable in amount of Baht 5.6 million.

- As at 30 June 2023, shareholders' equity was Baht 21,517.5 million, increased by Baht 543.6 million or 3%, 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 1,239.7 million.
- The payment of dividend was Baht 750.8 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 June 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

	Six-Month Period Ended 30 June		
	2023	2022	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	1,761.8	1,820.2	(58.4)
Net cash generated from (used in) investing activities	1,417.0	1,082.0	335.0
Net cash generated from (used in) financing activities	(735.1)	(966.4)	231.3
Net increase (decrease) in cash and cash equivalents	2,443.7	1,935.8	507.9
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	4,177.2	1,981.8	2,195.4

As at 30 June 2023, cash and cash equivalents were Baht 4,177.2 million, increased by Baht 2,443.7 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 1,761.8 million, resulting in
 - Net cash generated from operating in amount of Baht 1,908.5 million.
 - Taxes paid in amount of Baht 146.7 million.
- 2) Net cash generated from investing activities in amount of Baht 1,417.0 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 120.8 million.
- 3) Net cash used in financing activities in amount of Baht 735.1 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 750.8 million.
 - Interest paid in amount of Baht 25.7 million.

Please be informed accordingly.

Yours sincerely,

(Dr. Wandee Khunchornyakong Juljarern)

Chief Executive Officer