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Topic Management's Discussion and Analysis of financial results and financial status for the year ended 31st December 2020

Attention President
The Stock Exchange of Thailand

Management Discussion & Analysis of Business Operation

For the year ended 31st December 2020

1) Executive Summary

For the year 2020, the group of companies has shown the steady growth from the same period last year. The company's total revenue and net profit for the year were at the highest level since the company's establishment. Summary of the financial result for the fourth quarter of 2020 and for the year ended 31st December 2020 is shown below:

Consolidated Financial Statement (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
Total Revenue	370.1	464.8	+25.6%	1,481.0	1,933.1	+30.5%
EBITDA ¹	280.8	326.3	+16.2%	1,152.0	1,522.8	+32.2%
Net Profit (to SSP's Shareholders)	117.2	141.8	+21.0%	545.7	736.3	+34.9%
Core Operating Profit	133.9	127.1	-5.1%	612.9	696.2	+13.6%
EBITDA Margin (%)	75.9%	70.2%		77.8%	78.8%	
Net Profit Margin (%)	31.7%	30.5%		36.8%	38.1%	
Core Operating Profit Margin (%)	36.2%	27.3%		41.4%	36.0%	

Remark: ¹ EBITDA excluded unrealized FX gain/loss

For the period of 3 months ended 31st December 2020, total revenue was 464.8 million Baht, increased by 25.6% from the same period last year. Net profit (to SSP's Shareholders) and EBITDA were 141.8 million Baht and 326.3 million Baht respectively. Net profit margin was 30.5% and EBITDA margin was 70.2%. Core

operating profit was 127.1 million Baht, decreased by 5.1% from the same period last year. Core operating profit margin was 27.3%.

For the period of 12 months ended 31st December 2020, total revenue was 1,933.1 million Baht, increased by 30.5%. Net profit (to SSP's Shareholders) and EBITDA were 736.3 million Baht and 1,522.8 million Baht respectively. Net profit margin was 38.1% and EBITDA margin was 78.8%. Core operating profit was 696.2 million Baht, increased by 13.6% from the same period last year. Core operating profit margin was 36.0%.

2) Analysis of financial results and financial status

2.1) Analysis of financial results

(1) Revenue

Consolidated Financial Statement Revenue Structure (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
Sale revenue from electricity sale in Thailand	239.2	197.9		940.6	891.8	
Sale revenue from electricity sale in Japan	63.9	175.6		348.2	620.9	
Sale revenue from electricity sale in Vietnam	37.9	27.1		120.6	206.4	
Sale revenue from electricity sale in Mongolia	24.1	25.3		52.0	113.4	
Sale revenue from electricity sale in Indonesia	0.3	1.1		0.3	3.0	
Total Sale revenue from electricity sale	365.4	426.9	+16.9%	1,461.7	1,835.5	+25.6%
EPC Construction revenue and service income on Solar rooftop projects	-	3.5		11.9	25.0	
Gain (loss) from exchange rate	-	28.9		-	47.2	
Other revenues ¹	4.7	5.4		7.4	25.4	
Total revenues	370.1	464.8	+25.6%	1,481.0	1,933.1	+30.5%

Remark: ¹ Other revenue included (but not limited to) management income, service income, import duty, interest revenue, and revenue related to power development fund.

The main source of company's revenue was from electricity sale. In the fourth quarter of 2020, the consolidated electricity sale was 426.9 million Baht, increased by 16.9% from the same period last year. The revenue growth was contributed by the increase of overseas electricity sale including full period revenue recognition from Yamaga project in Japan and solar rooftop projects in Indonesia. Revenue from project in Thailand and Vietnam was slightly decreased due to lower solar irradiation, when compared with the same period last year.

For the period of 12 months, total revenue from electricity sale was 1,835.5 million Baht or increase by 25.6% from the same period last year mainly due to the full period revenue recognition from Binh Nguyen Solar project in Vietnam, Khunsight project in Mongolia and new commercial operation project in 2020 from Yamaga project in Japan. Revenue from project in Thailand was slightly decreased due to lower solar irradiation, when compared with the same period last year.

(2) Cost of Sales

Consolidated Financial Statement Cost of Sales (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
Operating and maintenance costs	40.9	46.8		117.7	173.8	
Depreciation and amortization	77.3	113.2		277.2	422.2	
Cost of EPC construction on Solar rooftop projects	0.1	2.5		10.2	2.5	
Others ¹	19.1	13.2		70.6	68.2	
Total cost of sales	137.4	175.7	+27.9%	475.8	666.7	+40.1%

Remark: ¹ Others included (but not limited to) electricity expenses, salary and bones, insurance fee and land lease of Japanese projects

The consolidated cost of sales increased in line with the revenue increase, mainly due to the increase of depreciation and amortization as well as O&M cost which arose from the above mentioned new commercial operation projects

(3) Gross Profit

Consolidated Financial Statement Gross Profit (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
Total Sale revenue from electricity sale and EPC	365.4	430.5		1,473.6	1,860.5	
Total cost of sales	137.4	175.7		475.8	666.7	
Gross profit	228.0	254.8	+11.8%	997.8	1,193.7	+19.6%
Gross profit margin (%)	62.4%	59.2%		67.7%	64.2%	

Consolidated gross profit for Q4/20 was 254.8 million Baht, increased by 11.8% from the same period last year. Gross profit margin was 59.2%.

For the year 2020, gross profit was 1,193.7 million Baht, increased by 19.6% from the same period last year and in line with the increase of new commercial operation projects. However, the narrower of gross profit

margin of new projects when compared with the first solar project, which receives government's subsidy in form of adder, led to lower gross profit margin from 67.7% last year to 64.2% in this year but still at favorable rate.

(4) Administrative Expenses

Consolidated Financial Statement Administrative Expenses (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
G&A expenses	43.9	58.4	+33.0%	170.6	193.5	+13.4%

In Q4/20, general and administrative expenses increased from 43.9 million Baht to 58.4 million Baht while for 2020, the G&A expenses increased by 13.4% from the new commercial operation projects.

(5) Financial Costs

Consolidated Financial Statement Financial Cost (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
Financial Cost	54.1	78.5	+45.0%	197.1	285.0	+44.6%

Consolidated financial costs increased from the same period last year owing to the recognition of interest expenses of the new commercial operation projects.

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

Consolidated Financial Statement Core Operating Profit (Unit: MTHB)	Q4/19	Q4/20	Change	2019	2020	Change
Net profit distribution to SSP's shareholders	117.2	141.8	+21.0%	545.7	736.3	+34.9%
Unrealized FX (gain)/loss	16.0	(14.7)		66.7	(39.9)	
Deferred tax (revenue)/expenses	(0.27)	0.04		(0.45)	(0.20)	
Unrealized impairment provision	0.93	-		0.93	-	
Core Operating Profit (to SSP's shareholders)	133.9	127.1	-5.1%	612.9	696.2	+13.6%

For Q4/20, net profit (to SSP's shareholders) was 141.8 million Baht, increase from 117.2 million Baht of Q4/19. For 12 months of 2020, net profit (to SSP's shareholders) increasing by 34.9% from 545.7 million Baht in year 2019 to 736.3 million Baht contributed by the new COD project. Apart from that, there were unrealized

foreign exchange gains of 39.9 million Baht in the year 2020 compared with unrealized foreign exchange losses of 66.7 million Baht in the year 2019.

For Q4/20, Core Operating Profit slightly decreased from 133.9 million Baht to 127.1 million Baht, decreasing 5.1% mainly from lower solar irradiation in Thailand and Vietnam, when compared with the same period last year. For the year 2020, Core Operating Profit increased from 612.9 million Baht to 696.2 million Baht, increasing 13.6% from the same period last year which is in line with the increase of revenue from new COD projects.

Core Operating Profit is the key performance indicator of management and board of directors to evaluate the company's financial results, and consider, together with dividend policy, for the payment of dividend. The adjustment items (from net profit to core operating profit) for Q4/20 and year 2020 are:

- i. Deducted unrealized foreign exchange gain of 14.7 million Baht and 39.9 million Baht respectively (recorded as gain/(loss) on exchange)
- ii. Added back deferred tax cost of 0.04 million Baht for Q4/20 and deducted deferred tax revenue 0.2 million Baht for the year 2020 (recorded as deferred tax revenues and expenses respectively)

2.2 Financial Status

Consolidated Financial Statement Financial Status (Unit: MTHB)	31 Dec 2019	31 Dec 2020	Change
Total Assets	13,045.1	16,104.0	+23.4%
Total Liabilities	9,048.1	11,562.0	+27.8%
Total Equity	3,997.0	4,542.0	+13.6%
Total Equity (To SSP's shareholders)	3,777.0	4,205.1	+11.3%
Debt to Equity Ratio (Consolidated)	2.26	2.55	
Debt to Equity Ratio (Company)	0.58	0.62	

In 2020, the group has adopted new financial reporting standards related to (1) financial instruments and (2) Lease. The adoption of these financial reporting standards caused to the increase in total assets and liabilities and the small decrease in total shareholders' equity. The adoption does not have any significant impact on the company's financial statements.

As at 31st December 2020, consolidated total assets were 16,104.0 million Baht, increased by 3,058.9 million baht, from 13,045.1 million Baht as at 31st December 2019 or 23.4% increase. The increase of total assets consisted mainly of the 871.8 million Baht increase of property, plant and equipment of power plant, 448.9 million Baht increase of cash and cash equivalent, 425.8 million Baht increase of restricted deposits, 766.5 million Baht increase of right of land use which was a result of the adoption of new financial reporting standards and 208.0 million Baht increase of revenue department receivable. Most of total assets were property, plant and equipment of power plant which accounted for 65.8% of total assets.

Consolidated total liabilities were 11,562.0 million Baht, increased by 2,513.9 million Baht, from 9,048.1 million Baht as at 31st December 2019 or increasing 27.8%. The total liabilities increase consisted mainly of the 1,173.3 million Baht increase of long-term loans from financial institutions for the purpose of investmet in new projects, 793.9 million Baht increase from debenture issuance and the 783.5 million Baht (581.9 million Baht lease liabilities and 201.6 million Baht other financial liabilities) as a result of the adoption of new financial reporting standards while share capital payable from a subsidiary's capital reduction and short-term loan from non-controlling interest of subsidiary were slightly decrease to 83.5 million Baht.

Eventhough the adoption of new financial reporting standards has an impact on total shareholders' equity, the total equity at the end of the year 2020 recorded 13.6% increase from 3,997.0 million Baht at the end of 2019 to 4,542.0 million Baht. Total Equity (To SSP's shareholders) increased from 3,777.0 million Baht at the end of 2019 to 4,205.1 million Bath at the end of the year 2020 or increasing 11.3%

Debt to Equity ratio (Consolidated) increased from 2.26 times at the end of 2019 to 2.55 times. D/E (company only) increased from 0.58 times at the end of 2019 to 0.62 times at the end of the year 2020.

Please be informed accordingly

Your sincerely,

- Signed -

(Ms.Sukunya Phokhakul)

Chief Financial Officer