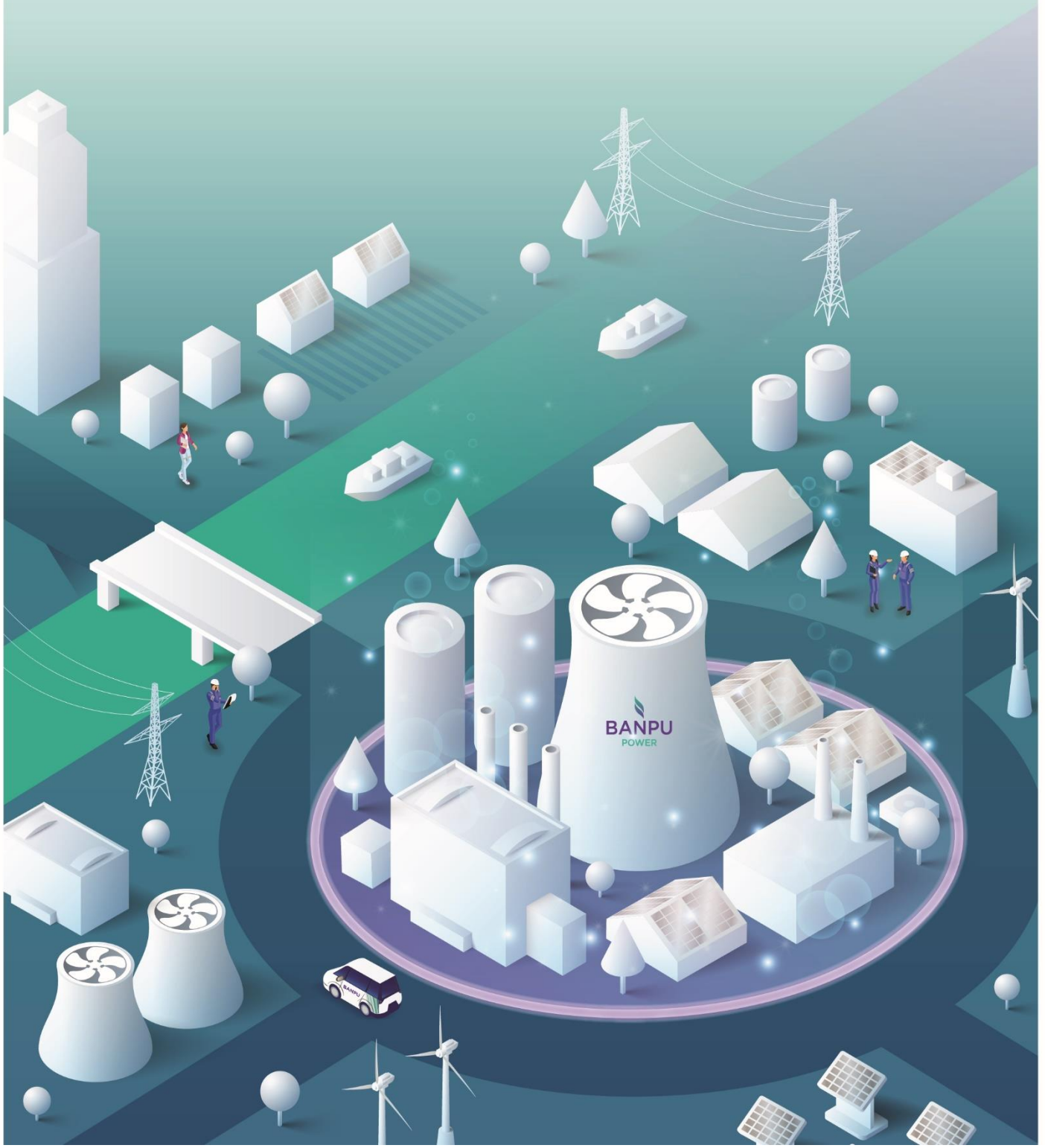


Management's Discussion and Analysis

The Group Performance for the 1st Quarter 2022

Banpu Power Public Company Limited and Subsidiaries



1. Management Discussion and Analysis

While many countries around the world were still recovering from the impacts of the COVID-19 pandemic, the ongoing Russia-Ukraine War began in the first quarter of 2022, causing a spike in global commodity prices and slowing the global economic recovery. Despite the high global fuel price, Banpu Power operations remain resilient. Because BPP's key assets enter into long-term PPAs which provide a pass-through mechanism, the company is able to be persistent and operate efficiently while maintaining its ability to be profitable on a continuous basis. Moreover, the company continues to accelerate the growth of its Greener & Smarter portfolio with the commissioning of the Shirakawa Solar Power Plant in Japan and investments of solar power plants and renewable energy business in Vietnam in this quarter.

Banpu Power reported financial performance for 1Q22 with the net profit of THB 2,918 million (include the FX translation loss of THB 22 million). EBITDA was reported at THB 3,641 million, an increase of THB 2,412 million over the same quarter last year, primarily due to a one-time gain on Sunseap divestment. The company has implemented a number of measures to mitigate the volatility of fuel costs in order to improve our performance. To illustrate, the Company begins to sell electricity in China's wholesale electricity market to raise the electricity price, negotiates with customers to raise the steam price to reflect rising coal costs, implements centralized coal procurement, and adjusts our operational mode to maximize profit.

This quarter, the Company reported THB 3,861 million in revenue, primarily from our three CHPs (Combined Heat and Power plants) in China, which generated THB 2,567 million, up THB 755 million or 42 percent from the same quarter last year. This is due to an increase in power sold and electricity selling price as the company entered the wholesale electricity market. Despite the increase in average coal costs, the Company was still able to make a THB 183 million profit. This is the result of the previously mentioned measures being implemented. The Company also recorded THB 1,294 million in revenue this quarter from the Temple I gas-fired power plant, which we invested in at the end of last year. It made THB 69 million in gross profit.

Profit sharing from joint ventures and associates totaled THB 3,232 million in this quarter, primarily due to THB 2,688 million in profit sharing from Banpu Next due to the divestment of its joint venture as part of BPP's portfolio rationalization. The Company also recorded profit sharing from the HPC power plant and the Nakoso IGCC power plant. HPC power plant reported a profit of THB 642 million. Its Unit 2 had a 44-day planned major overhaul in 1Q22. The Nakoso power plant reported a significant increase in its share of profit, which is THB 238 million, after undergoing a major overhaul to improve plant efficiency last quarter. The SLG power plant reported a THB 254 million loss sharing as a result of rising coal costs. The Company has implemented several measures to improve its performance, including selling electricity in the wholesale electricity market to raise the

selling price of electricity and having a policy to deal with the State-Owned Enterprise for Coal Purchase Agreement in order to reduce the volatility of the coal cost.

The recent increase in fuel costs has pushed up inflation around the world and slowed global economies. In addition, China's zero-COVID policy imposes strict COVID-19 restrictions. The Company will focus on the efficiency and reliability of all power plants, as well as effective cost management, and we will strictly support national responses to the COVID-19 pandemic in order to keep its plant operations running smoothly, generating and selling electricity on a continuous basis, and maintaining its ability to generate cashflow. At the same time, the Company will continue to look for opportunities to invest in advanced technology power plants with high efficiency and low emissions in countries with high growth in electricity demand and favorable government policies. This will be accomplished through prudent investment decisions in order to pursue its growth in accordance with the Greener & Smarter strategy, which will increase generation capacity to meet its committed growth target of 5,300 MW by 2025.

2. Group Performance Analysis

The analysis and explanation performance for the quartered ended 31 March 2022 and 2021:

Consolidated Statement of Income for the 1st quarter ended 31 March 2022 and 2021:

Consolidated financial performance (Unit: Million Baht)	1Q2022	1Q2021	Change	
			Amount	%
Sales	3,861	1,812	2,049	113%
Cost of sales	(3,609)	(1,462)	(2,147)	147%
Gross profit	252	350	(98)	-28%
Administrative expenses	(308)	(205)	(104)	51%
Share of profit from an associate and joint ventures	3,232	739	2,493	337%
Other Income (Expense)	(634)	283	(917)	-324%
Other financial costs	(166)	(33)	(133)	402%
Profit before income taxes	2,375	1,134	1,241	109%
Income taxes	99	(94)	193	-206%
Profit for the year	2,474	1,040	1,434	138%
Owners of the company	2,918	1,034	1,884	182%
Non-controlling interests	(445)	6	(451)	-7510%
Basic earnings per share (unit : Baht)	0.958	0.339	0.619	183%

The group reported net profit for 1Q22 at THB 2,918 million, increased by THB 1,884 million or 182% compared to 1Q21. This was mainly from an increase in profit sharing in associates from gain on investment sold in Sunseap, revenue recognition and profit sharing from new power plant businesses invested during 2021, those are Temple I gas-fired power plant in USA and Nakoso power plant in Japan, net with the impact from unrealized loss on financial derivative – electricity call option, and a recognition in loss sharing from SLG power plant as an impact from higher coal cost situation in China.

Details of the group operating performance for 1Q22 were described as followings:

Sales, Cost of sales and Gross profit

Sales reported at THB 3,861 million, increased by THB 2,049 million or 113% compared to 1Q21. This was mainly from higher power sales and steam sales from CHP plants in China of THB 755 million and from electricity sales from Temple I gas-fired power plant in USA of THB 1,294 million. Details were described as followings:

Items	Power Sold (GWh)		Steam & Others Sold (Million Tonnes)		Average Power tariff (RMB/GWh)		Average Steam & others price (RMB/Tonne)	
	1Q2022	1Q2021	1Q2022	1Q2021	1Q2022	1Q2021	1Q2022	1Q2021
100 % Basis								
Zhending CHP	127.39	130.47	0.77	0.81	0.39	0.33	163.03	147.09
Luannan CHP	219.62	201.19	1.14	1.04	0.41	0.34	145.62	106.45
Zouping CHP	108.54	95.42	0.61	0.47	0.45	0.43	158.95	115.56
Total CHP Power Plant	455.55	427.07	2.53	2.32	0.41	0.36	153.37	113.23
Temple I Power Plants	754.46	-	-	-	-	-	-	-

Combined Heat and Power (CHP) plants in China: increase THB 755 million

An increase of sales from CHP plants compared to 1Q21 was derived from:

1. An increase of THB 481 million from steam sales and others. This was a result of an increase of steam sales of 0.21 million tonne, and an increase of average price of steam sales per tonne by RMB 40.14. An average price of steam per tonne was RMB 153.37 (1Q21: RMB 113.23).
2. An increase of THB 192 million from power sales volume 28.48 GWh. An average power tariff was RMB 0.41 per kWh (1Q21: RMB 0.36 per kWh).
3. The effects of foreign exchange rate translation of THB 82 million due to a depreciation of THB currency against RMB currency compared to 1Q21. This caused higher revenue in THB currency when converting from revenue in RMB currency. Average exchange rate of RMB/THB in 1Q22 was THB 5.2094 (1Q21: THB 4.6802).

Temple I Gas-Fired Power Plant in USA THB 1,294 million

Sales from gas-fired power plant business was THB 1,294 million. from sale volume 754.46 GWh.

Cost of sales:
Increase 147 %

Cost of sales was THB 3,609 million, increased by THB 2,147 million compared to 1Q21 from:

1. CHP Power Plant in China that cost of sales increased by THB 922 million from:
 - An increase in coal cost THB 881 million was from a higher average coal cost of RMB 374 per ton. Average coal cost was RMB 1,096 per ton (1Q21: RMB 721 per ton) or increased by 52 % compared to 1Q21.
 - The effects from a depreciation of THB currency to foreign exchange rate translation of THB 41 million. This affected to higher cost of sales in THB currency when converting from cost of sales in RMB currency. Average exchange rate of RMB/THB in 1Q22 was THB 5.2094 (1Q21: THB 4.6802).
2. Temple I gas-fired power plant in USA that cost of sales increased by THB 1,225 million, mainly from natural gas cost THB 805 million.

Gross profit:
Decrease 28%

Gross profit was THB 252 million, or decreased by THB 98 million compared to 1Q21 was from:

1. A decrease in operating performance from CHP Plant in China THB 167 million as an impact from higher coal cost situation.
2. An increase from Temple I gas-fired power plant in USA THB 69 million.

Administrative expenses:
increase 51%

Administrative expenses of THB 308 million, increased by THB 104 million compared to 1Q21 was mainly from administrative expense from Temple I gas-fired power plant in USA.

Items (Unit: Million Baht)	Profit (loss) sharing		Increase/(Decrease)	
	1Q2022	1Q2021	Amount	%
BLCP	(83)	48	(131)	-275%
HPC & PFMC	642	819	(177)	-22%
SLG	(254)	0	(254)	100%
Holding Company for Nakoso power plant	238	-	238	100%
Banpu Next	2,688	(128)	2,816	-2205%
Total	3,232	739	2,493	337%

Share of profit from joint and ventures associates: increase 337 %

Profit sharing from joint ventures and an associate was increased by THB 2,493 million compared to 1Q21 was a net result of:

1. A decrease in profit sharing from BLCP of THB 131 million. This was a result of a decrease in profit of THB 318 million from maintenance as annual plan, net with a decrease in deferred tax expense recognition and impact from unrealized loss on foreign exchange rate translation of THB 187 million.
2. A decrease in profit sharing from HPC power plant and PFMC total of THB 177 million, was from a decrease in profit of THB 46 million from maintenance unit 2 as annual plan and gain on exchange rate of THB 131 million.
3. A recognition of loss sharing from SLG power plant of THB 254 million caused by an impact from higher coal cost situation.
4. A recognition of profit sharing from Nakoso power plant of THB 238 million.
5. An increase in profit sharing from investment in renewable power and energy technology business of THB 2,816 million, which mainly from gain on disposal of investment in Sunseap.

Other expense

Other expense of THB 634 million was comprised of:

1. Net loss on derivatives of THB 772 million that was unrealized loss on fair value from electricity call option of THB 721 million and from natural gas swap contract of THB 51 million.
2. Interest income of THB 84 million.
3. Management fee income of THB 47 million, mainly was fees charged to related companies and joint ventures.
4. Pipeline connecting fee income charged to new steam customers of CHP plants in China of THB 6 million.
5. Net loss on exchange rate of THB 22 million was mostly from unrealized loss on exchange rate from USD currency loans at the end of the period caused by an appreciation of THB currency against USD currency compared to 2021. Average exchange rate of USD/THB for 1Q22 was THB 33.0529 (31 Dec 2021: USD/THB 33.4199).
6. Other income of THB 23 million consisted of ash & slag sales from CHP plants of THB 7 million, and others of THB 16 million.

Interest expenses and finance cost: Increase 402%

Interest expenses and finance cost of THB 166 million, increased by THB 133 million compared to 1Q21, primarily from additions of loan from financial institutions of the group.

Corporate income tax:
Decrease 206%

Corporate income tax of THB 99 million, decreased by THB 193 million compared to 1Q21. This comprised of:

1. A decrease in corporate income tax of THB 54 million, mainly from a decrease in operating profit from CHP power plant business in China.
2. An increase in deferred income tax asset of THB 139 million from unrealized loss on derivatives from Temple I gas-fired power plant in USA.

Net profit for the 1st quarter ended 31 March 2022 reported at THB 2,918 million, increased by THB 1,884 million compared to 1Q21.

Basic Earnings per Share reported at THB 0.958 (1Q21: THB 0.339)

3. Statement of Consolidated Financial Position

Statement of Consolidated Financial Position as of 31 March 2022 in comparison with Statements of Consolidated Financial Position as of 31 December 2021.

Items (Unit: Million Baht)	Financial Position		Increase/(Decrease)	
	31-Mar-22	31-Dec-21	Amount	%
Assets	76,205	74,866	1,339	2%
Liabilities	24,336	25,287	(951)	-4%
Equity	51,869	49,579	2,290	5%

3.1 Total assets of THB 76,205 million, an increase of THB 1,339 million or 2% compared to the 31 December 2021 was mainly described as follows:

Financial Position (Unit: Million Baht)	Assets		Increase/(Decrease)	
	31-Mar-22	31-Dec-21	Amount	%
Cash and cash equivalents	4,275	2,635	1,640	62%
Investment in debt instruments	578	530	48	9%
Trade accounts receivable, net	1,566	1,311	255	19%
Fuel and Spare parts & supplies, net	435	1,186	(751)	-63%
Current portion of dividend receivables from related parties	50	125	(75)	-60%
Other current assets	3,791	4,095	(304)	-7%
Total current assets	10,695	9,882	813	8%
Dividend receivables from related parties	164	239	(75)	-31%
Investments in an associate and joint ventures	36,178	33,766	2,412	7%
Property, plant and equipment, net	23,431	23,811	(380)	-2%
Right of use assets, net	622	631	(9)	-1%
Other non current assets	5,115	6,537	(1,422)	-22%
Total non current assets	65,510	64,984	526	1%
Total assets	76,205	74,866	1,339	2%

- Cash and cash equivalents of THB 4,275 million, increased by THB 1,640 million or 62% (Explanation in no. 4 Statement of Consolidated Cash Flows).
- Investment in debt instrument of THB 578 million, increased by THB 48 million or 9% was from an additional of THB 661 million; net with redemption of THB 613 million.
- Account receivable of THB 1,566 million, increased by THB 255 million or 19%. This was from CHP power plant of THB 249 million, and Temple I gas-fired power plant of THB 2 million, and effect from foreign exchange conversion of THB 4 million.
- Fuel and Spare parts, net of THB 435 million, decreased by THB 751 million or 63%. This was from CHP power plant in China of THB 723 million, Temple I gas-fired power plant in USA of THB 24 million and effect from foreign exchange conversion of THB 4 million.
- Other current assets of THB 3,791 million, decreased by THB 304 million or 7% was mainly from a decrease in accrued interest income from related parties of THB 242 million. This was from recognition of interest income during the period of THB 84 million, cash receives of THB 323 million, and loss on foreign exchange rate translation of THB 3 million.

- Current and non-current portions of dividend receivables from related parties totaling of THB 214 million, decrease by 150 million, from dividend receivables from a domestic joint venture.

Dividend receivables from related parties (Unit: Million Baht)	Financial Position		Increase/(Decrease)	
	31-Mar-22	31-Dec-21	Amount	%
Current portion of dividend receivables from related parties	50	125	(75)	-
Dividend receivables from related parties	164	239	(75)	-
Total	214	364	(150)	-

- Investment in joint ventures and associates of THB 36,178 million, increased by THB 2,412 million or 7 %. This was from a recognition of profit sharing from joint ventures THB 3,232 million, a recognition of shares of other comprehensive income from joint ventures and associates of THB 444 million. Net with loss on foreign exchange rate translation at the end of period of THB 610 million, including dividend declaration during the period of THB 654 million.
- Net property plant and equipment of THB 23,431 million, decreased by THB 380 million or 2%. This was from additions of machinery and equipment of CHP plants THB 13 million, net with disposals THB 37 million and depreciation charges THB 290 million, and loss on foreign exchange rate translation at the end of period of THB 66 million.
- Right-of-used assets of THB 622 million, decreased by THB 9 million or 1%, was a result from amortization of THB 8 million, and loss on foreign exchange rate translation at the end of period of 1 million.
- Other non-current assets of THB 5,115 million, decreased by THB 1,422 million or 22% was mainly from:
 1. A decrease in loan to related parties of THB 1,556 million from cash receives from loan to related parties settlement of THB 1,555 million and loss on foreign exchange rate translation at the end of period of THB 1 million.
 2. An increase in deferred tax assets of THB 134 million, caused by unrealized loss on derivatives from Temple I gas-fired power plant in USA.

3.2 Total liabilities of THB 24,336 million, decreased by THB 951 million or 4% compared to total liabilities as of 31 December 2021 with details mainly described as follows:

Financial Position (Unit: Million Baht)	Liabilities		Increase/(Decrease)	
	31-Mar-22	31-Dec-21	Amount	%
Short-term loans from financial institutions	4,660	6,551	(1,891)	-29%
Trade accounts payable	188	331	(143)	-43%
Current portion of long-term loans from financial institutions	1,452	1,439	13	1%
Current portion of lease liabilities	15	13	2	17%
Other current liabilities	2,413	2,634	(220)	-8%
Total current liabilities	8,728	10,968	(2,240)	-20%
Long-term loans from financial institutions, net	10,546	9,253	1,293	14%
Lease liabilities	15	18	(3)	-18%
Other non current liabilities	5,047	5,048	(1)	0%
Total non-current liabilities	15,608	14,319	1,289	9%
Total liabilities	24,336	25,287	(951)	-4%

- Short-term loans from financial institutions of THB 4,660 million, decreased by THB 1,891 million or 29 % was from a net result of additional loans THB 4,928 million and repayment THB 6,817 million. Also, there was the effects of gain on foreign exchange rate translation at the end of year THB 2 million on loan in RMB and USD currency due to an appreciation of THB currency against RMB currency. Average exchange rate of RMB/THB as of 31 March 2022 was THB 5.2456 (31 Dec 2021: THB 5.2507). Average exchange rate of USD/THB as of 31 March 2022 was THB 33.2973 (31 Dec 2021: THB 33.4199).
- Current portion of long-term loans from financial institutions of THB 1,452 million, increased by THB 13 million or 1%. This was a net result of reclassification from non-current portion THB 253 million (including net front end fee), repayment THB 239 million and from the effects of gain on foreign exchange rate translation at the end of period was THB 1 million.
- Other current liabilities of THB 2,413 million, decrease by THB 220 million or 8% was mainly from:
 1. A decrease in advance received from steam residential customers of CHP plants in China of THB 258 million.
 2. A decrease in other payable from purchase of asset of CHP plant of 48 million.
 3. A decrease in amount due to related party of THB 265 million.
 4. An increase in accrued interest expense from related parties of THB 64 million.
 5. An increase from derivative liabilities - electricity forward contract of THB 714 million.
 6. A decrease from accrued expense of THB 427 million from payment during the period.

- Long-term loans from financial institutions of THB 10,546 million, increase by THB 1,293 million or 14%, was from additional loan THB 1,552 million (including net front end fee), net with reclassification to current portion THB 253 million and the effect of gain on foreign exchange rate translation at the end of period THB 6 million on RMB loan and USD loan from an appreciation of THB currency against RMB currency and USD currency.

3.3 Shareholders' equity of THB 51,869 million, an increase of THB 2,290 million or 5% compared to shareholders' equity as of 31 December 2021 was due to:

Financial Position (Unit: Million Baht)	Equity		+/(-)	
	31-Mar-22	31-Dec-21	Amount	%
Owners of the parent	48,377	45,635	2,742	6%
Non-controlling interests	3,492	3,944	(453)	-11%
Total equity	51,869	49,579	2,290	5%

- An increase of THB 2,918 million from net profits for 1Q22.
- An increase of THB 307 million from cashflows hedge reserves of associates and joint venture.
- An increase of THB 138 million from the change in fair value of hedged financial instruments.
- A decrease of THB 620 million from foreign exchange translation of subsidiaries and joint ventures' financial statements.
- A decrease of THB 453 million from non-controlling interests.

Net debt to equity ratio as of 31 March 2022 from consolidated financial positions was 0.22 times (31 December 2021: 0.28 time)

4. Statements of Consolidated Cash Flows

Statement of consolidated cash flows for the 1st quarter ended 31 March 2022 reported an increase of net cash flows from 31 December 2021 total of THB 1,640 million (included the effect from exchange rate translation loss of THB 3 million). The consolidated cash flows were as follows:

Cash flow (Unit : Million Baht)	Consolidated
Net cash used in operating activities	(261)
Net cash receipts from investing activities	2,484
Net cash used in financing activities	(580)
Net increase in cash and cash equivalents	1,644
Exchange differences on cash and cash equivalents	(3)
Cash and cash equivalents at beginning of the period	2,635
Cash and cash equivalents at end of the period	4,275

4.1 Net cash outflows from operating activities of THB 261 million comprised of:

- Collection from sales of power and steam THB 1,835 million.
- Payment to suppliers and contractors THB 1,999 million.
- Payment of interest expense THB 84 million.
- Payment of corporate income tax THB 13 million.

4.2 Net cash inflows from investing activities of THB 2,484 million comprised of:

- Receipts of dividends from joint ventures and others THB 804 million.
- Receipts from interest income THB 320 million.
- Receipts from investment in debt instruments THB 613 million.
- Receipts from loan to related party THB 1,554 million.
- Payments for machine, equipment, and project in progress THB 61 million.
- Payments from restricted deposits at bank THB 85 million.
- Payments for investment in debt instruments THB 661 million.

4.3 Net cash outflows from financing activities of THB 580 million comprised of:

- Receipts from short-term and long-term loans from financial institutions THB 6,477 million.
- Repayments of short-term and long-term loans from financial institutions THB 7,057 million.