



Date 10 August 2022

Subject : Management's Discussion and Analysis of the Financial Statements for
the Second Quarter of 2022 ended June 30, 2022

To : Managing Director of The Stock Exchange of Thailand

Enclosure

: Management's Discussion and Analysis of the Financial Statements for the Second Quarter of 2022
ended June 30, 2022, both Thai and English, 1 set for each

Clover Power Public Company Limited ("the company") would like to submit the company's reviewed financial statements for the Second Quarter of 2022 ended June 30, 2022 to the Stock Exchange of Thailand.

The operating result of the company for the Second Quarter of 2022 ended June 30, had a net profit totaling 34.77 million Baht. Please see further details in the Management's Discussion and Analysis of the financial statements for the Second Quarter of 2022 ended June 30, 2022 as attached.

Yours faithfully,

(Mr. Teeraphat Petporee)

Chief Financial Officer

Clover Power Public Company Limited

Management's Discussion and Analysis for the six-month period ended 30 June 2022 Results

Clover Power Public Company Limited ("The Company" or "CV")

1. Company Overview

Clover Power Public Company Limited ("the Company" or "CV") was established in August 8, 2013 for the purpose of investments in Renewable energy power plants by a group of experienced engineers with a long track record in the EPC turnkey business.

Nature of Business Operations

The company's business operations consist of 3 groups as follows:

(1) Generation and Distribution of Electricity

The company operates in the business of generating electricity from renewable energy. It focuses on developing and diversifying investments in power plants using various types of renewable energy technologies, including biomass, waste and biogas. As of June 30, 2022, the company has 5 renewable energy power plants that have been in commercial operation with an installed capacity totaling 33.56 megawatts (an installed capacity according to share/right in share proportion totaling 22.53 megawatts). Consisting of 3 biomass powerplants operating under CV, CPL and RTB (Associate Company) and 1 waste to energy power plant operating under CPX, and 1 Cogeneration power plant under SPP respectively.

In March 2022, the Company has entered into the share purchase agreement to sell all ordinary shares held in Rungtiva Biomass Co., Ltd. with a company. The Company received the whole amount of share capital and completely transferred right in share capital to buyer in June 2022 and received payment for the shares in full amount.

(2) Engineering Procurement and Construction

The company has been engaged in the power plant engineering business for more than 15 years, focusing on constructing power plants in the energy sector ranging from biomass, waste and biofuels, and general building and infrastructure construction, including operating and designing service to supply machinery and equipment for construction (Engineering Procurement and Construction: EPC) to powerplants of the company and customers which is operating under SBC and SBE, a directly hold 100% and indirectly hold 100% ,respectively.

On March 24, 2022, the company has established the LB Modular Corporation Company Limited by holding 70%, which operates in building construction and general infrastructure.

(3) Fuel Supply

The company operates in the business of trading Biomass Fuel to power customer both domestic and oversea, operating under CVR, a wholly-owned subsidiary holding 100% shares.

In July 2022, a subsidiary has entered into the share purchase agreement of DKC Energy Joint Stock Company (DKC) which produce a wood pallet in Vietnam with shares holding portion at 60%, the group company is expected to start recognizing DKC's income in August 2022.

(4) Others Business

The company has an Operation and Maintenance: O&M business for power plant customers. Focusing on operate and maintenance services for power plants in the renewable energy group, operating under CVO, a 100% holds. The company has a team of engineers and experts who have experiences in operation and maintenance to provide comprehensive services.

2. Business performance

The company's business operations consist of 3 groups which are (1) Generation and Distribution of Electricity (2) Engineering Procurement and Construction (3) Fuel supply Business.

2.1 Revenues

In the Second Quarter of 2022 ended 30 June 2022, the company and its subsidiaries reported revenue in an amount of 983.15 million Baht increased by 285.36 million Baht or 40.89% when compare the Second Quarter of 2021 end 30 June 2021 which had total revenue in amount of 687.79 million Baht as follows.

Revenue from the sale of electricity for the Second Quarter of 2022 ended 30 June 2022, and 2021 were 274.30 million Baht and 263.72 million Baht respectively, increased by 10.58 million Baht representing a 4.01% mainly from an aquisition on 4 November 2021, The Company had acquisition in Cogeneration power plant. For the Second Quarter of 2022 ended 30 June 2022, and 2021 the company have 5 and 4 renewable energy power plants that have been in commercial operating respectively.

Revenue from engineering procurement and construction for the six-month period ended June 30, 2022, and 2021 were 574.00 million Baht and 404.10 million Baht respectively, increased by 169.90 million Baht representing a 42.04% mainly from the general building and infrastructure construction which is a continuation project from the end of 2021, there was the results in an increasing in revenue from engineering procurement and construction.

Revenue from fuel supply for the six-month period ended June 30, 2022, was 90.45 million Baht increased by 90.45 million Baht representing a 100% mainly from a new business in quarterly 1/2022 and trading Biomass Fuel to power customer both domestic and overseas.

Other Revenues for the six-month period ended June 30, 2022, and 2021 were 39.53 million Baht and 23.39 million Baht respectively, increased by 16.14 million Baht representing a 69.00% was mainly because the company has profit from sale of investment in an associated company with full payment of shares.

Revenue Structure	For the six-month period ended			
	30 June 2021		30 June 2022	
	Million Baht	%	Million Baht	%
Revenue from sale of electricity	263.72	37.79	274.30	27.90
Biomass power plant	212.10	30.40	221.62	22.54
RDF power plant	51.62	7.39	52.68	5.36
Revenue from sale of machinery and rendering construction engineering services	404.10	57.91	574.00	58.38
Machinery	188.06	26.95	205.97	20.95
Rendering construction engineering service	216.04	30.96	368.03	37.43
Revenue from sales	-	-	90.45	9.20
Sale fuel	-	-	90.45	9.20
Revenue from rendering service	6.54	0.94	4.82	0.49
Rendering services	6.54	0.94	4.82	0.49
Revenue from Operation	674.36	96.64	943.57	95.97
Other Revenue ¹	23.43	3.36	39.58	4.03
Total Revenue	697.79	100.00	983.15	100.00

Note: ¹Other Revenue such as revenue from rental/service, interest income, gain/loss on exchange rate, etc

2.2 In handover Contract

As at 30 June 2022, the Company's has in handover contract, that is expected to be recognized in the total amount 1,757.47 million Baht are as follow:

Project	In handover contract (million Baht)
1. Project General Construction	1,666.89
2. Project Power Plant	87.78
3. Project Modular	2.76
4. Project Conservation	0.04
Total	1,757.47

2.3 Cost of Sales and Services, and Gross Profit

Cost of sales and services mainly consists of the cost of sale of electricity, cost of sale of machinery and rendering construction engineering services, and cost of rendering services. For the six-month period ended June 30, 2022, and 2021, the company's cost of sales and services were 798.55 million Baht and 553.37 million Baht, respectively, which were equivalent to the gross profit margin 15.37% and 17.94%.

Gross profit from the sale of electricity for the six-month period ended June 30, 2022, and 2021 was 51.44 million Baht (Gross profit margin representing 18.75%) and 65.18 million Baht (Gross profit margin representing 24.72%), respectively, decreased in gross profit by 13.74 million Baht representing a 21.08% mainly from the cost of fuels and chemicals has increased in 2022 especially cost of natural gas. As a result, the gross profit compared to the 2021 were decreased.

Gross profit from engineering procurement and construction for the six-month period ended June 30, 2022, and 2021 were 78.06 million Baht (Gross profit margin representing 13.60%) and 55.41 million Baht (Gross profit margin representing 13.71%), respectively, increased gross profit by 22.65 million Baht representing a 40.88% mainly from the revenue from engineering procurement and construction increased representing a 42.04%. However, the gross profit margin was closed to 2021, decreased from 13.71% to 13.60%.

For the six-month period ended June 30, 2022 and 2021, the company's cost of sales and services are as follows:

Cost of Sales and Services	For the six-month period ended June 30, 2021		For the six-month period ended June 30, 2022	
	Million Baht	Gross Profit (%)	Million Baht	Gross Profit (%)
Cost of sale of electricity	198.54	24.72	222.86	18.75
Cost of sale of machinery and rendering construction engineering services	348.69	13.71	495.94	13.60
Cost of rendering services	6.14	6.12	4.00	17.01
Cost of sale	-	-	75.75	16.25
Total Cost of Sales and Services	553.37	17.94	798.55	15.37

2.4 Selling and Administrative Expenses

For the six-month period ended June 30, 2022, and 2021, the company had selling and administrative expenses of 118.51 million Baht and 76.98 million Baht, respectively, or equivalent to 12.05% and 11.03% of the total revenues, respectively. The increase in employee-related expenses by 15.25 million Baht was mainly

due to the company has recruiting more employee for support business expansion in the year 2022. Advisor fee were increased by 8.99 million Baht mainly from the professional fee for investing in the wood pallet factory project and the service fees for the construction of the company's power plants. Distribution Costs were increased by 26.51 million Baht mainly from the cost of distribution of new business group that occurs in the year of 2022, as shown in the table below.

Selling and Administrative Expenses	For the six-month period ended June 30, 2021		For the six-month period ended June 30, 2022	
	Million Baht	(%)	Million Baht	(%)
Employee-related expenses	27.61	35.87	42.86	36.17
Fee and other charges ¹	7.31	9.50	6.58	5.55
Advisor fee ²	14.91	19.37	23.90	20.17
Depreciation and Amortization	2.87	3.73	3.79	3.20
Distribution Costs	-	-	26.51	22.37
Other expenses ³	24.28	31.53	14.87	12.54
Total	76.98	100.00	118.51	100.00

note:

¹ Fee and other charges mainly consist of a local enterprise's fund subsidy, financial institutions' fee, tax fee, etc.

² Advisor fee mainly expenses for the implementation of the power plant construction project and professional fee for the projects etc.

³ Other expenses mainly include insurance fees, loss from exchange rate fluctuation, traveling expenses, office maintenance expenses, etc.

2.5 Net Profit

The company's net profit for the six-month period end of 2022 and 2021 were 34.77 million Baht and 44.78 million Baht, respectively, with net profit margins of 3.54% and 6.42%, respectively.

For the six-month period ended June 30, 2022, the company's net profit were declined by 10.01 million Baht, representing a 22.35% decrease compared with the same period in 2021

Profit attributable to owners of the parent for the six-month period ended June 30, 2022, and 2021 were 34.79 million Baht and 43.19 million Baht respectively, Decreased by 8.40 million Baht representing a 19.45%.

3. Financial Position

3.1 Assets

As of 30 June 2022, the company's total assets were 3,686.18 million Baht. The main assets consist of property, plant, and equipment of 1,315.39 million Baht, trade and other receivables of 1,648.66 million Baht, and Right to produce and sell of electricity of 85.61 million Baht, which were equivalent to 35.68%, 44.73%, and 2.32% as a percentage of total assets, respectively. The increase in the total assets by 373.26 million Baht representing 11.29% mainly due to trade and other receivables, has increased 232.57 million Baht from engineering procurement and construction that have recognized revenue and has unbilled receivables.

3.2 Liabilities

As of 30 June 2022, the company's total liabilities were Baht 1,717.58 million. The main liabilities consist of trade and other payables and loan from financial institutions, which were equivalent to 34.92% and 59.01% as a percentage of total liability, respectively.

3.3 Shareholders' equity

As of 30 June 2022, the shareholders' equity of the company was 1,968.60 million Baht, which increasing by 11.26 million Baht, representing 0.58% from the end of 2021, mainly from the annual performance in quarterly 2/2022.

3.4 Statement of cash flow

For the six-month period ended 30 June 2022, the company had cash and cash equivalents at the beginning of the period of 193.29 million Baht. Net cash used in operating activities was (86.63) million Baht, mainly resulted from profit before tax and loss on changes in working capital of 67.25 million Baht and the decrease in changes in working capital of (153.77) million Baht, which was mainly from Trade and other current receivables increase (232.93) million Baht from unbilled contract revenues-other companies and trade and other payable increases 139.91 million Baht from engineering procurement and construction that have recognized revenue and has unbilled receivables. In addition, net cash from investing activities was 47.66 million Baht and net cash from financing activities was 161.15 million Baht. As a result, the company had cash and cash equivalents at the end of the period was 315.70 million Baht.

Details of cash flow by activities are as follows :

Items	Consolidated financial statements For the six-month period ended	
	30 June 2021	30 June 2022
Net cash from (used in) operating activities	29.01	(86.63)
Net cash from (used in) investing activities	(3.75)	47.66
Net cash from (used in) financing activities	22.91	161.15
An effect from the foreign exchange rate in cash and cash equivalents and effects from translation differences on financial statements	0.59	0.23
Cash and cash equivalent as at January 1,	37.29	193.29
Cash and cash equivalent as at December 31,	86.05	315.70

4. Key Financial Ratios

Items	Consolidated Financial Statement	
	As at December 31, 2021	As at June 30, 2022
Current Ratio (times)	1.88	2.19
Gross Profit Margin (%)	19.10	15.37
Net Profit Margin (%)	8.64	3.54
Return on Equity (ROE) (%)	7.67	3.53
Debt to Equity ratio (times)	0.69	0.87

note : ¹The Pro Forma Condensed Consolidated Financial Statements For The Year Ended December 31, 2019-2020 present the effects of the financial reports' restatement based on the Assurance Reports to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.