

-Translation-

Management Discussion & Analysis of Business Operation

For the second quarter ended 30th June 2022

Significant event

Business combination under common control from acquired shares of UPT

On 6 July 2021, the Company acquired shares of Uni Power Tech Company Limited from the group of major shareholders, representing 99 % of shareholding. The management of the Group consider that the above acquisition is a business combination under common control using the pooling of interests method. The Company has prepared and presented the consolidated financial statements for the second quarter ended 30 June 2022 to reflect the financial position, the results of operations and cash flows for the period then ended as if the Group's companies had been operating as a single economic unit since before 1 January 2021, although the legal relationship between the Group and this subsidiary occurred afterward.

Dividend payment from result of 2021

On 25 May 2022, distribute stock dividend of the Company with the par value of THB 1 per share to the shareholders at the rate of 10 existing shares per 1 new share, total value 113.6 million Baht and distribute cash dividend at the rate of THB 0.0111111114 or totaling 12.6 million Baht as resolution of the 2022 Annual General Meeting of Shareholders of SSP had held on 26 April 2022.

Divestment 86.91% of TK investor of SS Hidaka No Mori G.K. (Hidaka project)

On 9 June 2022, the Company dispose all TK investor of 86.91% in SS Hidaka No Mori G.K. (Hidaka project) to ZEC1 Godo Kaisha at a total consideration value of 2,800 million JPY or equivalent to 716 million Baht (exchang rate: 25.572 Baht per 100 JPY). The disposition of Hidaka will result in a favorable return on investment for the Companies. The proceed from the sale of TK investor will increase liquidity and capital investments for new renewable energy projects in Japan and other countries.

Hidaka is Solar Power Project in Japan with PPA- equity of 14.8 MW

1) Executive Summary

For the second quarter of 2022, the company has continuous growth from the same period last year. From significant event above mentioned. The company's summarized performance for 2Q/21 ended 30th June. For comparison, the restated financial result was shown to reflect the financial statement while the previous report (which excluded performance of UPT) was to reflect the actual performance change

Consolidated Financial Statement (Unit: MTHB)	Restated			Previous Report		
	Q2/21	Q2/22	Change	Q2/21	Q2/22	Change
Revenue from sales and service ¹	629.2	824.7	31.1%	554.9	824.7	48.6%
EBITDA	507.8	988.6	94.9%	478.3	988.6	106.7%
Core Operating EBITDA ²	506.1	657.8	30.0%	476.8	657.8	38.0%
Net Profit (to SSP's Shareholders)	240.4	644.9	168.3%	240.4	644.9	168.3%
Core Operating Profit	233.1	293.9	26.1%	233.1	293.9	26.1%
EBITDA Margin (%)	78.9%	81.8%		84.2%	81.8%	
Core Operating EBITDA Margin (%)	80.4%	79.8%		85.9%	79.8%	
Net Profit Margin (%)	37.4%	53.3%		42.3%	53.3%	
Core Operating Profit Margin (%)	37.0%	35.6%		42.0%	35.6%	

Remark: ¹ Revenue from electricity sales, Subsidy for adder, construction services

² Net profit added tax expense added finance cost deducted finance income added depreciation and amortization added loss (gain) from unrealized FX gain/loss and added loss (gain) from one-time expense(income)

For financial statements adusted period of 3 months ended 30th June 2022, revenue from sales was 824.7 million Baht, increased by 31.1% from the same period last year. Net profit (to SSP's Shareholders) and core operating EBITDA were 644.9 million Baht and 657.8 million Baht respectively. Net profit margin was 53.3% and EBITDA margin was 79.8%.

For the performance of the company reflected by financial statement before adjusted, revenue from sales was 824.7 million Baht increased from 554.9 million Baht or increasing 48.6%. Gross profit was 480.2 million Baht. Gross profit margin was 58.2%. Core operating EBITDA was 657.8 million Baht increased from 476.8 million Baht in 2Q/22 or increasing 38.0%.

Core operating profit was 293.9 million Baht increase from 233.1 million Baht, increased by 26.1% from the same period last year.

Consolidated Financial Statement (Unit: MTHB)	Restated			Previous Report		
	6M/21	6M/22	Change	6M/21	6M/22	Change
Revenue from sales and service ¹	1,186.9	1,679.7	41.5%	1,039.6	1,679.7	61.6%
EBITDA	950.3	1,678.0	76.6%	891.7	1,678.0	88.2%
Core Operating EBITDA ²	948.9	1,344.2	41.7%	889.7	1,344.2	51.1%
Net Profit (to SSP's Shareholders)	423.5	939.6	121.9%	423.5	939.6	121.9%
Core Operating Profit	411.2	589.7	43.4%	411.2	589.7	43.4%
EBITDA Margin (%)	78.1%	81.0%		83.4%	81.0%	
Core Operating EBITDA Margin (%)	79.9%	80.0%		85.6%	80.0%	
Net Profit Margin (%)	34.8%	45.4%		39.6%	45.4%	
Core Operating Profit Margin (%)	34.6%	35.1%		39.6%	35.1%	

Remark: ¹ Revenue from electricity sales, Subsidy for adder, construction services

² Net profit added tax expense added finance cost deducted finance income added depreciation and amortization added loss (gain) from unrealized FX gain/loss and added loss (gain) from one-time items

For financial statements adjusted period of 6 months ended 30th June 2022, revenue from sales was 1,679.7 million Baht, increased by 41.5%. Net profit (to SSP's Shareholders) and core operating EBITDA were 939.6 million Baht and 1,344.2 million Baht respectively. Net profit margin was 45.4% and core operating EBITDA margin was 80.0%.

For the period of 6 months ended 30th June 2022 before adjusted, revenue from sale was 1,679.7 million Baht increased from 1,039.6 million Baht, increasing by 61.6%. Gross profit was 984.0 million Baht. Gross profit margin was 58.6%. Core operating EBITDA were 1,344.2 million Baht increased from 889.7 million Baht, increasing by 51.1% reflect to actual performance.

Core operating profit was 589.7 million Baht, increased by 43.4% from the same period last year. Core operating profit margin was 35.1%.

2) Analysis of financial results and financial status

2.1) Analysis of financial results

(1) Revenue

Consolidated Financial Statement	Restated			Previous Report		
	Q2/21	Q2/22	Change	Q2/21	Q2/22	Change
Revenue Structure (Unit: MTHB)						
Sale revenue from solar	535.8	633.3	18.2%	535.8	633.3	18.2%
Sale revenue from wind	-	88.7	-	-	88.7	-
Sale revenue from biomass	74.4	68.8	-7.5%	-	68.8	-
Sale revenue from solar rooftop	19.1	33.9	77.5%	19.1	33.9	77.5%
Total revenue from sales and service	629.2	824.7	31.1%	554.9	824.7	48.6%

For financial statements adjusted 2Q/22, revenue from sales and service was 824.7 million Baht, increased by 31.1% from the same period last year.

For the period of 3 months ended 31th June 2022 before adjusted, the revenue from sales and service increased by 48.6% from the same period last year, The revenue growth was contributed by the increase of overseas electricity sale including revenue recognition from Leo1 project in Japan (installed capacity 9.9MW, COD on July 2021), Wind project in Vietnam (installed capacity 48 MW, COD on October 2021) and Biomass project (installed capacity 9.9 MW, (acquisition in July 2021). Total electricity generation was 133,539 MWh, increasing 68.3% from the same period last year, although, there is shutdown maintenance planned for UPT project for 11 days.

Consolidated Financial Statement	Restated			Previous Report		
	6M/21	6M/22	change	6M/21	6M/22	Change
Revenue Structure (Unit: MTHB)						
Sale revenue from solar	1,009.7	1,195.0	18.4%	1,009.7	1,195.0	18.4%
Sale revenue from wind	-	277.7	-	-	277.7	-
Sale revenue from biomass	147.3	147.9	0.4%	-	147.9	-
Sale revenue from solar rooftop	30.0	59.2	97.6%	30.0	59.2	97.6%
Total revenue from sales and service	1,187.0	1,679.7	41.1%	1,039.6	1,679.7	61.6%

For financial statements adusted period of 6 months, revenue from sales and service was 1,679.7 million Baht or increase by 41.1% from the same period last year.

For the performance of the company reflected by financial statement before adjusted, revenue from sales and service was 1,679.7 million Baht or increase by 61.6% from the same period last year. Total electricity generation was 288,269 MWh, increasing 97.0% from the same period last year

(2) Share of profit from investments in subsidiaries and an associate

Consolidated Financial Statement	Q2/21	Q2/22	Change	6M/21	6M/22	Change
	Share of profit (Unit: MTHB)					
Share of profit from investments in subsidiaries and an associate	-	19.6	-	-	22.8	-

In Q2/22, share of profit from investments in subsidiaries and an associate was 19.6 million Baht. For 6 months of 2022, share of profit from investments in subsidiaries and an associate was 22.8 million Baht from Romklao wind farm.

(3) Administrative Expenses

Consolidated Financial Statement Administrative Expenses (Unit: MTHB)	Q2/21	Q2/22	Change	6M/21	6M/22	Change
G&A expenses	40.8	102.4	151.0%	77.3	163.5	111.4%
G&A expenses per revenue from sale	6.5%	12.4%		6.5%	9.7%	

In Q2/22, general and administrative expenses increased to 102.4 million Baht. For 6 months of 2022, the G&A expenses increased to 163.5 million Baht due to new project and property tax expense. While, impairment provision of 17.6 million Baht, which is a one-time expense.

(4) One-time items

One-time items are transaction that management considers to non-recurring item. The company adjust one-time items in core operating EBITDA and core operating profit to comparing financial statement reflected to actual performance.

In Q2/22, the Company dispose all TK investor in Hidaka project at a total consideration value of 2,800 million JPY, recorded gain from disposal at 348.4 million Baht, added deferred tax expense of Hidaka project at 8.5 million baht and expense of imparement provision of developing project at 17.6 million Baht.

(5) Financial Costs

Consolidated Financial Statement Financial Cost (Unit: MTHB)	Q2/21	Q2/22	Change	6M/21	6M/22	Change
Financial Cost	72.7	124.9	+71.8%	159.0	248.6	+56.4%

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

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

Consolidated Financial Statement	Q2/21	Q2/22	Change	6M/21	6M/22	Change
Core Operating Profit (Unit: MTHB)						
Net profit distribution to SSP's shareholders	240.4	644.9	+168.3%	423.5	939.6	+121.9%
Adjust unrealized FX (gain)/loss	(7.3)	(11.7)		(12.2)	(10.6)	
Adjust gain from disposal	-	(348.4)		-	(348.4)	
Adjust impairment provision	-	(8.5)		-	(8.5)	
Adjust others	-	17.6		-	17.6	
Core Operating Profit (to SSP's shareholders)	233.1	293.9	+26.1%	411.2	589.7	+43.4%

For Q2/22, net profit (to SSP's shareholders) was 644.9 million Baht, increasing by 168.3%. For 6 months of 2022, net profit (to SSP's shareholders) increasing by 121.9% from 423.5 million Baht in 6M/21 to 939.6 million Baht contributed by revenue recognition from new operation project and disposal Hidaka project.

For Q2/22, Core Operating Profit increased from 233.1 million Baht to 293.9 million Baht or increasing by 26.1%. For 6 months of 2022, Core Operating Profit increased from 411.2 million Baht to 589.7 million Baht, increasing 43.4% 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 Q2/22 and 6M/22, Deducted unrealized foreign exchange gain from loan from subordinates, total 11.7 million Baht and 10.6 million Baht respectively. Deducted gain from disposal Hidaka project at 348.4 million Baht, deducted deferred tax expense of 8.5 million Baht and added impairment provision at 17.6 million Baht.

2.2 Financial Status

Consolidated Financial Statement Financial Status (Unit: MTHB)	31 Dec 2021	30 Jun 2022	Change
Total Assets	24,063.3	23,278.2	-3.3%
Total Liabilities	17,689.1	15,140.3	-14.4%
Total Equity	6,374.2	8,137.9	27.7%
Total Equity (To SSP's shareholders)	5,884.1	7,642.8	29.9%
Debt to Equity Ratio (Consolidated)	2.78	1.86	
Debt to Equity Ratio (Company)	0.58	0.45	

As at 30th June 2022, consolidated total assets were 23,278.2 million Baht, decreased by 785.1 million baht, from 24,063.3 million Baht as at 31st December 2021 or 3.3% decrease. The decrease of total assets consisted mainly of the 1,816.6 million Baht decrease of property, plant and equipment of power plant from disposal Hidaka project, while investment in an associate increase of 1,007.3 million Baht. Most of total assets were property, plant and equipment of power plant which accounted for 58.9% of total assets.

Consolidated total liabilities were 15,140.3 million Baht, decreased by 2,548.8 million Baht, from 17,689.1 million Baht as at 31st December 2021 or decreasing 14.4%. The total liabilities decrease consisted mainly of the 500.4 million Baht decrease of short-term loan and 2,663.6 million Baht decrease of long-term loan, 1,500 million Baht increase of debenture for the purpose of investment in new projects, repayment 798.1 million Baht of debenture.

The total equity at the end of 30th June 2022 recorded 27.7% increase from 6,374.2 million Baht at the end of 2021 to 8,137.9 million Baht. Total Equity (To SSP's shareholders) increased from 5,884.1 million Baht at the end of 2021 to 7,642.8 million Baht at the end of Q2/22 or increasing 29.9%

Debt to Equity ratio (Consolidated) decreased from 2.78 times at the end of 2021 to 1.86 times at the end of 2Q/22. D/E (company only) decreased from 0.58 times at the end of 2021 to 0.45 times at the end of Q2/21.