



Date 11 November 2022

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

To : Managing Director of The Stock Exchange of Thailand

Enclosure

: Management's Discussion and Analysis of the Financial Statements for the Third Quarter of 2022
ended September 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 Third Quarter of 2022 ended September 30, 2022 to the Stock Exchange of Thailand.

The operating result of the company for the Third Quarter of 2022 ended September 30, had a net profit totaling 38.23 million Baht. Please see further details in the Management's Discussion and Analysis of the financial statements for the Third Quarter of 2022 ended September 30, 2022 as attached.

Yours faithfully,

(Mr. Teeraphat Petporee)

Chief Financial Officer

Clover Power Public Company Limited

Management's Discussion and Analysis for the nine-month period ended 30 September 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 September 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 performance 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 Third Quarter of 2022 ended 30 September 2022, the company and its subsidiaries reported revenue in an amount of 1,538.32 million Baht increased by 469.79 million Baht or 43.97% when compare the Third Quarter of 2021 end 30 September 2021 which had total revenue in amount of 1,068.53 million Baht as follows.

Revenue from the sale of electricity for the Third Quarter of 2022 ended 30 September 2022, and 2021 were 415.50 million Baht and 388.26 million Baht respectively, increased by 27.24 million Baht representing a 7.02% mainly from the power plants in the group are operating more efficiently when compared the Third Quarter of 2021 end 30 September 2021.

Revenue from engineering procurement and construction for the Third Quarter of 2022 ended 30 September 2022, and 2021 were 984.73 million Baht and 633.72 million Baht respectively, increased by 351.01 million Baht representing a 55.39% 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 Third Quarter of 2022 ended 30 September 2022, was 90.55 million Baht increased by 90.55 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, DKC will have revenue from first shipments in October 2022 amounting to 1.01 million USD.

Other Revenues for the Third Quarter of 2022 ended 30 September 2022, and 2021 were 42.70 million Baht and 36.66 million Baht respectively, increased by 6.04 million Baht representing a 16.48% was mainly because the company has profit from sale of investment in an associated company with full payment of shares.

Revenue Structure	For the nine-month period ended			
	30 September 2021		30 September 2022	
	Million Baht	%	Million Baht	%
Revenue from sale of electricity	388.26	36.34	415.50	27.01
Biomass power plant	311.56	29.16	339.51	22.07
RDF power plant	76.70	7.18	75.99	4.94
Revenue from sale of machinery and rendering construction engineering services	633.72	59.31	984.73	64.01
Sale on machinery and equipment	372.12	34.83	342.06	22.23
Rendering construction engineering service	261.60	24.48	642.67	41.78
Revenue from sales	-	-	90.55	5.89
Sale fuel	-	-	90.55	5.89
Revenue from rendering service	9.89	0.93	4.84	0.32
Rendering services	9.89	0.93	4.84	0.32
Revenue from Operation	1,031.87	96.58	1,495.62	97.23
Other Revenue ¹	36.66	3.42	42.70	2.77
Total Revenue	1,068.53	100.00	1,538.32	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 September 2022, the Company's has in handover contract, that is expected to be recognized in the total amount 2,182.23 million Baht are as follow:

Project	In handover contract (million Baht)
1. Project General Construction	2,026.41
2. Project Power Plant	153.56
3. Project Modular	2.22
4. Project Conservation	0.04
Total	2,182.23

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 nine-month period ended September 30, 2022, and 2021, the company's cost of sales and services were 1,286.89 million Baht and 814.40 million Baht, respectively, which were equivalent to the gross profit margin 13.96% and 21.08%.

Gross profit from the sale of electricity for the nine-month period ended Sep 30, 2022, and 2021 was 75.73 million Baht (Gross profit margin representing 18.23%) and 99.83 million Baht (Gross profit margin representing 25.71%), respectively, decreased in gross profit by 24.10 million Baht representing a 24.14% 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 nine-month period ended September 30, 2022, and 2021 were 117.58 million Baht (Gross profit margin representing 11.94%) and 115.55 million Baht (Gross profit margin representing 18.23%), respectively, increased gross profit by 2.03 million Baht representing a 1.76% mainly from the revenue from engineering procurement and construction increased representing a 55.39 from the new project but General Construction gross margins are likely to decline due to higher construction costs and lower gross margins of new projects compared to 2021.

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

Cost of Sales and Services	For the nine-month period ended September 30, 2021		For the nine-month period ended September 30, 2022	
	Million Baht	Gross Profit (%)	Million Baht	Gross Profit (%)
Cost of sale of electricity	288.43	25.71	339.77	18.23
Cost of sale of machinery and rendering construction engineering services	518.17	18.23	867.15	11.94
Cost of rendering services	7.80	21.13	4.10	15.29
Cost of sale	-	-	75.87	16.21
Total Cost of Sales and Services	814.40	21.08	1,286.89	13.96

2.4 Selling and Administrative Expenses

For the nine-month period ended September 30, 2022, and 2021, the company had selling and administrative expenses of 164.59 million Baht and 116.52 million Baht, respectively, or equivalent to 10.70% and 10.90% of the total revenues, respectively. The increase in employee-related expenses by 26.54 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 6.58 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 nine-month period ended September 30, 2021		For the nine-month period ended September 30, 2022	
	Million Baht	(%)	Million Baht	(%)
Employee-related expenses	42.57	36.53	69.11	41.99
Fee and other charges ¹	9.30	7.98	8.52	5.18
Advisor fee ²	23.75	20.38	30.33	18.43
Depreciation and Amortization	4.52	3.88	6.05	3.68
Distribution Costs	-	-	26.51	16.10
Other expenses ³	36.38	31.23	24.07	14.62
Total	116.52	100.00	164.59	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 nine-month period end of 2022 and 2021 were 38.23 million Baht and 103.16 million Baht, respectively, with net profit margins of 2.49% and 9.65%, respectively.

For the nine-month period ended September 30, 2022, the company's net profit were declined by 64.93 million Baht, representing a 62.94% decrease compared with the same period in 2021

Profit attributable to owners of the parent for the nine-month period ended September 30, 2022, and 2021 were 42.60 million Baht and 101.37 million Baht respectively, Decreased by 58.77 million Baht representing a 57.98%.

3. Financial Position

3.1 Assets

As of 30 September 2022, the company's total assets were 4,287.49 million Baht. The main assets consist of property, plant, and equipment of 1,616.52 million Baht, Contract assets 1,549.43 million Baht, trade and other receivables of 559.55 million Baht, Goodwill 105.55 million Baht, and Right to produce and sell of electricity of 84.39 million Baht, which were equivalent to 37.70%, 36.14%, 13.05%, 2.46 and 1.97% as a percentage of total assets, respectively. The increase in the total assets by 975.17 million Baht representing 29.44% mainly due to Contract assets, has increased 652.32 million Baht from engineering procurement and construction that have recognized revenue and has unbilled receivables and property, plant, and equipment increased 271.39 million Baht from acquisition DKC

3.2 Liabilities

As of 30 September 2022, the company's total liabilities were Baht 2,232.36 million. The main liabilities consist of trade and other payables, Debenture and loan from financial institutions, which were equivalent to 25.08%, 19.98 and 50.65% as a percentage of total liability, respectively.

3.3 Shareholders' equity

As of 30 September 2022, the shareholders' equity of the company was 2,055.14 million Baht, which increasing by 97.80 million Baht, representing 5.00% from the end of 2021, mainly from the annual performance in quarterly 3/2022.

3.4 Statement of cash flow

For the nine-month period ended 30 September 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 (526.42) million Baht, mainly resulted from profit before tax and loss on changes in working capital of 117.05 million Baht and the decrease in changes in working capital of (634.02) million Baht, which was mainly from Contract assets increase (652.32) million Baht from unbilled contract revenues-other companies and trade and other payable increases 76.24 million Baht from engineering procurement and construction that have recognized revenue and has unbilled receivables. In addition, net cash from investing activities was (213.91) million Baht and net cash from financing activities was 595.78 million Baht. As a result, the company had cash and cash equivalents at the end of the period was 49.62 million Baht.

Details of cash flow by activities are as follows :

Items	Consolidated financial statements For the nine-month period ended	
	30 September 2021	30 September 2022
Net cash from (used in) operating activities	(99.37)	(526.42)
Net cash from (used in) investing activities	(76.34)	(213.91)
Net cash from (used in) financing activities	818.59	595.78
An effect from the foreign exchange rate in cash and cash equivalents and effects from translation differences on financial statements	1.06	0.88
Cash and cash equivalent as at January 1,	37.29	193.29
Cash and cash equivalent as at September 30,	681.23	49.62

4. Key Financial Ratios

Items	Consolidated Financial Statement	
	As at December 31, 2021	As at September 30, 2022
Current Ratio (times)	1.88	2.29
Gross Profit Margin (%)	19.10	13.96
Net Profit Margin (%)	8.64	2.49
Return on Equity (ROE) (%)	7.67	2.48
Debt to Equity ratio (times)	0.69	1.09

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.