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Management Discussion & Analysis of Business Operation

For the third quarter ended 30th September 2022

Significant event

Company performance

In third quarter, solar power plants in Japan are nominally in their peak season because it is summer, but wind power plants will be in their low season. In 3Q/22, The company core operating profit increasing 0.7% from same period last year, Although the company sold the Hidaka project (Solar power plant installed PPA 17 MW in Japan) in the second quarter of this year, the company compensated by recognizing the full period of the Leo1 project project (Solar power plant PPA 20 MW in Japan). The performance of the TTTV project (Wind power plant PPA 48 MW in Vietnam, COD in late of October 2021) and the Romklao wind farm (Wind power plant PPA 45 MW in Thailand, SSP buy 25% shares in March 2022) is little effected to the company because the third quarter is the low season for wind power plants and the fourth quarter is the peak season, in addition, the company is investing more in solar rooftops in Indonesia, and FT rising trend is beneficial to the company.

Company credit rating upgrade

TRIS Rating upgrades the company rating on SSP to “BBB+” from “BBB”, with “stable” outlook. The rating upgrade reflects a significant improvement in SSP’s financial profile.

1) Executive Summary

The company's summarized performance for 3Q/22 ended 30th September 2022.

Consolidated Financial Statement (Unit: MTHB)	Q3/21	Q2/22	Q3/22	QoQ	YoY
Revenue from sales and service ¹	681.8	824.7	739.9	-10.3%	8.5%
EBITDA	537.4	990.3	594.2	-40.0%	10.6%
Core Operating EBITDA ²	535.3	657.8	577.4	-12.2%	7.9%
Net Profit (to SSP's Shareholders)	286.5	644.9	267.6	-58.5%	-6.6%
Core Operating Profit	256.8	293.9	258.5	-12.0%	0.7%
EBITDA Margin (%)	70.3%	81.9%	73.6%		
Core Operating EBITDA Margin (%)	78.5%	79.8%	78.0%		
Net Profit Margin (%)	37.5%	53.3%	33.2%		
Core Operating Profit Margin (%)	37.7%	35.6%	34.9%		

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 the period of 3 months ended 30th September 2022, revenue from sales and service was 739.9 million Baht, increased by 8.5% from the same period last year and decreased by 10.3 from Q2/22. Net profit (to SSP's Shareholders) and core operating EBITDA were 267.6 million Baht and 577.4 million Baht respectively. Net profit margin was 33.2% and core operating EBITDA margin was 78.0%.

Core operating profit was 258.5 million Baht increase from 256.8 million Baht, increased by 0.7% from the same period last year.

Consolidated Financial Statement (Unit: MTHB)	9M/21	9M/22	YTD
Revenue from sales and service ¹	1,868.7	2,419.6	29.5%
EBITDA	1487.7	2,236.3	50.3%
Core Operating EBITDA ²	1484.1	1,884.9	27.0%
Net Profit (to SSP's Shareholders)	710.0	1,170.5	64.9%
Core Operating Profit	668.0	848.2	27.0%
EBITDA Margin (%)	75.1%	77.7%	
Core Operating EBITDA Margin (%)	79.4%	77.9%	
Net Profit Margin (%)	35.8%	40.7%	
Core Operating Profit Margin (%)	35.7%	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 period of 9 months ended 30th September 2022, revenue from sales was 2,419.6 million Baht, increased by 29.5%. Net profit (to SSP's Shareholders) and core operating EBITDA were 1,170.5 million Baht and 1,884.9 million Baht respectively. Net profit margin was 40.7% and core operating EBITDA margin was 77.9%.

Core operating profit was 848.2 million Baht, increased by 27.0% 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 Revenue Structure (Unit: MTHB)	Q3/21	Q2/22	Q3/22	QoQ	YoY
Revenue from sale					
Sale revenue from solar	587.4	633.3	534.5	-15.6%	-9.0%
Sale revenue from wind	-	88.7	101.5	14.4%	-
Sale revenue from biomass	80.7	68.8	80.4	16.9%	-0.4%
Sale revenue from solar rooftop	13.2	19.5	22.7	16.5%	72.7%
Total revenue from sales	681.3	810.3	739.1	-8.8%	8.5%
Total revenue from service	0.5	14.4	0.8	-94.4%	58.8%
Total revenue from sales and service	681.8	824.7	739.9	-10.3%	8.5%

For the period of 3 months ended 30th September 2022, the revenue from sales and service increased by 8.5% from the same period last year, The revenue growth was contributed by 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). Total electricity generation was 128,706 MWh, increasing 29.8% from the same period last year.

Consolidated Financial Statement Revenue Structure (Unit: MTHB)	9M/21	9M/22	YTD
Revenue from sale			
Sale revenue from solar	1,597.0	1,729.5	8.3%
Sale revenue from wind	-	379.1	-
Sale revenue from biomass	228.0	228.3	0.1%
Sale revenue from solar rooftop	32.2	60.2	87.0%
Total revenue from sales	1,857.3	2,397.1	29.1%
Total revenue from service	11.4	22.6	97.5%
Total revenue from sales and service	1,868.7	2,419.6	29.5%

For period of 9 months, revenue from sales and service was 2,419.9 million Baht or increase by 29.5% from the same period last year. Total electricity generation was 416,975 MWh, increasing 50.2% from the same period last year

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

Consolidated Financial Statement	Q3/21	Q2/22	Q3/22	QoQ	YoY	9M/21	9M/22	YTD
Share of profit (Unit: MTHB)								
Share of profit from investments in subsidiaries and an associate	-	19.6	(2.2)	-	-	-	20.7	-

In Q3/22, share of profit from investments in subsidiaries and an associate was (2.2) million Baht due to project Windchai (Wind project in Thailand) restructure financial agreement to be better in term of interest payment and payment term which cost 30.3 million Baht, which is a one-time expense. For 9 months of 2022, share of profit from investments in subsidiaries and an associate was 20.7 million Baht from Romklao wind farm.

Windchai should report a net profit of 21.3 million Baht if one-time expenses from restructuring financial agreements are excluded, and the company should recognize a 5.3 million Baht share of profit from investments in subsidiaries and an associate.

(3) Administrative Expenses

Consolidated Financial Statement	Q3/21	Q2/22	Q3/22	QoQ	YoY	9M/21	9M/22	YTD
Administrative Expenses (Unit: MTHB)								
G&A expenses	74.1	102.4	65.1	-36.4%	-12.2%	151.4	228.6	50.9%
G&A expenses per revenue from sale	10.9%	12.4	8.8%			8.1%	9.4%	

In Q3/22, general and administrative expenses was 65.1 million Baht, decreasing 36.4% from 2Q/22 due to sold Hidaka project in Japan. For 9 months of 2022, the G&A expenses increased to 228.6 million Baht due to new project and property tax 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 3Q/22, the Company adjust one-time expenses from restructuring financial agreements from Windchai project and others total of 1.5 million. In period 9 of 2022, the Company dispose all TK investor in Hidaka project at a total consideration value of 2,800 million JPY, recored gain from disposal at 348.4 million Baht, added deferred tax expense of Hidaka project at 8.5-million-baht, one-time expenses from restructuring financial agreements from Windchai project and others total of 19.1 million Baht.

(5) Financial Costs

Consolidated Financial Statement	Q3/21	Q2/22	Q3/22	QoQ	YoY	9M/21	9M/22	YTD
Financial Cost (Unit: MTHB)								
Financial Cost	92.3	124.9	118.0	-5.5%	+27.9%	251.3	366.6	45.9%

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 Core Operating Profit (Unit: MTHB)	Q3/21	Q2/22	Q3/22	QoQ	YoY	9M/21	9M/22	YTD
	Net profit distribution to SSP's shareholders	286.5	644.9	267.6	-58.5%	-6.6%	710.0	1,170.5
Adjust unrealized FX (gain)/loss	(29.7)	(11.7)	(10.6)			(41.9)	15.5	
Adjust gain from disposal	-	(348.4)	-			-	(348.4)	
Adjust impairment provision	-	(8.5)	-			-	(8.5)	
Adjust others	-	17.6	1.5			-	19.1	
Core Operating Profit	256.8	293.9	258.5	-12.0%	+0.7%	668.0	848.2	+27.0%

For Q3/22, net profit (to SSP's shareholders) was 267.6 million Baht, decreasing by 6.6%. For 9 months of 2022, net profit (to SSP's shareholders) increasing by 64.9% from 710.0 million Baht in 9M/21 to 1,170.5 million Baht contributed by revenue recognition from new operation project and disposal Hidaka project.

For Q3/22, Core Operating Profit increased from 256.8 million Baht to 258.5 million Baht or increasing by 0.7%. For 9 months of 2022, Core Operating Profit increased from 668.0 million Baht to 848.2 million Baht, increasing 27.0% 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 3Q/22, deducted unrealized foreign exchange gain from loan from subordinates, total 10.6 million Baht, added other total 1.5 million Baht. For 9M/22, added unrealized foreign exchange loss from loan from subordinates, total 15.5 million Baht, deducted gain from disposal Hidaka project at 348.4 million Baht, deducted deferred tax expense of 8.5 million Baht and added others at 19.1 million Baht.

2.2 Financial Status

Consolidated Financial Statement Financial Status (Unit: MTHB)	31 Dec 2021	30 Sep 2022	Change
Total Assets	24,063.3	23,157.6	-3.8%
Total Liabilities	17,689.1	14,791.4	-16.4%
Total Equity	6,374.2	8,366.2	31.3%
Total Equity (To SSP's shareholders)	5,884.1	7,832.1	33.1%
Debt to Equity Ratio (Consolidated)	2.78	1.77	
Debt to Equity Ratio (Company)	0.58	0.42	

As at 30th September 2022, consolidated total assets were 23,157.6 million Baht, decreased by 905.7 million baht, from 24,063.3 million Baht as at 31st December 2021 or 3.8% decrease. The decrease of total assets consisted mainly of the 1,655.8 million Baht decrease of property, plant and equipment of power plant from disposal Hidaka project, while investment in an associate increase of 1,005.1 million Baht. Most of total assets were property, plant and equipment of power plant which accounted for 59.9% of total assets.

Consolidated total liabilities were 14,791.4 million Baht, decreased by 2,897.7 million Baht, from 17,689.1 million Baht as at 31st December 2021 or decreasing 16.4%. The total liabilities decrease consisted mainly of 2,917.2 million Baht decrease of trade and other payables and 500.4 million Baht decrease of short-term loan, 1,500 million Baht increase of debenture for the purpose of investmet in new projects, repayment 800.0 million Baht of debenture.

The total equity at the end of 30th September 2022 recorded 31.0% increase from 6,374.2 million Baht at the end of 2021 to 8,366.2 million Baht. Total Equity (To SSP's shareholders) increased from 5,884.1 million Baht at the end of 2021 to 7,832.1 million Bath at the end of Q3/22 or increasing 33.1%

Debt to Equity ratio (Consolidated) decreased from 2.78 times at the end of 2021 to 1.77 times at the end of 3Q/22. D/E (company only) decreased from 0.58 times at the end of 2021 to 0.42 times at the end of Q3/22.