

Energy Absolute Public Company Limited

Management Discussion and Analysis of Financial Statements

for the fourth quarter and year ended 31 December 2021



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24 February 2022

Subject: Management Discussion and Analysis of Financial Statements for the fourth quarter and year ended 31 December 2021

To: The President of the Stock Exchange of Thailand

We, Energy Absolute Public Company Limited (“EA”) would like to report the operating results of EA and subsidiaries (all together as the “Company”) for the fourth quarter and year ended 31 December 2021 which has been approved by the Board of Directors Meeting No. 1/2022 held on 24 February 2022. The details are as follows:

Overview of operating results for the fourth quarter and for the year ended 31 December 2021.

Operating Results	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from sales and services	5,507.99	4,445.90	1,062.09	23.89%	20,173.81	17,079.55	3,094.26	18.12%
Other Income	230.16	15.23	214.93	1,411.23%	384.29	119.59	264.70	221.34%
Total Revenue	5,738.15	4,461.13	1,277.02	28.63%	20,558.10	17,199.14	3,358.96	19.53%
Profit attributable to Owners of the parent	1,881.31	1,484.09	397.22	26.77%	6,100.07	5,204.57	895.50	17.21%
Basic earnings per share (Baht per share)	0.51	0.40	0.11	27.50%	1.64	1.40	0.24	17.14%

Net Profit

For the fourth quarter ended 31 December 2021, the Company earned the net profit of Baht 1,881.31 million, increased by Baht 397.22 million, or 26.77%, as compared to the same period of last year which incurred the net profit of Baht 1,484.09 million. For the year ended 31 December 2021, the Company earned the net profit of Baht 6,100.07 million, increased by Baht 895.50 million, or 17.21%, as compared to the same period of last year which incurred the net profit of Baht 5,204.57 million.

Revenue

For the fourth quarter ended 31 December 2021, the Company earned the total revenue of Baht 5,738.15 million, increased by Baht 1,277.02 million or 28.63%, as compared to the same period of last year which incurred the total revenue of Baht 4,461.13 million. For the year ended 31 December 2021, the Company earned the total revenue of Baht 20,558.10 million, increased by Baht 3,358.96 million or 19.53%, as compared to the same period of last year which incurred the total revenue of Baht 17,199.14 million, as summarized below.

Total Revenue	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Biodiesel Business	2,273.87	1,623.56	650.31	40.05%	8,165.83	6,262.29	1,903.54	30.40%
Power Business	2,860.56	2,806.69	53.87	1.92%	10,933.39	10,601.98	331.41	3.13%
Battery and Electric Vehicle Business	350.42	15.21	335.21	2,203.88%	1,012.20	86.68	925.52	1,067.74%
Other Businesses	23.14	0.44	22.70	5,159.09%	62.39	128.60	(66.21)	(51.49%)
Revenue from Operations	5,507.99	4,445.90	1,062.09	23.89%	20,173.81	17,079.55	3,094.26	18.12%
Other Income/ Accounting gain	230.16	15.23	214.93	1,411.23%	384.29	119.59	264.70	221.34%
Total Revenue	5,738.15	4,461.13	1,277.02	28.63%	20,558.10	17,199.14	3,358.96	19.53%

Having considered the revenue from operations for the fourth quarter ended 31 December 2021, at the Company incurred revenue from normal operation of Baht 5,507.99 million, increased by Baht 1,062.09 million, or 23.89%. The major cause of increase in revenue for the fourth quarter was the performance of Biodiesel business and Battery & EV business. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products:

For the fourth quarter ended 31 December 2021, the revenue from Biodiesel business increased by Baht 650.31 million or 40.05% and for the year ended 31 December 2021, the revenue from Biodiesel business increased by Baht 1,903.54 million or 30.40%. Details were described as follows:

1.1 Biodiesel: For the fourth quarter ended 31 December 2021, the revenue increased by Baht 59.82 million, or 3.84%. For the year ended 31 December 2021, the revenue increased by Baht 322.57 million or 5.92%. The increase was mainly from price factor which recorded a 23.21% increase in the fourth quarter of 2021 or 28.04% increase for the year 2021, following the contraction in crude palm oil stock supply. Meanwhile, the sales volumes decreased due to the Energy Policy and Planning Office's policy to reduce B100 proportion in biodiesel fuel blend from 7% (B7) and 10% (B10) to 6% (B6) from 11-31 October 2021, as well as another policy to restrict the B100 proportion in biodiesel fuel blend to only B7 despite the previously used B7, B10 and B20 for 4 months from 1 December 2021, and the shrinkage of demand for biodiesel from industrial and tourism industry due to COVID-19 pandemic.

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from Biodiesel	1,617.64	1,557.82	59.82	3.84%	5,773.73	5,451.16	322.57	5.92%
- Sales volume (Million litre)	37.90	44.97	(7.07)	(15.72%)	155.35	187.80	(32.45)	(17.28%)
- Average Selling Price (Baht/Litre)	42.68	34.64	8.04	23.21%	37.17	29.03	8.14	28.04%

1.2 Pure glycerin: For the fourth quarter ended 31 December 2021, the revenue increased by Baht 77.90 million, or 136.14%. For the year ended 31 December 2021, the revenue increased by Baht 98.81 million, or 37.21%. This was due to the COVID-19 pandemic pushed the demand for glycerin for alcohol gel production higher than the previous year, resulting in the rise of Glycerin price in the global market for 182.71% in the fourth quarter of 2021 and 73.79% in the year 2021, despite the decrease in sales volume due to the Energy Policy and Planning Office's policy to reduce of B100 proportion in biodiesel fuel blend resulting in less production of B100 and glycerin as its byproducts.

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from Pure Glycerin	135.12	57.22	77.90	136.14%	364.35	265.54	98.81	37.21%
- Sales volume (Million Kg)	2.84	3.40	(0.56)	(16.47%)	12.05	15.26	(3.21)	(21.04%)

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
- Average Selling Price (Baht/Kg)	47.58	16.83	30.75	182.71%	30.24	17.40	12.84	73.79%

1.3 CPO (Crude Palm Oil): For the fourth quarter ended 31 December 2021, the revenue increased by Baht 506.59 million, or 10,466.74%. For the year ended 31 December 2021, the revenue increased by Baht 1,474.29 million, or 291.76%. This was mainly due to the increase in the average selling price of crude palm oil from low stock supply and increased export, and the lower production from the foreign labor shortage for palm oil industry in Malaysia, the 2nd largest global exporter of palm oil.

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from CPO (crude palm oil)	511.43	4.84	506.59	10,466.74%	1,979.60	505.31	1,474.29	291.76%
- Sales volume (Million Kg)	10.10	0.22	9.88	4,490.91%	48.54	21.49	27.05	125.87%
- Average Selling Price (Baht/Kg)	50.64	35.94	14.70	40.90%	40.78	23.51	17.27	73.46%
Explanation								
The Company recognized revenue from crude palm oil production in Larp Pakdee Palm Co., Ltd. (74.99% shareholding held by EA) in the Second quarter of 2020, and Kanjanadit Palm Oil Co., Ltd. (75.00% shareholding held by EA) in the third quarter of 2020.								

1.4 PCM: For the fourth quarter ended 31 December 2021, the revenue increased by Baht 2.27 million. For the year ended 31 December 2021, the revenue increased by Baht 32.91 million as the Company recognized revenue from PCM in late 2020.

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from PCM	5.95	3.68	2.27	61.68%	41.40	8.49	32.91	387.63%
- Sales volume (Million Kg)	0.05	0.06	(0.01)	(16.67%)	0.41	0.11	0.30	272.73%
- Average Selling Price (Baht/Kg)	119.00	61.33	57.67	94.03%	100.98	77.18	23.80	30.84%

1.5 Byproducts: For the fourth quarter ended 31 December 2021, the revenue increased by Baht 3.73 million. For the year ended 31 December 2021, the revenue decreased by Baht 25.04 million.

Items	Fourth quarter				Year			
	2021 Baht Million	2020 Baht Million)	Increase (Decrease)		2021 Baht Million	2020 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from byproducts	3.73	-	3.73	100.00%	6.75	31.79	(25.04)	(78.77%)

2. Generating and distributing Electricity:

For the fourth quarter ended 31 December 2021, the Company earned the revenue of Baht 2,860.56 million, increased by Baht 53.87 million, or 1.92%, as compared to the same period of last year which incurred the revenue Baht 2,806.69 million. For the year ended 31 December 2021, the Company earned the revenue of Baht 10,933.39 million, increased by Baht 331.41 million, or 3.13 %, as compared to the same period of last year which incurred the revenue Baht 10,601.98 million. This was mainly due to stronger wind as compared to same period of last year.

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from Solar power plants	1,512.49	1,369.76	142.73	10.42%	6,070.89	6,050.25	20.64	0.34%
- Sales volume (GWh)	155.96	142.30	13.66	9.60%	627.62	621.00	6.62	1.07%
- Average Selling Price (Baht/Unit)	9.70	9.63	0.07	0.73%	9.67	9.74	(0.07)	(0.72%)
Revenue from Wind power plants	1,342.91	1,430.09	(87.18)	(6.10%)	4,841.15	4,541.35	299.80	6.60%
- Sales volume (GWh)	218.91	231.12	(12.21)	(5.28%)	795.70	733.06	62.64	8.55%
- Average Selling Price (Baht/Unit)	6.13	6.19	(0.06)	(0.97%)	6.08	6.20	(0.12)	(1.94%)
Hanuman wind power 260-MW Project								
- Sales volume (GWh)	151.94	157.43	(5.49)	(3.49%)	506.51	478.37	28.14	5.88%
- Average Selling Price (Baht/Unit)	6.09	6.16	(0.07)	(1.14%)	24.05	24.56	(0.51)	(2.08%)
Hadkunghan wind power 126-MW Project								
- Sales volume (GWh)	66.97	73.69	(6.72)	(9.12%)	289.19	254.69	34.50	13.55%

Items	Fourth quarter				Year			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
- Average Selling Price (Baht/Unit)	6.24	6.24	0.00	0.00%	24.81	25.13	(0.32)	(1.27%)
Revenue from Biogas power	5.16	6.84	(1.68)	(24.56%)	21.35	10.38	10.97	105.68%
- Sales volume (GWh)	1.28	1.92	(0.64)	(33.33%)	6.71	3.16	3.55	112.34%
- Average Selling Price (Baht/Unit)	4.03	3.56	0.47	13.20%	3.18	3.28	(0.10)	(3.05%)
Explanation								
The Company acquired Kanjanadit Palm Oil Co, Ltd. (75% shareholding held by EA) since the Third quarter of 2020 which generates power from byproducts of palm oil and has generated revenue from biogas power plant since the Third quarter of 2020.								

3. Manufacturing and distribution lithium-ion battery and electric vehicle:

For the fourth quarter ended 31 December 2021, the revenue from battery and electric vehicle business was Baht 350.42 million mainly from the sales of 35 units of electric buses. For the year ended 31 December 2021, the revenue from battery and electric vehicle business was Baht 1,012.20 million mainly from the sale of 112 units of electric buses.

4. Revenue from other businesses:

For the fourth quarter ended 31 December 2021, the revenue from other businesses was Baht 23.14 million. For the year ended 31 December 2021, the revenue from other businesses was Baht 62.39 million.

5. Other income:

For the fourth quarter ended 31 December 2021, other income was Baht 230.16 million. For the year ended 31 December 2021, other income was Baht 384.29 million, due to the sale of unused asset of Baht 353 million.

Cost of sales and services

For the fourth quarter and for the year ended 31 December 2021, cost of sales was reported at Baht 3,333.55 million and Baht 11,893.35 million, increased by Baht 1,018.47 million and Baht 2,621.93 million, or 43.99% and 28.28% respectively, as compared to the same period of last year which incurred the total cost of sales of Baht 2,315.08 million and Baht 9,271.42 million respectively. The reasons are summarized as follows:

- 1. Manufacturing and distributing Biodiesel Product:** For the fourth quarter and for the year ended 31 December 2021, the cost of sales increased by Baht 761.62 million and Baht 2,136.12 million, or 53.40% and 37.18% respectively, as compared to the same period of last year with respect to the increase in palm oil price which is the raw material for biodiesel.
- 2. Generating and distributing Electricity:** For the fourth quarter and for the year ended 31 December 2021, the cost of sales decreased by Baht 46.42 million and Baht 72.34 million, or 6.21% and 2.48%. This was due to the increase in sales volume resulting in the decrease in unit cost. In this regard, the cost of sales includes depreciation, administrative and maintenance expenses, etc.
- 3. Manufacturing and distribution lithium-ion battery and electric vehicle:** For the fourth quarter and for the year ended 31 December 2021, the cost of sales increased by Baht 216.89 million and Baht 553.60 million or increased by 186.38% and 141.42% respectively, following the increase in sales volume of electric buses.
- 4. Other businesses:** For the fourth quarter and for the year ended 31 December 2021, the cost of sales increased by Baht 86.38 million, and Baht 24.55 million respectively, or increased by 342.55%, and 10.73%, as compared to the same period of last year.

Selling Expense

Selling expenses, for the fourth quarter was Baht 18.60 million which increase by Baht 0.47 million or 2.57% as compared to the same period of last year which incurred the selling expenses of Baht 8.13 million due to the increase of selling battery. And for the year ended 31 December 2021, the selling expenses was Baht 71.84 million which decreased by Baht 8 million or 10.02% having compared to the same period of last year which incurred selling expenses amounting of Baht 79.84 million due to decrease of sales volume of biodiesel products.

Administrative Expense

Administrative expense, for the fourth quarter ended 31 December 2021, was Baht 374.93 million, increased by Baht 63.04 million, or 20.21%, as compared to the same period of last year which incurred the administrative expense of Baht 311.89 million. This was due to the donation for COVID-19 relief amounted to Baht 45.00 million. For the year ended 31 December 2021, administrative expense was Baht 1,365.49 million, increased by Baht 166.91 million, or 13.93%, as compared to the same period of last year which incurred the administrative expense of Baht 1,198.58 million which consists of personnel

expense and office expense amounted to Baht 113.03 million in order to support the expansion of the battery and electric vehicle business.

Finance cost

For the fourth quarter and for the year ended 31 December 2021, finance cost was Baht 295.03 million and Baht 1,387.54 million, decreased by Baht 79.96 million, and Baht 249.26 million, or 21.32% and 15.23% respectively, as compared to the same period of last year, which incurred finance cost of Baht 374.99 million and Baht 1,636.80 million, as a result of the repayments of loan from financial institutions due in the fourth quarter of 2021 and lower average interest rate as compared to the same period of last year.

Financial Status

Total Asset

The total asset of the Company and its subsidiaries as of 31 December 2021 was Baht 85,476.25 million, increased by Baht 6,992.48 million, or 8.91%, from 31 December 2020. This was mainly from the following determinants:

- Cash and cash equivalents

Cash and cash equivalents as of 31 December 2021 was reported at Baht 2,926.97 million, representing a decrease of Baht 23.70 million, or 0.80%, from 31 December 2020 due to operational purposes.

- Trade accounts receivable

Trade accounts receivable as of 31 December 2021 was reported at Baht 6,410.02 million, representing an increase of Baht 2,898.54 million from 31 December 2020 due to the sale of unused assets.

- Inventory

Inventory was reported at Baht 1,483.15 million, representing a increase of Baht 649.85 million from 31 December 2020 due to the raw materials in preparation for lithium-ion battery production for Amita Technology (Thailand) Co., Ltd.

- Property, plant, and equipment

Property, plant, and equipment were Baht 58,420.63 million, increased by Baht 2,563.69 million or 4.59% from 31 December 2020. This was mainly from investment in new projects such as the lithium-ion Battery Project and the electric vehicle project.

Total Liabilities

As of 31 December 2021, the total liabilities of the Company were Baht 50,374.53 million, representing an increase of Baht 1,517.64 million or 3.11% from 31 December 2020, mainly due to solar panel replacement in order to enhance the efficiency of the Solar Plant.

Total Equity

As of 31 December 2021, the total shareholders' equity of the Company was Baht 35,101.72 million, representing an increase of Baht 5,474.84 million, or 18.48%, from 31 December 2020, which resulted from net profit of the year 2021.

■ **Lithium-Ion Battery Project : AMITA Technology (Thailand)**

On 12 December 2021, the Company held an opening ceremony for a lithium-ion battery plant, a pouch cell type, and a fully integrated energy storage system with the largest capacity in the ASEAN. It also has the first electrolyte factory in ASEAN, which is one of the major raw ingredients that determines the efficiency of self-use battery cells. Together with the In House R&D team, the finished electrolyte can be tested in the battery cells to measure the performance immediately and can innovate and develop production formulas to make the products more efficient. In addition, the Company's self-manufactured Energy Storage System (ESS) is used as a back-up power supply to critical and continually operating machinery and equipment. It has an initial capacity of 1 GWh per year, this first phase is ready to be expanded to up to 4 GWh per year. The total production area of the factory is over 80,000 square meters. The factory began production immediately after the official opening in collaboration with a team of experts from Amita Technologies Inc., Taiwan, a group company specializing in battery manufacturing. Initially, it will be produced to support use within the Company's automotive business, including electric buses, electric boats.

In addition, the Company is preparing to establish Battery testing center, Electric vehicle and Electronic products Co., Ltd. (BEV) for use in research and development, as well as to provide testing and certification services for batteries, including various devices of electric vehicles and electronic

devices that meet world-class standards in Bang Pakong District and Ban Pho District, Chachoengsao Province. Currently, the Company has started to provide chemical testing and mechanical analysis services for battery and electric vehicle projects. And the next phase will be open to outside companies to use the service.



■ Electric Vehicle Charging Station Project : EA Anywhere – Energy Mahanakhon Company Limited

The Company continues to implement a plan to open up new partners to expand investment in the installation of charging stations continually to support the lifestyle of a comprehensive lifestyle. It also encourages the use of electric vehicles more widely and quickly, in line with the government's policy. This will enable Thailand to become a center of electric vehicle production, and important parts in this region in the future. Recently, the Company has continued to invest in the installation of electric charging stations by expanding the Super-Fast Charge (DC) system with partners and collaborating with Asset World Corp Public Company Limited, a Thai real estate developer focusing on integrated lifestyles and environmentally conscious, jointly launched an electric charging station for electric vehicles at Empire Tower Sathorn.

In addition, the Company has expanded DC charging station to serve as the electric charging infrastructure for large electric vehicles. EAAnywhere charging station has developed a charging cabinet using modern technology with 2 systems: AC (Normal Charge) and DC (Fast Charge) support charging at the highest speed (4C-Rate) (charging time depends on vehicle type and battery size).



■ Electric Ferry Project : MINE Smart Ferry – E Smart Transport Company Limited

On 25 December 2021, E Smart Transport Company Limited, a subsidiary in the group, launched 2 additional routes as follows :

1. City Line (Green Line), serving between Sathorn Pier - Phra Pinklao Pier
2. Metro Line (Blue Line), serving between Sathorn Pier - Rama 7 Pier

In addition, there has been an increase in the frequency of the Urban Line (Purple Line) between Phra Nang Klao Pier - Sathorn Pier. All 3 routes still charging at a special price of Baht 20 throughout the line. It accepts payments via HOP cards, including credit and debit cards with the Contactless symbol to reduce the touch of cash and increase passenger comfort and security. There are also measures in accordance with the COVID-19 situation to prevent the spread of the epidemic by installing a thermometer and alcohol gel to disinfect all boats as well as spraying disinfectants against the COVID-19 virus in every round of the boat in service including complying with social distancing measures.



■ Electric Bus Project and Commercial Vehicles – Absolute Assembly Company Limited (AAB)

AAB is a manufacturer of electric buses and commercial vehicles in Ban Pho District, Chachoengsao Province. Currently, it is undergoing trial manufacturing in order to prepare for commercial production in early 2022. In the beginning, the Company used personnel of Mine Mobility Corporation Limited and Nex Point Public Company Limited as well as the personnel of AAB from both domestic and international. At present, 112 electric buses have been delivered and will begin to gradually deliver to Lotte Group, amounting to 87 units in the first quarter or the beginning of the second quarter of 2022. AAB will have a maximum production capacity of approximately 8,000 electric buses per year. With over 50 percent of the components imported from abroad and key parts designed and manufactured in the country, through the manufacturing process that uses modern machinery to control production, as well as a standard driving test process, and can support the production of many types of vehicles such as vans, buses and trucks, etc. The aforementioned electric buses manufactured by AAB have undergone a manufacturing process that is the essence of the duty free zone or free trade zone and has been certified as a product of Thailand (Made in Thailand) from the Federation of Thai Industries.

For more information, please contact Investor Relation Tel. 66 2248 2488 to 92 or e-mail: ir@energyabsolute.co.th