

Energy Absolute Public Company Limited

Management Discussion and Analysis for the operating results

of the first quarter ended 31 March 2022



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Management Discussion and Analysis of Financial Statements for the first quarter ended 31 March 2022



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Subject Management Discussion and Analysis for the operating results of the first quarter ended 31 March 2022

To The President of the Stock Exchange of Thailand

We, Energy Absolute Public Company Limited (“the Company”) would like to report the operating results of the Company and subsidiaries for the first quarter ended 31 March 2022 which has been approved by the Board of Directors Meeting No. 2/2022 held on 13 May 2022. The details are as follows:

Overview of operating results for the first quarter ended 31 March 2022.

Operating Results	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from sales and services	4,740.42	4,702.72	37.70	0.80%
Other Income	76.14	3.71	72.43	1,952.29%
Total Revenue	4,816.56	4,706.43	110.13	2.34%
Profit attributable to Owners of the parent	1,366.31	1,411.85	(45.54)	(3.23%)
Basic earnings per share (Baht per share)	0.37	0.38	(0.01)	(2.63%)

Net Profit

For the first quarter ended 31 March 2022, the Company and subsidiaries earned the net profit of Baht 1,366.31 million, decreased by Baht 45.54 million or 3.23% as compared to the same period of last year which incurred the net profit of Baht 1,411.85 million.

Revenue

For the three-month period ended 31 March 2022, the Company and subsidiaries earned the total revenue of Baht 4,816.56 million, increased by Baht 110.13 million or 2.34% as compared to the same period of last year which incurred the total revenue of Baht 4,706.43 million, as summarized below.

Total Revenue	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Biodiesel Business	2,027.93	1,892.98	134.95	7.13%
Power Business	2,622.00	2,774.07	(152.07)	(5.48%)
Battery and Electric Vehicle Business	64.14	31.50	32.64	103.62%
Other Businesses	26.35	4.17	22.18	531.89%
Revenue from Operations	4,740.42	4,702.72	37.70	0.80%
Other Income/Accounting gain	76.14	3.71	72.43	1,952.29%
Total Revenue	4,816.56	4,706.43	110.13	2.34%

Revenue from operations for the three-month period ended 31 March 2022 was Baht 4,740.42 million, increased by Baht 37.70 million or 0.80% as compared to the same period of last year, mainly due to the increase of the performance of Biodiesel business, Battery and Electric vehicle business. The reasons are summarized as follows:

1. Biodiesel Business:

For the three-month period ended 31 March 2022, the revenue from Biodiesel business increased by Baht 134.95 million or 7.13% as compared to the same period of last year. Details were described as follows:

1.1 Manufacturing and distributing Biodiesel: For the three-month period ended 31 March 2022, the revenue decreased by Baht 58.84 million or 3.71%. although the sales price of biodiesel rose as compared to the same period last year due to rising palm oil raw material cost, whereas, the revenue from biodiesel decreased mainly due to the reduced of sales volume by 11.02 million liters or by 26.10% due to the announcement from Department of Energy Business policy to reduce B100 proportion in biodiesel fuel blend from B7 (mixed B100 in diesel fuel 7%) to B5 (mixed B100 in diesel fuel 5%) effective from 5 February to 31 March 2022, in order to reduce the impact of rising petrol prices.

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from Biodiesel	1,528.24	1,587.08	(58.84)	(3.71%)
- Sales volume (Million liter)	31.20	42.22	(11.02)	(26.10%)
- Average Selling Price (Baht/liter)	48.98	37.59	11.39	30.30%

1.2 Manufacturing and distributing Pure glycerin: For the three-month period ended 31 March 2022, the revenue increased by Baht 100.99 million or 178.81%. The main factor was increase of selling price by Bath 32.42 per kilogram or 179.71% as compared to the same period of last year. This was due to the relatively limited amount of pure glycerin in the country which consistent with lowers biodiesel production, since glycerin is a by-product of biodiesel production. While demand for glycerin to be used in the alcohol gels production remains high due to COVID-19 situation. With momentum of demand greater than supply the selling price of pure glycerin has been steadily rising.

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from Pure Glycerin	157.47	56.48	100.99	178.81%
- Sales volume (Million Kg)	3.12	3.13	(0.01)	(0.32%)
- Average Selling Price (Baht/Kg)	50.46	18.04	32.42	179.71%

1.3 Manufacturing and distributing CPO (Crude Palm Oil): For the three-month period ended 31 March 2022, the revenue increased by Baht 35.12 million or 16.85%. This was mainly due to high price of crude palm oil in the world market, and the rising domestic palm prices situation due to increased exports during the first quarter of 2022 compared to the first quarter of the last year, and palm oil supply remains tightened as Thailand's crude oil stockpiles are low approximately 1.3 hundred thousand tones, which was lower than the minimum stock reserve of 2.5 hundred thousand tones. Although sales volume factors have decreased as a result of the government has reduced proportion of biodiesel mixing to B5 replacement of B7. Therefore, in the first quarter, the use of crude palm oil for biodiesel production decreased.

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from CPO (crude palm oil)	243.51	208.35	35.12	16.85%
- Sales volume (Million Kg)	4.82	7.33	(2.51)	(34.24%)
- Average Selling Price (Baht/Kg)	50.52	33.42	17.10	51.17%

1.4 Manufacturing and distributing PCM: For the three-month period ended 31 March 2022, the revenue was increased by Baht 12.15 million. The main factor was due to the increase in sales volume.

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from PCM	12.67	0.52	12.15	2,336.54%
- Sales volume (Million Kg)	0.104	0.005	0.099	1,980.00%
- Average Selling Price (Baht/Kg)	122.25	105.05	17.20	16.37%

1.5 Byproducts: For the three-month period ended 31 March 2022, the revenue was increased by Baht 45.54 million. The main factor was due to the increase in palm kernel selling prices in alignment with increase in palm prices (Palm Kernel is byproducts of crude palm oil production).

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from byproducts	86.04	40.50	45.54	112.44%

2. Generating and distributing Electricity:

For the three-month period ended 31 March 2022, The Company and subsidiaries earned the revenue of Baht 2,608.28 million, decreased by Baht 165.79 million or 5.98% as compared to the same period of last year which incurred the revenue Baht 2,774.07 million. This was mainly due to declined speed of wind.

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from Solar power plants	1,695.48	1,537.28	158.20	10.29%
- Sales volume (GWh)	170.31	158.64	11.67	7.36%
- Average Selling Price (Baht/Unit)	9.96	9.69	0.27	2.79%
Revenue from Wind power plants	923.09	1,232.48	(309.39)	(25.10%)
- Sales volume (GWh)	145.35	201.91	(56.56)	(28.01%)
- Average Selling Price (Baht/Unit)	6.35	6.10	0.25	4.10%
Hanuman wind power 260-MW Project				
- Sales volume (GWh)	75.47	120.97	(45.50)	(37.61%)

Items	Three-month Period			
	2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
- Average Selling Price (Baht/Unit)	6.14	6.02	0.12	1.99%
Hadkanghan wind power 126-MW Project				
- Sales volume (GWh)	69.88	80.94	(11.06)	(13.66%)
- Average Selling Price (Baht/Unit)	6.42	6.24	0.18	2.88%
Revenue from Biogas power	3.43	4.31	(0.88)	(20.42%)
- Sales volume (GWh)	0.83	1.20	(0.37)	(30.83%)
- Average Selling Price (Baht/Unit)	4.13	3.59	0.54	15.04%

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

For the three-month period ended 31 March 2022, the revenue from battery and electric vehicle business was Baht 64.14 million increased by Baht 32.64 million or 103.62% as compared to the same period of last year which incurred the total revenue from distribution lithium-ion battery of Bath 31.50 million.

4. Revenue from other businesses:

For the three-month period ended 31 March 2022, the revenue from other businesses was Baht 26.35 million increased by Baht 22.18 million as compared to the same period of last year which incurred the total revenue by Bath 4.17 million, mainly from services income of electric vehicle charging stations, Electric ferry services income and bus services income of Smart Bus Company Limited, which the Company acquired in the first quarter of 2022.

5. Other income:

For the three-month period ended 31 March 2022, other income was Baht 76.14 million, due to the sales of unused asset of Baht 62.23 million.

Cost of sales and services

For the three-month period ended 31 March 2022, cost of sales was Baht 2,906.41 million, presenting an increase of Baht 349.40 million or 13.66%, as compared to the same period of last year, which incurred the total cost of sales of Baht 2,557.01 million. The reasons are summarized as follows:

- 1. Manufacturing and distributing Biodiesel Business:** For the three-month period ended 31 March 2022, the cost of sales increased by Baht 148.93 million or 8.26% 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 three-month period ended 31 March 2022, the cost of sales increased by Baht 71.10 million or 10.50% as compared to the same period for last year. This was mainly from an increase of depreciation due to replacement of solar power plants in Nakhon Sawan province and Lampang province locations, in order to increase the efficiency of electricity generation.
3. **Manufacturing and distributing lithium-ion battery and electric vehicle:** For the three-month period ended 31 March 2022, cost of sales increased by Baht 73.40 million as compared to the same period for last year. There are corresponding to the increased battery sales volume.
4. **Other businesses:** For the three-month period ended 31 March 2022, the cost of sales increased by Baht 55.98 million as compared to the same period for last year. This aligned with the expansion of the charging station business for electric vehicles, electric boat service and bus service.

Selling Expense

For the three-month period ended 31 March 2022, The selling expense was Baht 10.76 million which decreased by Baht 7.44 million or 40.88% as compared to the same period of last year which incurred the selling expense. This aligned with the decrease in sales volume of biodiesel products.

Administrative Expense

For the three-month period ended 31 March 2022, administrative expense was Baht 309.39 million, decreased by Baht 39.21 million or 11.25% as compared to the same period of last year which incurred the administrative expense of Baht 348.60 million, resulting. from the overhead expenses, office expenses and bank charges.

Finance cost

For the three-month period ended 31 March 2022, finance cost was Baht 310.26 million, representing the decreased by Baht 80.36 million or 20.57%, as compared to the same period of last year which incurred Baht 390.62 million. This was due to the repayments of loan from financial institutions due in the first quarter of 2022 and lower average interest rate.

Financial Status

Total Asset

The total asset of the Company and subsidiaries as of 31 March 2022 was Baht 89,677.37 million, increased by Baht 4,201.12 million, or 4.91% from end of the year 2021. This was mainly from the following determinants:

- Cash and cash equivalents

Cash and cash equivalents as of 31 March 2022 was reported at Baht 3,164.12 million, representing an increase of Baht 237.15 million, or 8.10% from the end of 2021 due to the normal operating of the business.

- Trade accounts receivable and other account receivable, net

Trade accounts receivable and other account receivable, net as of 31 March 2022 was reported at Baht 5,941.87 million, representing a decrease of Baht 566.81 million from the end of 2021 due to the debtor repayment.

- Inventory

Inventory was reported at Baht 2,226.32 million, representing an increase by Baht 743.17 million from the end of 2021 due to the raw materials in preparation for lithium-ion battery production of Amita Technology (Thailand) Co., Ltd and electric buses and commercial electric vehicles factory.

- Intangible assets, net

Intangible asset, net was reported at Baht 4,753.95 million, representing an increase by Baht 1,964.25 from the end of 2021, from fair value measurement from the acquisition of Smart Bus Company Limited.

- Property, plant, and equipment

Property, plant, and equipment were Baht 60,546.60 million, increased by Baht 2,125.97 million or 3.64% from the end of 2021. This was mainly due to the acquisition of Smart Bus Company Limited resulting in the Company's obtaining buses.

Total Liabilities

As of 31 March 2022, the total liabilities of the Company and subsidiaries were Baht 53,411.80 million, representing an increase of Baht 3,037.27 million or 6.03% from the end of 2021, This was mainly increase of construction payable, accounts payable for the purchase of assets for replacing solar panels to increase the efficiency of the solar power plant, and short-term loans from financial institutions for investment in passenger transport business.

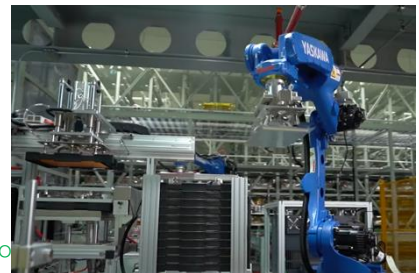
Total Equity

As of 31 March 2022, the total shareholders' equity of the Company and subsidiaries was Baht 36,265.57 million, representing an increase of Baht 1,163.85 million or 3.32% from the end of 2021 due to operating result of the first quarter of 2022.

The process of major investment projects.

■ Lithium-ion batteries, AMITA Technology (Thailand)

Amita Technology (Thailand) Co., Ltd. has started commercial production of lithium-ion batteries in the electric vehicle and energy storage system industry. Moreover, the Company has established a battery testing center, electric vehicle and electronic products Co., Ltd. or BEV, for use in battery research and development, as well as testing and quality assurance services, including various equipment of electric vehicles and electronic equipment at Bang Pakong District and Ban Pho District, Chachoengsao Province, according to the international standards. BEV currently provides chemical testing and mechanical property analysis services to support battery and electric vehicle projects. It is able to use the service outside companies in the next phase.



The Company is continuing to pursue new partners in order to increase investment in the installation of charging stations to support the comprehensive lifestyle. It also fosters the widespread and rapid adoption of electric vehicles in accordance with the government's policy. Hence, Thailand will be able to become a major producer of electric vehicles and essential parts in this region.

Currently, the Company has installed 459 charging stations (DC and AC charger stations), which include 23 low-priority stations. Based on our surveys, the Company plan to install Interstate Charging Stations along intercity routes to facilitate large-scale commercial vehicle services.



▪ Electric Ferry (MINE Smart Ferry) – E Smart Transport Co., Ltd. (EST)

E Smart Transport Company Limited, a subsidiary of the EA group, is now operating electric passenger ferries throughout 3 routes as follows: 1. Urban Line (Purple) transportation between Sathorn Pier - Phra Nang Klao Pier, totaling 32 trips per day, 2. City Line (Green), transportation between Sathorn Pier - Phra Pinklao Pier, totaling 24 trips per day, 3. Metro Line (Blue), transportation between Sathorn Pier - Rama 7 Pier, totaling 12 trips per day. All 3 routes still charging at a special price of Baht 20 throughout the line. In addition, the company intends to improve passenger travel convenience. In addition, the Company plans to collaborate with electric buses to improve passenger travel convenience by adding a pier halt for passengers as well as accepting payments via HOP cards, including credit and debit cards with the Contactless symbol.



▪ Electric buses and other commercial vehicles - Absolute Assembly Co. Ltd (AAB)

AAB is a manufacturer of electric buses and commercial electric vehicles in Ban Pho District, Chachoengsao Province. The factory is currently producing 7.5 meter E-buses and expects to gradually deliver 87 units to the Lotte Group within the second quarter of 2022. In addition, AAB expects to reach the production capacity of electric buses to about 8,000 units a year by the end of this year. In addition, the Company receives tax benefits from investment promotion because more than half of the components were designed and manufactured in the country (Local Supplier) by using modern machinery in production control and process, including a standard driving test process, and can support the production of many types of vehicles such as E-Buses length 7 – 13 meters and E-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) by the Federation of Thai Industries.



■ Electric vehicle transportation - E Transport Holding Co. Ltd

On 3 March 2022, the Company established a new subsidiary under the name of E Transport Holding Company Limited to operate business related to investment in companies operating in the passenger transport business. Moreover, the Company acquired 100% of the Smart Bus Company Limited, a bus operator in Bangkok and urban areas, with a total license for 37 bus lines and up to 1,200 vehicles through E Transport Holding Company Limited. The Company aims to introduce and operate electric buses that the Company produces in Bangkok, allowing Thais to use modern and non-polluting buses concretely and connecting electric buses with the Company's electric ferry according to the government's comprehensive policy.



■ Collaborations with other companies

On 24 March 2022, Mine Mobility Research Company Limited (MMR), a subsidiary of EA Group, signed a MOU with Krob Krua Khonsong (2002) Co., Ltd., a passenger ship operator in the Saen Saeb canal electric passenger boat project to study and develop, design, control system, and propel passenger boats with electric power. This is including battery power management system and a hybrid power system for the boat to use as a backup power system to charge the battery and a control system for charging the battery in the boat, and a charging station on the pier to be able to use in the real situations effectively. It can be used as a prototype for developing other boats by transforming electric boats to be customized to meet specific demands, including to develop personnel and exchange knowledge related to personnel of both parties and to support cooperation in raising the level of other business developments to build on the success of joint development in the future.

On 29 March 2022, Mahanakorn Energy Company Limited (EMN), a subsidiary in the EA Group signed a MOU with Metropolitan Electricity Authority (MEA) and J.R.W. Utility PCL. (JR) in the EV Smart Charging Station project to support the mobility of electric vehicles in Thailand. This cooperation is part of the infrastructure development and supports innovations in electric vehicles' modern automotive industry and achieving the goals according to the national electric vehicle policy. It aims to produce at least 30 percent of total vehicle production by 2030.



For more information, please contact Investor Relation at 02 248 2488-92 or ir@energyabsolute.co.th