

CS009/2567

Date 15 May 2024

Subject: Management Discussion and Analysis of Financial Statements for the three month period ended 31 March 2024

To: The President of the Stock Exchange of Thailand

We, Nova Empire Public Company Limited (“the Company”), would like to report the operating results of the Company and subsidiaries (collectively as “the Group”) for the three-month period ended 31 March 2024 and clarify on the change of operational performance exceeding 20%.

A Summary of Significant Events for the three month period ended 31 March 2024

Operating results for the first quarter of 2024, the Company still recognized income from manufacture and distribution of electricity from wind energy business operated by Winchai Co., Ltd. (“Winchai”) in amount of Baht 185.18 million disclosed in profit for the period from discontinued operations, which represents profits from manufacture and distribution of electricity from wind energy business and profits from the sale of investment in Winchai to Plus Energy Co., Ltd. (“Plus Energy”). The Company used certain cash from the sale of investment in Winchai to expand its energy business by investment in Nova X Co., Ltd. (“Nova X”) passed technical qualifications and has been selected as a provider of crude oil storage and offloading vessels (“Floating Storage and Offloading Unit” or “FSO”) for PTTEP Energy Development Co., Ltd. (“PTTEP ED”) which is a subsidiary of PTT Exploration and Production Public Company Limited (“PTTEP”), which is expected to start commercial operations and revenue recognition in December 2024, which is in accordance with the resolution of the Extraordinary General Meeting of Shareholders on 30 January 2024. In addition, the Company's Special Board Meeting No. 1/2024 resolved on 20 March 2024 to allow the Company to early redeem the entire amount of Baht 400.00 million of existing debentures, which have an interest rate of 6.80% per annum and matures on 17 December 2024, allowing the company to reduce some finance costs. The company completed the redemption on 10 May 2024. The remaining cash flow will be used to develop Nova X's FSO business and expand other businesses or expand the Group's business scope, allowing shareholders to obtain more returns.

The company still has a strategy to invest in all forms of the energy business depending on the rate of return, which is not less than the company's investment policy. This year, the company emphasizes the importance of developing Nova X's FSO project on time with occupational safety and health at the international level, considering the impact on the environment and good governance, including recruiting new investment projects to create sustainable growth.

The analysis of operating results and financial position detail are as follow.

Summary of Operating Result			Unit: Million Baht	
For the three month period ended	Consolidated financial statement		Change	
	31 March 2024	31 March 2023	Increase/ (Decrease)	%
Continuing operations:				
Sale of electricity	15.12	15.90	(0.78)	(5%)
Operating loss	(53.80)	(3.42)	50.38	1,473%
Loss for the period from continuing operations	(60.87)	(6.88)	53.99	785%
Discontinued operation:				
Profit for the period from discontinued operation	352.40	236.83	115.57	49%
Profit for the period	291.53	229.95	61.58	27%

The Group has consolidated revenue of continued operation from sales of electricity for the three-month period ended 31 March 2024 of Baht 15.12 million, which decreased by Baht 0.78 million or 5% compared with the same period last year, which had revenue of Baht 15.90 million resulting from the natural factor to operate solar power plants. For the three-month period ended 31 March 2024, the Group has a Loss for the period from continuing operations of Baht 60.87 million, which increased by Baht 53.99 million or 785% compared with the same period last year, which had a loss for the period of Baht 6.88 million. The Group's expenses were significantly increased from the professional fee in relation to investment and divestment transactions. In addition, the Group has a profit from discontinued operations for the three months period ended 31 March 2024 of Baht 352.40 million, which increased by Baht 115.57 million or 49% compared with the same period last year, which had profit from the discontinued operation of Baht 236.83 million resulting from the positive natural factor to operate wind power plant.

Summary of Financial Position

Unit: Million Baht

	Comsolidated financial statement		Change	
	31 March 2024	31 December 2023	Increase/(Decrease)	%
Current assets	2,211.78	5,124.99	(2,913.21)	(57%)
Non-current assets	622.53	529.76	92.77	18%
Total assets	2,834.31	5,654.75	(2,820.44)	(50%)
Current liabilities	775.43	3,065.04	(2,289.61)	(75%)
Non-current liabilities	123.96	125.77	(1.81)	(1%)
Total liabilities	899.39	3,190.81	(2,291.42)	(72%)
Shareholder's equity	1,934.92	2,463.94	(529.02)	(21%)

As of 31 March 2024, the Group has current assets of Baht 2,211.78 million, which decreased by Baht 2,913.21 million or 57% from 31 December 2023, and has non-current assets of Baht 622.53 million, which increased by Baht 92.77 million or 18% from 31 December 2023. The Group has current liabilities of Baht 775.43 million, which decreased by Baht 2,289.61 million or 75% from 31 December 2023. Its non-current liabilities of Baht 123.96 million decreased by Baht 1.81 million or 1% from 31 December 2023. The significant changes are mainly the result of important transactions, as follows:

On 7 March 2024, Top Empire Co., Ltd. (“Top Empire”) entered into an entire business transfer agreement with Plus Energy for a total of Baht 2,322 million. This price will be adjusted based on events that significantly impact on the share value of Winchai. Consequently, on 11 March 2024, Top Empire transferred its entire business, that is, all of Winchai’s shares, to Plus Energy and received a payment of Baht 2,129 million, which is the price after adjusting the events that had a significant impact on the share value of Winchai. The Group recorded a gain on the disposal of investment in Winchai from the entire business transfer, totaling Baht 245 million. It is presented as part of the profit for the period from discontinued operations in the consolidated statement of comprehensive income. In addition, the Group reversed a surplus from the change in the ownership interest in the subsidiary, amounting to Baht 142 million to retained earnings in the consolidated financial statements.

In addition, on 27 March 2024, the Group entered into Nova X’s share purchase transaction, received shares transferring, and made the first portion payment of Baht 213.50 million. The investment is considered a business combination under common control, where the difference of Baht 188.60 million between the acquisition costs and the attributable net book value was recorded as a “Deficit from a combination of business under common control.” This amount was presented as a separate item under consolidated shareholders’ equity. The Company has treated Nova X as a subsidiary of the Company from the beginning (since 25 June 2020). Therefore, the consolidated statement of comprehensive income for the three-month period ended 31

March 2024 includes the operating results of Nova X from 1 January 2024, regardless of the date of business combination under common control (the date of acquisition of shares of the subsidiary). The operating results of Nova X for the period from 1 January 2024 to 27 March 2024 are included in the consolidated statement of comprehensive income for the current period, representing a loss of approximately Baht 0.94 million. In addition, the Company restated the consolidated statement of financial position as of 31 December 2023 and 1 January 2023 and the consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period ended 31 March 2023. These were presented for comparative purposes, assuming that Nova X had been the Company's subsidiary since the beginning.

The shareholders' equity of Baht 1,934.92 million as of 31 March 2024 decreased by Baht 529.02 million compared to the balance as of 31 December 2023. This resulted from the recognition of total comprehensive income for the period of Baht 308.96 Baht, the recognition of "Costs of business integration under common control" of Baht 213.50 million, and a decrease of equity attributable to non-controlling interests of the subsidiaries of Baht 627.21 million from the divestment in Winchai.

Forwarded for your information,

Yours faithfully,

Ms. Sukanya Tipmanee

Director