

EMPOWERING SUSTAINABILITY



Management Discussion and Analysis (MD&A)

Q1/ 2024


EXECUTIVE SUMMARY

OPERATING HIGHLIGHT	Q1'23	Q1'24	Change +/-
Unit : THB Million			%YoY
Operating Revenue	234.9	258.2	9.9%
Gross Profit	85.1	90.4	6.3%
EBITDA	110.3	116.4	5.6%
Net Profit	63.0	64.3	2.0%
Total comprehensive income	63.0	66.6	5.7%
Gross Profit Margin	36.2%	35.0%	(1.2%)
EBITDA Margin	47.0%	45.1%	(1.9%)
Net Profit Margin	26.8%	24.9%	(1.9%)

In Q1/2024, the Group reported operating revenue of Baht 258.2 million, increased by Baht 23.3 million or 9.9%, and reported net profit of Baht 64.3 million, increased by Baht 1.30 million or 2.0% from Q1/2023. The main factors are (i) biogas power plant management, (ii) increases in FiT rates, and (iii) decreases in finance costs from contractual principal repayment of loans from the financial institutions.

Factors affecting the future's operation

The Group expects the revenue from operations in the remaining three quarters in 2024 to increase from Q1/2024 due to the improved efficiency of biogas power plant management, and the higher revenue from electricity sold to the related parties according to the higher demand.

In 2024, the Group expects to have more concession agreement from entering into the bidding of Municipal Solid Waste (MSW) power plant, resulting in more than 96 MW installed capacity on hand. Moreover, the Group plans to develop new technology to enhance the efficiency of power generation, together with entering into the carbon credit market in responding to the inclining of demand for carbon credits. In addition, the Company will continue exploring for partnership opportunities with both domestic and international business alliances.

YoY Q1/24 vs Q1/23

- In Q1/2024, the Group reported operating revenue of Baht 258.2 million, increased by Baht 23.3 million or 9.9%. The main factors were the revenue from biogas power plant management, which is the revenue initially recognized in Q1/2024, and the revenue from construction under concession agreement.
- In Q1/2024, the Group reported gross profit margin of 35.0%, slightly decreased from 36.2% in Q1/2023. However, if consider only the revenue from electricity, water and steam, and power plant management, the gross profit margin was 37.2% in Q1'2024, increased from 36.3% in Q1'2023. The main reason was from the revenue from biogas power plant management, which has higher gross profit margin than other types of revenue.
- In Q1/2024, the net profit of Baht 64.3 million increased by Baht 1.30 million or 2.0% from Q1/2023, due to the net result of (i) higher net profit from biogas power plant management, (ii) higher adjusted FiT rate in 2024, (iii) lower finance costs due to loan repayment to the financial institutions, and (iv) higher income tax expense because TGE's corporate income tax rate has been changed from 0% corporate income tax rate to 10% corporate income tax rate, which complied with the corporate income tax's exemption period from the Board of Investments (BOI).

SIGNIFICANT EVENTS in Q1'2024



Community Waste Power Plant TES SKW, TES CPN, TES RBR, and TES CNT started preparing the area for construction of MSW power plant, and requesting for construction permit.

During Q1/2024, the Group has prepared the areas for construction of MSW power plant, and also prepared the documents for requesting for the construction permit. In addition, the Companies study the effect to the community and environment, according to the Group's strategy to be the leader of renewable energy power plant. The Company expects the construction to complete and recognize the revenue in 2025 and Q1/2026.



TGE has started providing biogas power plant management service

From 1 January 2024, TGE has providing the biogas power plant management service, which has the total installed capacity of 7 MW. The contract period according to the two management service agreements is 5 years, which can generate the income to the Group according to the target. Moreover, TGE expects to increase the efficiency of the biogas power plant's operation along the contract period, which can generate higher return to TGE.



TES UBN MSW power plant has been selected by the Local Government Organization (LGO)

On 18 January 2024, TES UBN, a subsidiary of TGE, has been announced from the LGO to be the winner of the MSW management project in Trakan Phut Phon Municipal Sub-district, Ubon Ratchathani Province, with the installed capacity of 9.9 MW.



TGE issued warrants to purchase ordinary shares of the Company (TGE-W1)

In January 2024, the shareholders passed a resolution to issue warrants to purchase ordinary shares of the Company (TGE-W1) in the amount of not exceeding 314,285,715 units to the existing shareholders according to their shareholding ratio in the ratio of 7 ordinary shares per 1 unit of warrant with the exercise price of 1 Baht. The fund to be received from the exercise is in line with the Group's business expansion plan. The period of warrants is not exceeding 1 year from the issuance of warrants. The first day trade of the warrants was on 15 March 2024.

Progress of the Community Waste Power Plant Project

Municipal Waste Power Plant

There are 6 municipal waste projects with the total combined installed capacity of 49.8 MW selected by the Local Government Organization (LGO) that consist of:

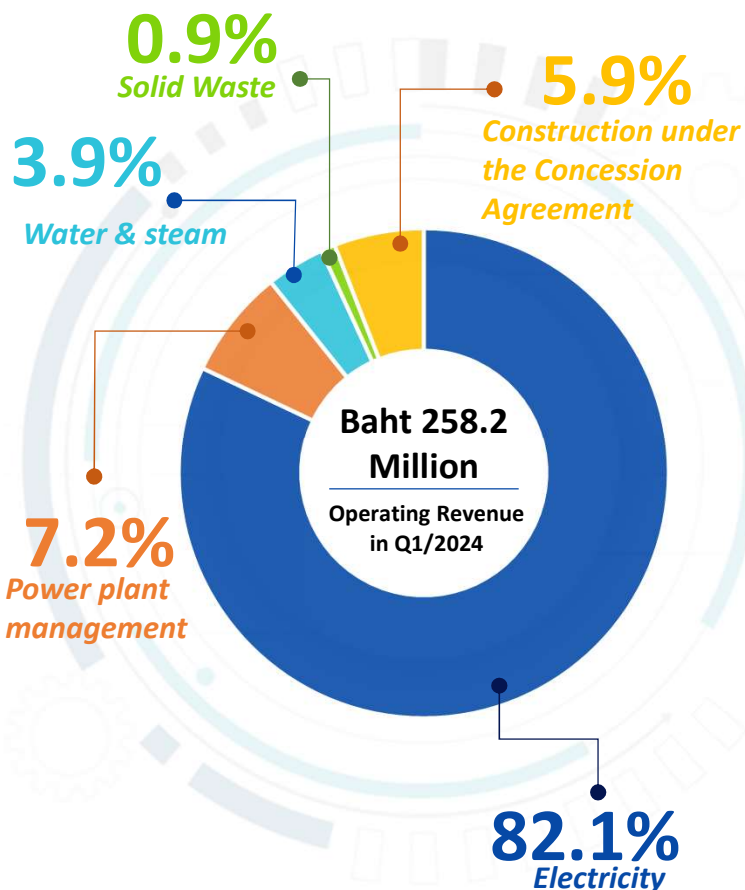
- the TES SKW Community Waste Power Plant in Watthana Nakhon District, Sa Kaeo Province, the TES CPN Community Waste Power Plant in Mueang District, Chumphon Province, the TES RBR Community Waste Power Plant in Mueang District, Ratchaburi Province, and the TES CNT Power Plant in Nong Mamong District, Chai Nat Province, which already signed the Power Purchase Agreement (PPA) and in the process of requesting for construction license.
- the TES TCN Power Plant in Samut Sakhon Province and the TES UBN power plant in Ubon Ratchathani province are preparing to enter into project management agreement with LGO.

The Company is preparing to bid municipal waste projects with the LGO. If the project is selected by the LGO, TGE group expects to have a total installed capacity of more than 96 MW (combined capacity of biomass power plants, biogas power plant and municipal waste power plants) after the commercial operation of these projects. The anticipated proportion of revenue from the municipal waste projects should be over 70% of total Group revenue. In addition, the Company plans to expand investments in other types of potential renewable energy power plants, both domestically and internationally, such as solar energy, and also seeks potential business partners to achieve a long-term goal of installed power capacity over 200 MW within 2032.

OPERATING RESULT IN Q1/2024

OVERALL OPERATING RESULTS	Q1/23	Q1/24	Change +/-
Unit : THB Million			%YoY
Operating Revenue	234.9	258.2	9.9%
Cost of Sales	(149.7)	(167.7)	12.0%
Gross Profit	85.1	90.4	6.3%
Other Income	0.6	0.8	38.6%
Administrative Expenses	(11.2)	(11.3)	1.3%
Finance Cost	(11.5)	(11.2)	(2.7%)
Profit before Income tax expense	63.0	67.8	7.6%
Tax income (expense)	0.0	(3.5)	>100%
Net Profit	63.0	64.3	2.0%
Other comprehensive income	-	2.3	100%
Total comprehensive income	63.0	66.6	5.7%

Operating Revenue Structure



REVENUE FROM ELECTRICITY

Energy from Biomass consists of 3 projects: TGE, TPG, and TBP. The raw material used to produce electricity is biomass. There is total capacity of 29.7 MW, distributed to the PEA and other industry customers.

*****Community Waste Power Plant** consists of 4 projects that entered into PPA with PEA and expected to COD in the year 2025 and beginning of 2026. In addition, there are other 3 projects in the business plan for expansion of installed capacity and electricity sale that expected to COD in approximate 2026 and 2027.

REVENUE FROM POWER PLANT MANAGEMENT

Revenue from the power plant management service provided by TGE to Thachang Biogas Co., Ltd., and the compensation is based on operation's efficiency.

REVENUE FROM WATER AND STEAM

Revenue from the sale of reverse osmosis (RO) water and steam to private companies in industry group customer.

REVENUE FROM SOLID WASTE MANAGEMENT

Revenue generated from the waste power plant in Sa Kaeo province, which is derived from waste disposal service for local authorities and related municipalities in the province. Other power plants commence service once the power plants start their commercial operation.

REVENUE FROM CONSTRUCTION UNDER CONCESSION AGREEMENT

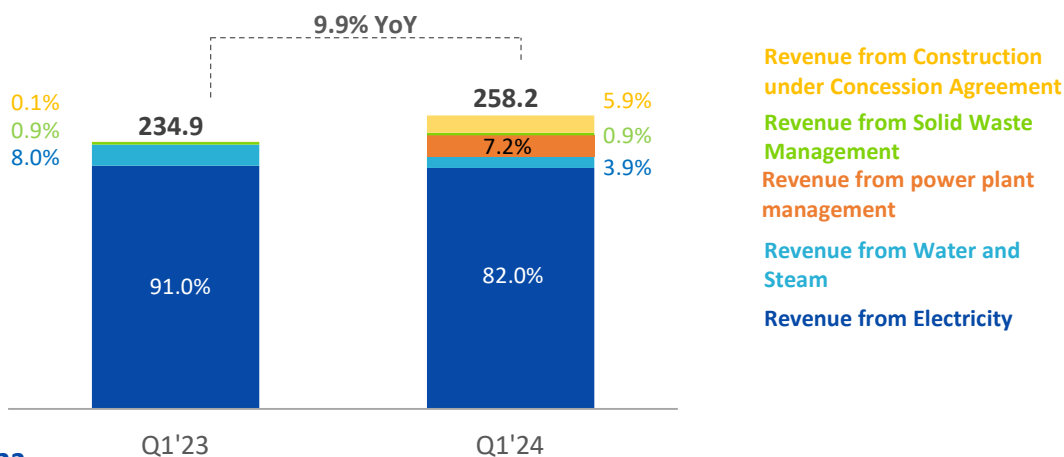
Revenue from construction of MSW power plant, with an important condition that assets will be transferred to local government agencies upon the expiration of the MSW Disposal Agreement (BOOT), where income is recorded equal to cost according to accounting standards.

BUSINESS OVERVIEW BY CATEGORY

REVENUE BREAKDOWN	Q1/23	Q1/24	Change +/-
(Unit : THB Million)			%YoY
Revenue from Electricity Sale	213.8	211.9	(0.9%)
Revenue from biogas power plant management	-	18.6	100%
Revenue from Water and Steam Sale	18.7	10.0	(46.3%)
Revenue from Solid Waste Management	2.2	2.4	11.2%
Total Revenue from sales and services	234.7	242.9	3.5%
Revenue from cost of Construction under the Concession Agreement	0.2	15.3	>100%
Total Operating Revenue	234.9	258.2	9.9%
Other Income	0.6	0.8	38.6%
Total Revenue	235.5	259.0	10.0%

1. Operating Revenue

Unit: Million Baht, %



YoY Q1/24 vs Q1/23

In Q1/2024, the Group reported operating revenue of Baht 258.2 million, increased by Baht 23.3 million or 9.9% from Q1/2023. The increase were mainly due to the following factors:

- **Revenue from Electricity Sale**, the Group's main revenue steam, which is more than 80% of total operating revenue, was Baht 211.8 million in Q1/2024, decreased by Baht 2.0 million or 0.9%, The decrease was resulted from the lower ft rate than Q1/2023, in which ft rate is a factor in the calculation of electricity selling price to the related parties. In Q1'2024 the revenue from selling electricity to the related parties constitutes 5% of total operating revenue.
- **Revenue from power plant management**: In Q1/2024, TGE has provided biogas power plant management, with the compensation based on the efficiency in production and sales of electricity of Thachang Biogas Co., Ltd. In Q1/2024, this can generate revenue to TGE with the amount of Baht 18.6 million. TGE expects the higher revenue in the next quarter according to the increase of biogas power plant's efficiency.
- **Revenue from Water and Steam Sale** was Baht 10.0 million in Q1/2024, decreased by Baht 8.7 million or 46.3%. It was mainly due to a decrease in revenue from steam sale of TBP power plants to related companies since the related party purchased additional volume of steam during maintenance period of its own steam production equipment in 2022. However, the Group still fully utilized the production capacity by delivering higher sale volume of electricity to related party and PEA according to the additional PPA of TBP.
- **Revenue from Solid Waste Management** was Baht 2.4 million in Q1/2024, slightly increased by Baht 0.2 million or 11.2% from Q1/2023.
- **Revenue from construction under concession agreement**: increased in Q1/2024 as a result of preparation cost of construction of MSW power plant of TES SKW, and TES CPN.

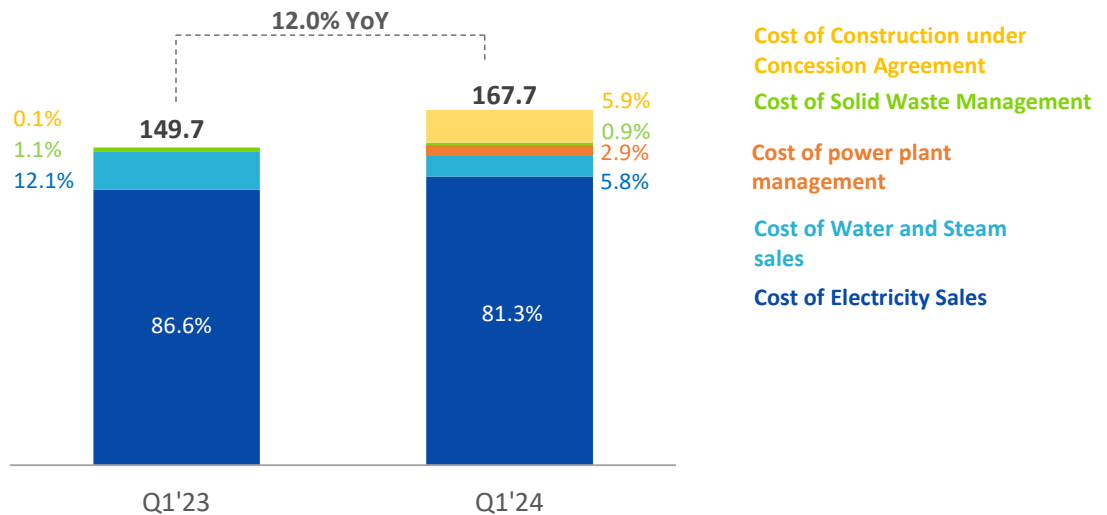
2. Other Income

YoY Q1/24 vs Q1/23

In Q1/2024, the Group reported other income of Baht 0.8 million, increased by Baht 0.2 million from Q1/2023, mainly due to the cash management of the Group to generate interest income from banks.

3. Operating Costs

Unit: Million Baht, %

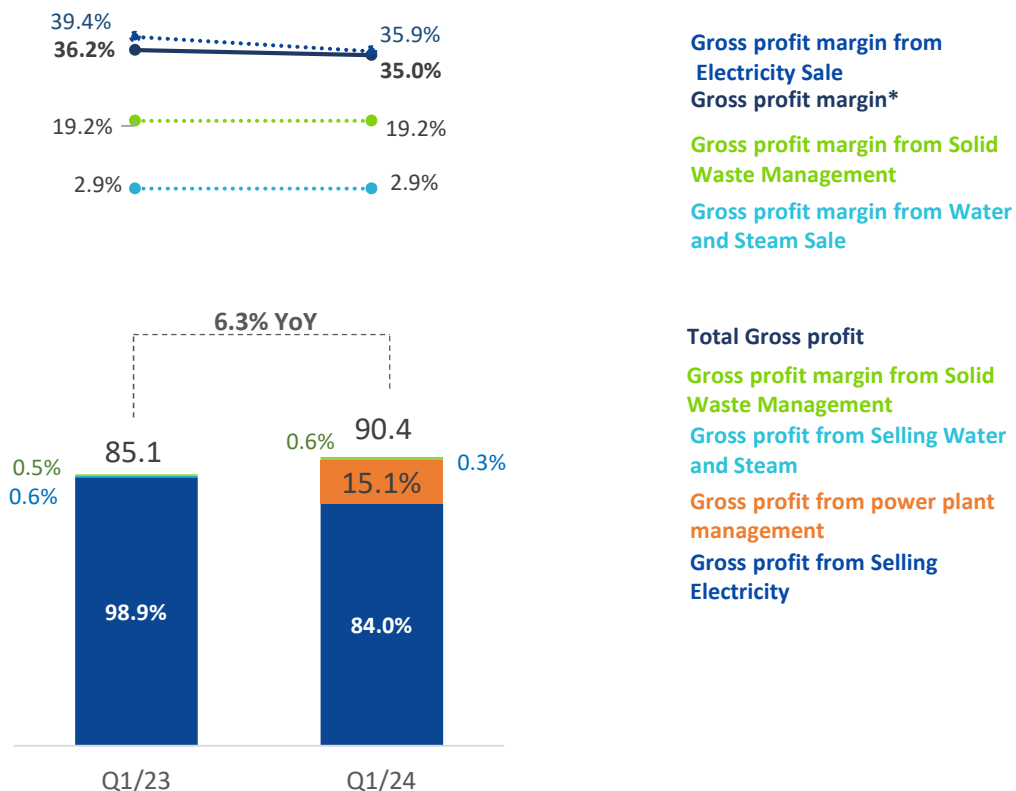


YoY Q1/24 vs Q1/23

In the Q1/2024, the Group reported operating costs of Baht 167.7 million, increased by Baht 18.0 million, or 12.0%. The main factors are the cost of biogas power plant management of Baht 4.9 million, and the cost of construction under concession agreement of Baht 15.3 million. Excluding these items, the operating costs would be Baht 147.5 million, decreased by 1.3% from Q1'2023, which is in line with the decline in revenue from electricity, water and steam sales to related parties.

4. Gross Profit and Gross Profit Margin

Unit: Million Baht, %



* Note: Excluding revenue and cost from construction of solid waste power plant

YoY Q1/24 vs Q1/23

Gross profit: In Q1/2024, the Group reported gross profit of Baht 90.4 million, increased by Baht 5.3 million or 6.3% from Q1/2023, due to the following factors:

- **Gross profit from Electricity Sale:** In Q1/2024, gross profit of Baht 76.0 million decreased by Baht 8.1 million or 9.7%, mainly due to decrease in electricity sales to related parties, and utilized the production capacity to sell the electricity to the PEA according to the additional PPA, which has less gross profit than selling electricity to related parties.
- **Gross profit from power plant management:** In Q1/2024, gross profit of Baht 13.7 million was from TGE’s power plant management started in Q1/2024.
- **Gross profit from Water and Steam Sale:** In Q1/2024, gross profit of Baht 0.3 million decreased by Baht 0.2 million, or 46.3%, in line with decrease in volume of steam sales of TBP power plant to related parties.
- **Gross profit from Solid Waste Management:** In Q1/2024, gross profit of Baht 0.5 million was not significantly changed from Q1/2023.

Gross Profit Margin: In Q1/2024, gross profit margin (excluding revenue and cost from construction of waste power plant) was 35.0%, slightly decreased from 36.2% in Q1/2023, with the main reason from the decrease in electricity sales to related parties, and utilized the production capacity to sell the electricity to the PEA according to the additional PPA, which has less gross profit than selling electricity to related parties. In Q1/2024, the Group recognized the profit from biogas power plant management, which constitutes the gross profit margin of 73.6%.

5. Administrative Expenses

YoY Q1/24 vs Q1/23

In Q1/2024, the Group reported administrative expenses of Baht 11.3 million, increased by Baht 0.1 million or 1.3%, which represents insignificant change.

6. Finance Cost

YoY Q1/24 vs Q1/23

In Q1/2024, the Group reported financial costs of Baht 11.2 million, decreased by Baht 0.3 million or 2.7% from Q1/2023 as a result of the repayment of long-term loans in 2023 and Q1/2024.

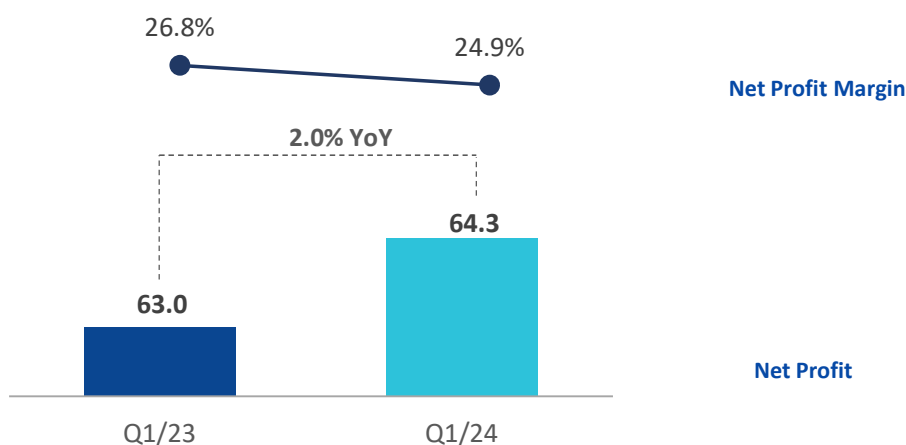
7. Income Tax Expense

YoY Q1/24 vs Q1/23

A change in tax expense of the Group was mainly due to (i) increase in tax rate of TGE since Q2/2022, in which TGE's corporate income tax is exempted under privilege from the Board of Investments (BOI), from 0% corporate income tax rate to 10% corporate income tax rate. However, TGE had expense from SET registration which was used as taxable expenses, resulted in no income tax in Q1/2023, and (ii) the profit from power plant management, which occurred in Q1/2024, is not exempted from corporate income tax.

8. Net Profit and Net Profit Margin

Unit: Million Baht, %



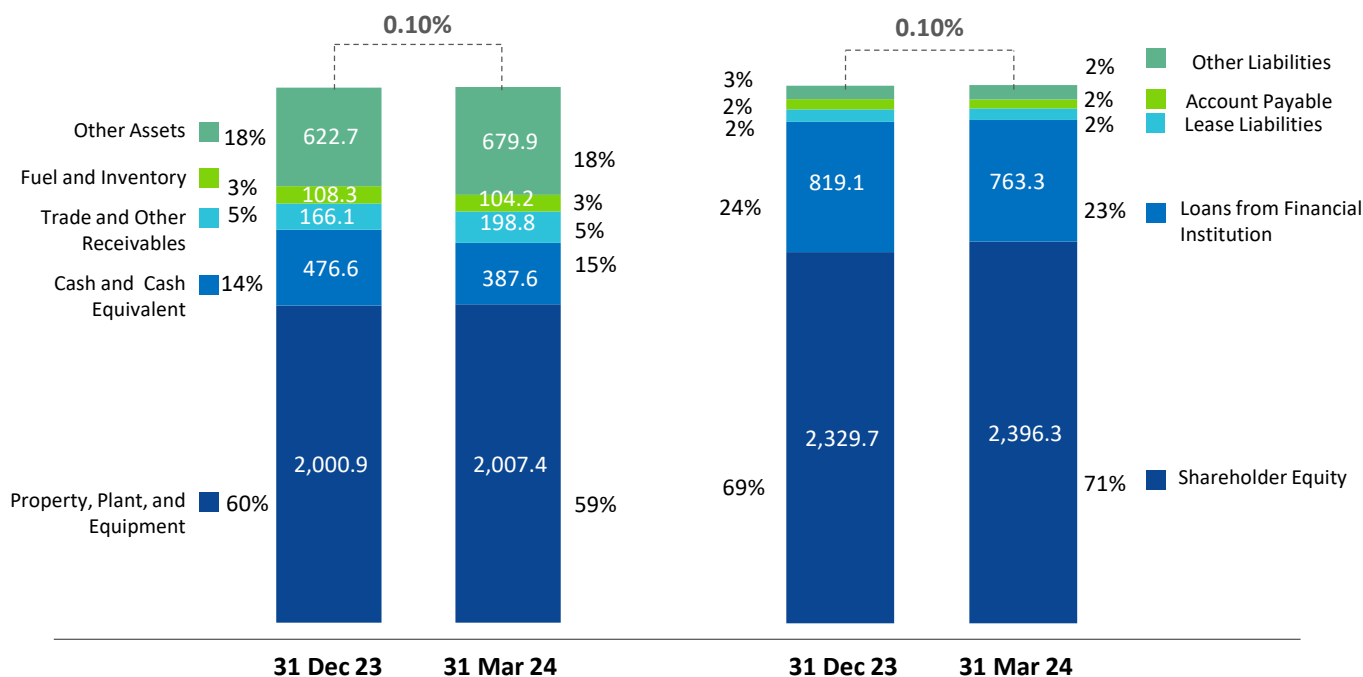
YoY Q1/24 vs Q1/23

Net Profit: In Q1/2024, the Group reported net profit of Baht 64.3 million, increased by Baht 1.3 million or 2.0% from Q1/2023 due to the net result of (i) net profit from biogas power plant management, (ii) decreases in finance costs from contractual principal repayment of loans from the financial institutions, and (iii) increase in income tax expense from a change in TGE's corporate income tax rate from 0% to 10% according to the tax exemption period from the Board of Investment (BOI).

Net Profit Margin: Net profit margin was 24.9% in Q1/2024, slightly decreased from 26.8% in Q1/2023. It was mainly from the decrease in electricity sales to related parties, and utilized the production capacity to sell the electricity to the PEA according to the additional PPA, which has less gross profit than selling electricity to related parties. However, the Company expects a higher sales of electricity to the related parties in the subsequent quarters according to the higher demand from related parties.

Statement of Financial Position

Unit: Million Baht



Total Assets

As of 31 March 2024, the total assets of the Group was Baht 3,377.9 million, increased by Baht 3.2 million or 0.10% from 31 December 2023. The major changes are as follows:

- **Trade and other receivables:** increased by Baht 32.8 million due to the related party’s receivable from the biogas power plant management service, because TGE has started the service in Q1/2024.
- **Cash and cash equivalents:** decreased by Baht 89.0 million was mainly due to payment of project development costs plant according the percentage of completion and the payment of site preparation and document preparation for construction permit of MSW power plant, together with the payment for land acquisition of TES TCN.
- **Property, Plant and Equipment:** increased by Baht 6.5 million was mainly due to lands purchase for MSW power plant in Samut Sakorn province, , and site preparation cost for construction of MSW power plants.
- **Other assets:** increased by Baht 57.2 million, mainly due to the payment of project development costs according to the percentage of completion of TES UBN MSW power plant.

Total Liabilities

As of 31 March 2024, the total liabilities of the Group was Baht 981.6 million, decreased by Baht 63.4 million or 6.1% from 31 December 2023. The significant changes are as follows:

- **Lease Liabilities:** decreased by Baht 4.9 million due to the rent payment under the lease agreement.
- **Loans from Financial Institution:** decreased by Baht 55.8 million due to loan repayment according to the long-term loan agreements.

As of 31 March 2024, the Debt-to-Equity (D/E) ratio was 0.41, decreased from 0.45 as of 31 December 2023, and the Interest-bearing debt to equity (IBDE) ratio as of 31 March 2024 was 0.32, decreased from 0.35 as of 31 December 2023. This was from loan repayment to the financial institutions in the period, and the increase in equity portion from the profit during the period.

Total Shareholders’ Equity

As of 31 Marchh 2024, the total shareholder’s equity of the Group was Baht 2,396.3 million, increased by Baht 66.6 million or 2.9% from 31 December 2023. This was mainly due to the operating profit in Q1/2024.