

No. ACE-ACC-3/2024

13 August 2024

Subject Management Discussion and Analysis for the period ended 30 June 2024

To President
The Stock Exchange of Thailand

Absolute Clean Energy Public Company Limited (“the Company”), are pleased to provide you our management discussion and analysis for the period ended 30 June 2024 of the Company and the subsidiaries (“the Group”) as follow:

Financial Performance of the Group

Consolidated financial statements (Unit: THB Mn)	Quarter 2 Quarter 1 Quarter 2			Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Sales of goods and services	1,508.8	1,366.5	1,460.4	6.9%	(3.2%)	3,147.0	2,826.9	(10.2%)
Revenue from finance lease under								
a Power Purchase Agreement	104.5	104.9	106.3	1.3%	1.7%	206.9	211.2	2.1%
Cost of sales and services	(1,191.7)	(1,121.4)	(1,168.5)	4.2%	(1.9%)	(2,466.2)	(2,289.9)	(7.1%)
Gross profit	421.6	350.0	398.2	13.8%	(5.6%)	887.7	748.2	(15.7%)
Net gain on exchange rate	62.7	94.5	16.4	(82.6%)	(73.8%)	45.3	110.9	144.8%
Gain (loss) on forward contracts	0.1	16.7	(4.9)	N.A.	N.A.	(1.4)	11.9	N.A.
Other income	14.4	8.6	4.7	(45.3%)	(67.4%)	19.1	13.3	(30.4%)
Profit before expenses	498.8	469.7	414.5	(11.8%)	(16.9%)	950.7	884.2	(7.0%)
Administrative expenses	(106.7)	(101.7)	(103.1)	1.4%	(3.4%)	(228.1)	(204.9)	(10.2%)
Finance costs	(49.6)	(65.4)	(72.4)	10.7%	46.0%	(93.1)	(137.9)	48.1%
Profit before income tax	342.5	302.6	238.9	(21.1%)	(30.2%)	629.5	541.5	(14.0%)
Tax expenses	(26.8)	(47.4)	(19.4)	(59.1%)	(27.6%)	(38.8)	(66.8)	72.2%
Net profit	315.7	255.2	219.5	(14.0%)	(30.5%)	590.7	474.7	(19.6%)
Loss attributable to non-controlling interests	(0.1)	-	(0.1)	N.A.	-	(0.1)	(0.1)	-
Net profit attributable to the parent	315.8	255.2	219.6	(13.9%)	(30.5%)	590.8	474.8	(19.6%)
<i>Add (less): Loss/gain from extraordinary items*</i>	<i>(51.2)</i>	<i>(89.1)</i>	<i>(9.0)</i>			<i>(34.3)</i>	<i>(98.0)</i>	
Net profit from ordinary activities attributable to the parent	264.6	166.1	210.6	26.8%	(20.4%)	556.5	376.8	(32.3%)

* Extraordinary items from non-operating, consists of unrealized gain (loss) on exchange rate of receivable under finance lease and gain (loss) on forward contracts.

Sales and service income for the period ended 30 June 2024 and 2023 are presented below:

Sales and service income (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Sales of electricity - FiT, Base tariff and Ft	793.1	788.3	902.1	14.4%	13.7%	1,644.3	1,690.4	2.8%
FiT Premium	13.9	10.1	9.4	(6.9%)	(32.4%)	28.5	19.5	(31.6%)
Sales of electricity to Industrial Users (IU)	7.4	8.2	6.1	(25.6%)	(17.6%)	16.7	14.3	(14.4%)
Sales from Biomass Power Plants	814.4	806.6	917.6	13.8%	12.7%	1,689.5	1,724.2	2.1%
Revenue from finance lease under a Power Purchase Agreement	104.5	104.9	106.3	1.3%	1.7%	206.9	211.2	2.1%
Revenue from service under a Power Purchase Agreement	559.0	455.3	436.3	(4.2%)	(21.9%)	1,189.5	891.6	(25.0%)
Sales of electricity to Industrial Users (IU)	0.3	1.2	1.2	-	300%	0.9	2.4	166.7%
Sales of steam (IU)	0.2	3.7	3.6	(2.7%)	1,700.0%	0.8	7.3	812.5%
Sales from Natural Gas Power Plant	664.0	565.1	547.3	(3.1%)	(17.6%)	1,398.1	1,112.4	(20.4%)
Sales of electricity - FiT, base tariff and Ft	81.0	73.7	76.4	3.7%	(5.7%)	155.5	150.1	(3.5%)
FiT Premium	6.4	6.6	6.0	(9.1%)	(6.3%)	10.6	12.6	18.9%
Adder	27.6	-	-	-	(100.0%)	61.5	-	(100.0%)
Other sales and service income	14.6	14.6	14.7	0.7%	0.7%	28.4	29.3	3.2%
Sales from Municipal Solid Waste Power Plants	129.6	94.9	97.2	2.4%	(25.0%)	256.0	192.1	(25.0%)
Sales of electricity - Base tariff and Ft	5.3	4.8	4.7	(2.1%)	(11.3%)	10.3	9.5	(7.8%)
Sales from Solar Energy Power Plants	5.3	4.8	4.7	(2.1%)	(11.3%)	10.3	9.5	(7.8%)
Total sales and service income	1,613.3	1,471.4	1,566.7	6.5%	(2.9%)	3,353.9	3,038.1	(9.4%)

Sales and service income (included revenue from finance lease under a Power Purchase Agreement) increase 6.5% QoQ from Baht 1,471.4 million to Baht 1,566.7 million. The increase of Baht 95.3 million, mainly derived from sales of biomass power plants which increased by Baht 111.0 million as the result from successfully achieved Commercial Operation Date (COD) of Khlong Khlung SPP Hybrid Power Plant (Biomass and Solar Rooftop) in Khlong Khlung District, Kamphaeng Phet Province with total installed capacity of 20 MW and 13.31 MW Power Purchase Agreement (PPA) under Feed-in Tariff (FiT) scheme for 20 years from its COD with the Electricity Generating Authority of Thailand (EGAT) on 2 April 2024.

Sales and service income (included revenue from finance lease under a Power Purchase Agreement) decrease 2.9% YoY from Baht 1,613.3 million to Baht 1,566.7 million, decreased by Baht 46.6 million. Sales and service income decrease 9.4% 6MYoY from Baht 3,353.9 million to Baht 3,038.1 million, decreased by Baht 315.8 million. The decrease in sales and service income mainly derived from sales of natural gas power plant from decrease in unit rate which is adjusted in line with the decrease in average natural gas price, thus sales also decrease in line with the fuel material cost of natural gas. In addition, sales of municipal solid waste power plants also decreased as the result of the expiration of Adder period of one municipal

solid waste power plant in the fourth quarter of 2023 according to conditioned in the power purchase agreement, causing sales and service income of municipal solid waste power plants decreased.

Cost of sales and service

Cost of sales and service for the period ended 30 June 2024 and 2023 are presented below:

Cost of sales and service (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Fuel materials cost	808.3	716.5	754.0	5.2%	(6.7%)	1,713.8	1,470.5	(14.2%)
Depreciation and amortization cost	177.9	181.4	195.6	7.8%	9.9%	351.4	377.0	7.3%
Staff cost, repair and maintenance and other services	162.1	170.8	167.1	(2.2%)	3.1%	304.9	337.9	10.8%
Processing fee - PEA	16.0	15.7	16.4	4.5%	2.5%	33.1	32.1	(3.0%)
Other cost	27.4	37.0	35.4	(4.3%)	29.2%	63.0	72.4	14.9%
Total cost of sales and service	1,191.7	1,121.4	1,168.5	4.2%	(1.9%)	2,466.2	2,289.9	(7.1%)

Cost of sales and service increase 4.2% QoQ from Baht 1,121.4 million to Baht 1,168.5 million. The increase of Baht 47.1 million mainly derived from increasing in plant capacity from the Commercial Operation Date (COD) of Khlong Khlung SPP Hybrid Power Plant (Biomass and Solar Rooftop) on 2 April 2024.

Cost of sales and service decrease 1.9% YoY from Baht 1,191.7 million to Baht 1,168.5 million, decreased by Baht 23.2 million, Cost of sales and service decrease 7.1% 6MYoY from Baht 2,466.2 million to Baht 2,289.9 million, decreased by Baht 176.3 million. The decrease mainly derived from decrease in cost of natural gas power plant as the continuing decreasing in fuel material cost from decrease in average natural gas price.

Net gain on exchange rate for the period ended 30 June 2024 and 2023 are presented below:

Net gain on exchange rate (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Net gain on exchange rate	62.7	94.5	16.4	(82.6%)	(73.8%)	45.3	110.9	144.8%

Net gain on exchange rate mainly came from unrealized exchange rate of receivable under finance lease of natural gas power plant and partially from realized on exchange from payment for machine and spare parts for the under-developed projects to foreign suppliers. During the second quarter of 2024, Thai Baht was depreciated compared to exchange rate of the first quarter of 2024 and end of 2023, then the Group has gain on exchange rate for the second quarter of 2024 in the amounting to Baht 16.4 million and has gain on exchange rate for the first half of the year 2024 in the amounting to Baht 110.9 million.

Gross Profit and Gross Profit Margin for the period ended 30 June 2024 and 2023 are presented below:

Gross Profit (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Biomass Power Plant	206.9	182.4	222.8	22.1%	7.7%	450.5	405.2	(10.1%)
Natural Gas Power Plant	140.5	132.2	133.1	0.7%	(5.3%)	287.0	265.3	(7.6%)
Municipal Solid Waste Power Plant	71.0	32.4	39.6	22.2%	(44.2%)	144.0	72.0	(50.0%)
Solar Energy Power Plant	3.2	3.0	2.8	(6.7%)	(12.5%)	6.2	5.8	(6.5%)
Gross Profit by Segment	421.6	350.0	398.2	13.8%	(5.6%)	887.7	748.2	(15.7%)

Gross Profit Margin (Unit: %)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Biomass Power Plant	25.4	22.6	24.3	1.7	(1.1)	26.7	23.5	(3.2)
Natural Gas Power Plant	21.2	23.4	24.3	0.9	3.1	20.5	23.8	3.3
Municipal Solid Waste Power Plant	54.8	34.1	40.7	6.6	(14.1)	56.3	37.5	(18.8)
Solar Energy Power Plant	60.4	62.5	59.6	(2.9)	(0.8)	60.2	61.1	0.9
Gross Profit Margin by Segment	26.1	23.8	25.4	1.6	(0.7)	26.5	24.6	(1.9)

Gross Profit increase 13.8% QoQ from Baht 350.0 million to Baht 398.2 million, increased by Baht 48.2 million. **Gross Profit Margin increase 1.6% QoQ** from 23.8% to 25.4%. The increase in Gross Profit and Gross Profit Margin mainly derived from the increase in gross profit and gross profit margin of biomass power plants from the Commercial Operation Date (COD) of Khlong Khlung SPP Hybrid Power Plant (Biomass and Solar Rooftop) on 2 April 2024. In addition, the shutdown hours to improve machinery's efficiency of biomass power plants are lower than the first quarter of 2024.

Gross Profit decrease 5.6% YoY from Baht 421.6 million to Baht 398.2 million, decreased by Baht 23.4 million. **Gross Profit Margin decrease 0.7% YoY** from 26.1% to 25.4%. The decrease in Gross Profit and Gross Profit Margin mainly derived from decrease in gross profit of municipal solid waste power plants as the result of the expiration of Adder period of one municipal solid waste power plant in the fourth quarter of 2023 according to conditioned in the power purchase agreement, causing gross profit and gross profit margin of municipal solid waste power plants decreased.

Gross Profit decrease 15.7% 6MYoY from Baht 887.7 million to Baht 748.2 million, decreased by Baht 139.5 million. **Gross Profit Margin decrease 1.9% 6MYoY** from 26.5% to 24.6%. The decrease in Gross Profit and Gross Profit Margin mainly derived from decrease in gross profit of municipal solid waste power plants as the result of the expiration of Adder period as described above. In addition, gross profit of biomass power plants decreased because of the higher shutdown hours to improve the power plants machinery's efficiency compared to the six-month period of 2023.

Administrative expenses for the period ended 30 June 2024 and 2023 are presented below:

Administrative expenses (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Administrative expenses	106.7	101.7	103.1	1.4%	(3.4%)	228.1	204.9	(10.2%)

Administrative expenses comprised of employee benefit expenses, consulting fee, depreciation, public relation expenses and other admin expenses.

Administrative expenses decrease 3.4% YoY from Baht 106.7 million to Baht 103.1 million, decreased by Baht 3.6 million. And decrease 10.2% 6M YoY from Baht 228.1 million to Baht 204.9 million, decreased by Baht 23.2 million. Administrative expenses decreased because the group had high expenses related to the bidding of the projects for procuring electricity from renewable sources of the government sector in the first half of 2023.

Finance costs for the period ended 30 June 2024 and 2023 are presented below:

Finance costs (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Finance costs	49.6	65.4	72.4	10.7%	46.0%	93.1	137.9	48.0%

Finance costs comprise of interest expense from loans for the new investment projects, interest expenses from bonds, amortisation of prepaid transaction cost of borrowings and interest expense from lease liabilities.

Finance costs increase 46.0% YoY from Baht 49.6 million to Baht 72.4 million, increased by Baht 22.8 million. And **increase 48.0% 6M YoY** from Baht 93.1 million to Baht 137.9 million, increased by Baht 44.8 million. The increase in finance cost mainly derived from continually increasing in MLR of the commercial bank during the third quarter of 2023 to the fourth quarter of 2023 causing a higher interest rate in 2024. In addition, the Group had loans and debentures additions for investment in new projects which in the process of development and construction, resulted to the higher finance cost.

Tax income (expense) for the period ended 30 June 2024 and 2023 are presented below:

Tax income (expense) (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Current tax on profit for the period	(10.2)	(14.7)	(14.4)	(2.2%)	41.2%	(20.9)	(29.1)	39.2%
Deferred income tax	(16.6)	(32.7)	(5.0)	(84.7%)	(69.9%)	(17.9)	(37.7)	110.6%
Tax expense	(26.8)	(47.4)	(19.4)	(59.1%)	(27.6%)	(38.8)	(66.8)	72.2%

Tax income (expense) comprised of current tax and deferred tax. Deferred income tax mainly from temporary difference of receivable from finance lease and derivative assets.

Net profit and net profit margin attributable to the parent

The Group had net profit for the second quarter of 2024 amounting to Baht 219.5 million and for the six-months period ended 30 June 2024 amounting to Baht 474.7 million. Which was the net profit attributable to the parent for the amounting to Baht 219.6 million and Baht 474.8 million. The detail of net profit for ordinary activities and extraordinary items can be described as following.

Net profit (Unit: THB Mn)	Quarter 2 2023			Quarter 1 2024			Quarter 2 2024		
	Ordinary	Extra	Total	Ordinary	Extra	Total	Ordinary	Extra	Total
	activities	ordinary		activities	ordinary		activities	ordinary	
Profit before tax	278.5	64.0	342.5	191.3	111.3	302.6	227.7	11.2	238.9
Tax income (expense)	(14.0)	(12.8)	(26.8)	(25.2)	(22.2)	(47.4)	(17.2)	(2.2)	(19.4)
Net profit	264.5	51.2	315.7	166.1	89.1	255.2	210.5	9.0	219.5
Loss attributable to non-controlling interests	(0.1)	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Net profit attributable to the parent	264.6	51.2	315.8	166.1	89.1	255.2	210.6	9.0	219.6

Net profit (Unit: THB Mn)	6-month Year 2023			6-month Year 2024		
	Ordinary	Extra	Total	Ordinary	Extra	Total
	activities	ordinary		activities	ordinary	
Profit before tax	586.6	42.9	629.5	419.0	122.5	541.5
Tax income (expense)	(30.2)	(8.6)	(38.8)	(42.3)	(24.5)	(66.8)
Net profit	556.4	34.3	590.7	376.7	98.0	474.7
Loss attributable to non-controlling interests	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Net profit attributable to the parent	556.5	34.3	590.8	376.8	98.0	474.8

Extraordinary items from non-operating, consists of unrealized gain (loss) on exchange rate of receivable under finance lease agreement and gain (loss) on forward contracts.

Net profit attributable to the parent (Unit: THB Mn)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Net profit attributable to the parent	315.8	255.2	219.6	(13.9%)	(30.5%)	590.8	474.8	(19.6%)
<i>Add (Less): Loss/gain from extraordinary items</i>	<i>(51.2)</i>	<i>(89.1)</i>	<i>(9.0)</i>			<i>(34.3)</i>	<i>(98.0)</i>	
Net profit from ordinary activities attributable to the parent	264.6	166.1	210.6	26.8%	(20.4%)	556.5	376.8	(32.3%)

Net Profit Margin (Unit: %)	Quarter 2	Quarter 1	Quarter 2	Change		6-month	6-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Net profit margin attributable to the parent	19.6	17.3	14.0	(3.3)	(5.6)	17.6	15.6	(2.0)
Net profit margin from ordinary activities attributable to the parent	16.4	11.3	13.4	2.1	(3.0)	16.6	12.4	(4.2)

Net profit from ordinary activities attributable to the parent increase 26.8%QoQ from Baht 166.1 million to Baht 210.6 million. The increase of Baht 44.5 million mainly derived from the Group had increasing in gross profit from the Commercial Operation Date (COD) of Khlong Khlung SPP Hybrid Power Plant (Biomass and Solar Rooftop) on 2 April 2024. In addition, the shutdown hours to improve machinery's efficiency of biomass power plants are lower than the first quarter of 2024.

Net profit from ordinary activities attributable to the parent decrease 20.4% YoY and decrease 32.3% 6M YoY from decreasing in gross profit and increasing in finance costs as continually increasing in MLR of the commercial bank during the third quarter of 2023 to the fourth quarter of 2023 and loans addition for investment in new projects which in the process of development and construction.

Analysis of Financial Position (Unit: THB Mn)	31 December	30 June	Change	
	2023	2024	Amount	%
Cash and cash equivalents	1,180.6	410.2	(770.4)	(65.3%)
Trade and other receivables	1,200.4	1,592.5	392.1	32.7%
Receivables under finance lease	3,333.5	3,436.7	103.2	3.1%
Inventories	1,059.0	1,062.5	3.5	0.3%
Restricted deposits at financial institutions	445.0	491.3	46.3	10.4%
Investment property (net)	123.8	123.8	-	-
Property, plant and equipment (net)	12,281.2	14,268.3	1,987.1	16.2%
Advance payments for constructions and purchases of fixed assets	320.3	127.4	(192.9)	(60.2%)
Rights to service under concession arrangements (net)	1,386.7	1,344.5	(42.2)	(3.0%)
Right-of-use assets (net)	56.1	50.4	(5.7)	(10.2%)
Deferred tax assets (net)	52.6	48.4	(4.2)	(8.0%)
Derivative assets	-	1.0	1.0	100.0%
Other assets	298.0	410.5	112.5	37.8%
Total assets	21,737.2	23,367.5	1,630.3	7.5%
Short-term loans from financial institutions	45.0	149.0	104.0	231.1%
Long-term loans from financial institutions	5,222.0	5,853.4	631.4	12.1%
Trade and other payables	409.8	773.2	363.4	88.7%
Leases liabilities (net)	34.0	34.7	0.7	2.1%
Debenture (net)	389.3	389.8	0.5	0.1%
Deferred tax liabilities (net)	221.1	254.5	33.4	15.1%
Derivative liabilities	10.8	-	(10.8)	(100.0%)
Other liabilities	102.6	116.0	13.4	13.1%
Total liabilities	6,434.6	7,570.6	1,136.0	17.7%
Issued and paid-up share capital	5,088.0	5,088.0	-	-
Share Premium	3,896.0	3,896.0	-	-
Retained earnings - Appropriated - Legal reserve	151.9	151.9	-	-
- Treasury shares	268.0	268.0	-	-
Retained earnings - Unappropriated	6,084.3	6,559.1	474.8	7.8%
Treasury shares	(268.0)	(268.0)	-	-
Deficit from business combination	(22.9)	(22.9)	-	-
Non-controlling interests	105.3	124.8	19.5	18.5%
Total equity	15,302.6	15,796.9	494.3	3.2%

Assets

Total assets as at 30 June 2024 and 31 December 2023 were Baht 23,367.5 million and Baht 21,737.2 million, respectively. Increase by Baht 1,630.3 million or 7.5%. The main reason for changing in assets due to cash and cash equivalents decreased by Baht 770.4 million, trade and other receivables increased by Baht 392.1 million and receivables under finance lease increased by Baht 103.2 million from the changing in exchange rate. Restricted deposits at financial institutions increased by Baht 46.3 million. Property, plant and equipment increased by Baht 1,987.1 million. Advance payments for constructions and purchases of fixed assets decreased by Baht 192.9 million. Rights to service under concession arrangements decreased by Baht 42.2 million from amortisation during the period.

Liabilities

Total liabilities as at 30 June 2024 and 31 December 2023 were Baht 7,570.6 million and Baht 6,434.6 million, respectively. Increased by Baht 1,136.0 million or 17.7%, as the result from significant changing in liabilities items as short-term loans from financial institutions increased by Baht 104.0 million and long-term loans from financial institutions increased by Baht 631.4 million. Trade and other payables increased by Baht 363.4 million.

As at 30 June 2024, the debt-to-equity ratio was 0.48 times, the net debt to equity ratio was 0.42 times, the interest-bearing debt to equity ratio was 0.41 times, and the net interest-bearing debt to equity ratio was 0.35 times.

Equity

Shareholders' equity as at 30 June 2024 and 31 December 2023 were Baht 15,796.9 million and Baht 15,302.6 million. Increased by Baht 494.3 million or 3.2% from increase in net profit resulting to increase in unappropriated retained earnings.

Please be informed accordingly,

Yours sincerely,

(Mr.Tanavijit Ankapipatchai)

Director and Chief Financial Officer