

Subject Management Discussion and Analysis for the period ended 30 September 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 September 2024 of the Company and the subsidiaries (“**the Group**”) as follow:

Financial Performance of the Group

Consolidated financial statements (Unit: THB Mn)	Quarter 3 Quarter 2 Quarter 3			Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Sales of goods and services	1,522.3	1,460.4	1,631.4	11.7%	7.2%	4,669.2	4,458.3	(4.5%)
Revenue from finance lease under								
a Power Purchase Agreement	105.2	106.3	102.8	(3.3%)	(2.3%)	312.1	314.0	0.6%
Cost of sales and services	(1,168.7)	(1,168.5)	(1,272.2)	8.9%	8.9%	(3,634.8)	(3,562.1)	(2.0%)
Gross profit	458.7	398.2	462.0	16.0%	0.7%	1,346.5	1,210.2	(10.1%)
Net gain (loss) on exchange rate	40.5	16.4	(190.7)	N.A.	N.A.	85.8	(79.9)	N.A.
Gain (loss) on forward contracts	-	(4.9)	(6.8)	38.8%	N.A.	(1.4)	5.1	N.A.
Other income	2.9	4.7	4.9	4.3%	69.0%	22.0	18.2	(17.3%)
Profit before expenses	502.1	414.5	269.4	(35.0%)	(46.3%)	1,452.9	1,153.6	(20.6%)
Administrative expenses	(106.9)	(103.1)	(102.7)	(0.4%)	(3.9%)	(335.0)	(307.6)	(8.2%)
Finance costs	(49.5)	(72.4)	(75.2)	3.9%	51.9%	(142.7)	(213.1)	49.4%
Profit before income tax	345.7	238.9	91.5	(61.7%)	(73.5%)	975.2	632.9	(35.1%)
Tax (expenses) income	(29.0)	(19.4)	18.8	N.A.	N.A.	(67.8)	(48.0)	(29.2%)
Net profit	316.8	219.5	110.2	(49.7%)	(65.2%)	907.4	585.0	(35.5%)
Loss attributable to non-controlling interests	(0.1)	(0.1)	(0.3)	200.0%	200.0%	(0.2)	(0.4)	100.0%
Net profit attributable to the parent	316.8	219.6	110.5	(49.7%)	(65.1%)	907.6	585.3	(35.5%)
<i>Add (less): Loss/gain from extraordinary items*</i>	<i>(32.7)</i>	<i>(9.0)</i>	<i>158.8</i>			<i>(67.0)</i>	<i>60.8</i>	
Net profit from ordinary activities attributable to the parent	284.1	210.6	269.3	27.9%	(5.2%)	840.6	646.1	(23.1%)

* 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 September 2024 and 2023 are presented below:

Sales and service income (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Sales of electricity - FiT, Base tariff and Ft	895.9	902.1	1,001.3	11.0%	11.8%	2,540.2	2,691.6	6.0%
FiT Premium	12.9	9.4	10.4	10.6%	(19.4%)	41.4	30.0	(27.5%)
Sales of electricity to Industrial Users (IU)	7.0	6.1	6.2	1.6%	(11.4%)	23.7	20.5	(13.5%)
Sales from Biomass Power Plants	915.8	917.6	1,017.9	10.9%	11.1%	2,605.3	2,742.1	5.3%
Revenue from finance lease under a Power Purchase Agreement	105.2	106.3	102.8	(3.3%)	(2.3%)	312.1	314.0	0.6%
Revenue from service under a Power Purchase Agreement	464.6	436.3	487.2	11.7%	4.9%	1,654.1	1,378.8	(16.6%)
Sales of electricity to Industrial Users (IU)	0.8	1.2	1.3	8.3%	62.5%	1.7	3.7	111.8%
Sales of steam (IU)	2.3	3.6	4.3	19.4%	87.0%	3.0	11.5	274.2%
Sales from Natural Gas Power Plant	572.9	547.3	595.6	8.8%	4.0%	1,970.9	1,708.0	(13.3%)
Sales of electricity - FiT, base tariff and Ft	64.3	76.4	72.9	(4.6%)	13.4%	219.8	223.0	1.5%
FiT Premium	4.4	6.0	5.9	(3.3%)	31.8%	15.0	18.4	22.7%
Adder	28.4	-	-	-	(100.0%)	89.9	-	(100.0%)
Other sales and service income	15.2	14.7	15.3	4.1%	0.7%	43.6	44.7	2.5%
Sales from Municipal Solid Waste Power Plants	112.3	97.2	94.1	(3.3%)	(16.3%)	368.3	286.1	(22.3%)
Sales of electricity - Base tariff and Ft	5.0	4.7	4.8	2.1%	(4.0%)	15.3	14.3	(6.5%)
Sales from Solar Energy Power Plants	5.0	4.7	4.8	2.1%	(9.4%)	15.3	14.3	(6.5%)
Revenue from solar energy system installation service	21.5	-	21.8	N.A.	1.4%	21.5	21.8	1.4%
Total sales and service income	1,627.5	1,566.7	1,734.2	10.7%	6.5%	4,981.3	4,772.3	(4.2%)

Sales and service income (included revenue from finance lease under a Power Purchase Agreement) increase 10.7% QoQ from Baht 1,566.7 million to Baht 1,734.2 million. The increase of Baht 167.5 million, mainly derived from sales of biomass power plants which increased by Baht 100.3 million as the biomass power plants had shutdown hours to improve the power plants machinery's efficiency in the third quarter of 2024 lower than the second quarter of 2024. In addition, sales from natural gas power plant increased by Baht 48.3 million from increase in unit rate which is adjusted in line with the increase in average natural gas price. Moreover, the Group had revenue from solar energy system installation service in the third quarter of 2024 amounting to Baht 21.8 million from installation service of solar energy system for industrial customers.

Sales and service income (included revenue from finance lease under a Power Purchase Agreement) increase 6.5% YoY from Baht 1,627.5 million to Baht 1,734.2 million. The increase of Baht 106.7 million, mainly derived 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 4.2% 9MYoY from Baht 4,981.3 million to Baht 4,772.3 million, decreased by Baht 209.0 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 September 2024 and 2023 are presented below:

Cost of sales and service (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Fuel materials cost	777.3	754.0	850.8	12.8%	9.5%	2,491.1	2,321.3	(6.8%)
Depreciation and amortization cost	180.0	195.6	204.8	4.7%	13.8%	531.4	581.9	9.5%
Staff cost, repair and maintenance and other services	145.2	167.1	151.2	(9.5%)	4.1%	450.1	489.0	8.6%
Processing fee - PEA	17.6	16.4	18.4	12.2%	4.5%	50.6	50.5	(0.4%)
Cost of solar energy system installation service	15.8	-	19.8	100.0%	25.3%	15.8	19.8	25.3%
Other cost	32.8	35.4	27.2	(23.2%)	(17.1%)	95.8	99.6	4.0%
Total cost of sales and service	1,168.7	1,168.5	1,272.2	8.9%	8.9%	3,634.8	3,562.1	(2.0%)

Cost of sales and service increase 8.9 % QoQ from Baht 1,168.5 million to Baht 1,272.2 million. The increase of Baht 103.7 million mainly derived from cost of sales of biomass power plants increased by Baht 48.0 million compared to the second quarter of 2024, according to the increase in electricity production unit as the shutdown hours to improve the power plants machinery's efficiency are lower than the second quarter of 2024. In addition, cost of natural gas power plant increased by Baht 35.5 million as the continuing increasing in fuel material cost from increase in average natural gas price. Moreover, cost of solar energy system installation service increased by Baht 19.8 million from solar energy system installation service for industrial customers.

Cost of sales and service increase 8.9 % YoY from Baht 1,168.7 million to Baht 1,272.2 million, increased by Baht 103.5 million, mainly derived from cost of biomass power plants increased by Baht 86.2 million 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 2.0% 9MYoY from Baht 3,634.8 million to Baht 3,562.1 million, decreased by Baht 72.7 million. The decrease mainly derived from cost of natural gas power plant as the continuing decreasing in fuel material cost from decrease in average natural gas price. However, cost of sales of biomass power plants increased according to the increase in electricity production unit as the lower shutdown hours to improve the power plants machinery's efficiency.

Net gain (loss) on exchange rate for the period ended 30 September 2024 and 2023 are presented below:

Net gain on exchange rate (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Net gain (loss) on exchange rate	40.5	16.4	(190.7)	N.A.	N.A.	85.8	(79.9)	N.A.

Net gain (loss) 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 third quarter of 2024, Thai Baht was appreciated compared to exchange rate of the second quarter of 2024 and end of 2023, then the Group has loss on exchange rate for the third quarter of 2024 in the amounting to Baht 190.7 million and has loss on exchange rate for the 9-month of the year 2024 in the amounting to Baht 79.9 million.

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

Gross Profit (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Biomass Power Plant	259.1	222.8	274.9	23.4%	6.1%	709.6	680.1	(4.2%)
Natural Gas Power Plant	135.6	133.1	146.1	9.8%	7.7%	422.7	411.4	(2.7%)
Municipal Solid Waste Power Plant	55.3	39.6	36.0	(9.1%)	(34.9%)	199.3	108.0	(45.8%)
Solar Energy Power Plant	3.0	2.8	3.0	7.1%	-	9.2	8.7	(5.4%)
Solar energy system installation service	5.7	-	2.0	N.A.	(64.9%)	5.7	2.0	(64.9%)
Gross Profit by Segment	458.7	398.2	462.0	16.0%	0.7%	1,346.5	1,210.2	(10.1%)

Gross Profit Margin (Unit: %)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Biomass Power Plant	28.3	24.3	27.0	2.7	(1.3)	27.2	24.8	(2.4)
Natural Gas Power Plant	23.7	24.3	24.5	0.2	0.8	21.4	24.1	2.7
Municipal Solid Waste Power Plant	49.2	40.7	38.3	(2.4)	(10.9)	54.1	37.7	(16.4)
Solar Energy Power Plant	60.0	59.6	62.5	2.9	2.5	60.1	60.8	0.7
Solar energy system installation service	26.5	N.A.	9.2	N.A.	(17.3)	26.5	9.2	(17.3)
Gross Profit Margin by Segment	28.2	25.4	26.6	1.2	(1.6)	27.0	25.4	(1.6)

Gross Profit increase 16.0% QoQ from Baht 398.2 million to Baht 462.0 million, increased by Baht 63.8 million.

Gross Profit Margin increase 1.2% QoQ from 25.4% to 26.6%. The increase in Gross Profit and Gross Profit Margin mainly derived from the shutdown hours to improve machinery's efficiency of biomass power plants are lower than the second quarter of 2024.

Gross Profit decrease 10.1% 9MYoY from Baht 1,346.5 million to Baht 1,210.2 million, decreased by Baht 136.3 million.

Gross Profit Margin decrease 1.6% 9MYoY from 27.0% 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.

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

Administrative expenses (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Administrative expenses	106.9	103.1	102.7	(0.4%)	(3.9%)	335.0	307.6	(8.2%)

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

Administrative expenses decrease 3.9% YoY from Baht 106.9 million to Baht 102.7 million, decreased by Baht 4.2 million and **decrease 8.2% 9M YoY** from Baht 335.0 million to Baht 307.6 million, decreased by Baht 27.4 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 nine-months period of 2023.

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

Finance costs (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Finance costs	49.5	72.4	75.2	3.9%	51.9%	142.7	213.1	49.4%

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

Finance costs increase 51.9% YoY from 49.5 million to Baht 75.2 million, increased by Baht 25.7 million. And **increase 49.4% 9M YoY** from Baht 142.7 million to Baht 213.1 million, increased by Baht 70.4 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 September 2024 and 2023 are presented below:

Tax income (expense) (Unit: THB Mn)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Current tax on profit for the period	(12.7)	(14.4)	(11.3)	(21.5%)	(11.0%)	(33.6)	(40.3)	20.2%
Deferred income tax	(16.3)	(5.0)	30.1	N.A.	N.A.	(34.2)	(7.7)	(77.8%)
Tax income (expense)	(29.0)	(19.4)	18.8	N.A.	N.A.	(67.8)	(48.0)	(29.2%)

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 third quarter of 2024 amounting to Baht 110.2 million and for the nine-months period ended 30 September 2024 amounting to Baht 585.0 million. Which was the net profit attributable to the parent for the amounting to Baht 110.5 million and Baht 585.3 million. The detail of net profit for ordinary activities and extraordinary items can be described as following.

Net profit (Unit: THB Mn)	Quarter 3 2023			Quarter 2 2024			Quarter 3 2024		
	Ordinary activities	Extra ordinary	Total	Ordinary activities	Extra ordinary	Total	Ordinary activities	Extra ordinary	Total
Profit before tax	304.8	40.9	345.7	227.7	11.2	238.9	290.0	(198.5)	91.5
Tax income (expense)	(20.8)	(8.2)	(29.0)	(17.2)	(2.2)	(19.4)	(20.9)	39.7	18.8
Net profit	284.0	32.7	316.8	210.5	9.0	219.5	269.1	(158.8)	110.3
Loss attributable to non-controlling	(0.1)	-	(0.1)	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Net profit attributable to the parent	284.1	32.7	316.8	210.6	9.0	219.6	269.3	(158.8)	110.5

Net profit (Unit: THB Mn)	9-month Year 2023			9-month Year 2024		
	Ordinary activities	Extra ordinary	Total	Ordinary activities	Extra ordinary	Total
Profit before tax	891.4	83.8	975.2	708.9	(76.0)	632.9
Tax income (expense)	(51.0)	(16.8)	(67.8)	(63.3)	15.3	(48.0)
Net profit	840.4	67.0	907.4	645.7	(60.8)	585.0
Loss attributable to non-controlling interests	(0.2)	-	(0.2)	(0.4)	-	(0.4)
Net profit attributable to the parent	840.6	67.0	907.6	646.1	(60.8)	585.3

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 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Net profit attributable to the parent	316.8	219.6	110.5	(49.7%)	(65.1%)	907.6	585.3	(35.5%)
<i>Add (Less): Loss/gain from extraordinary items</i>	<i>(32.7)</i>	<i>(9.0)</i>	<i>158.8</i>			<i>(67.0)</i>	<i>60.8</i>	
Net profit from ordinary activities attributable to the parent	284.1	210.6	269.3	27.9%	(5.2%)	840.6	646.1	(23.1%)

Net Profit Margin (Unit: %)	Quarter 3	Quarter 2	Quarter 3	Change		9-month	9-month	Change
	2023	2024	2024	%QoQ	%YoY	2023	2024	%YoY
Net profit margin attributable to the parent	19.5	14.0	6.4	(7.6)	(13.1)	18.2	12.3	(5.9)
Net profit margin from ordinary activities attributable to the parent	17.5	13.4	15.5	2.1	(2.0)	16.9	13.5	(3.4)

Net profit from ordinary activities attributable to the parent increase 27.9% QoQ from Baht 210.6 million to Baht 269.3 million. The increase of Baht 58.7 million mainly derived from increasing in gross profit of biomass power plants as the biomass power plants had shutdown hours to improve the power plants machinery's efficiency in the third quarter of 2024 lower than the second quarter of 2024.

Net profit from ordinary activities attributable to the parent decrease 23.1% 9M 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 September	Change	
	2023	2024	Amount	%
Cash and cash equivalents	1,180.6	422.8	(757.8)	(64.2%)
Trade and other receivables	1,200.4	1,559.1	358.7	29.9%
Receivables under finance lease	3,333.5	3,230.3	(103.2)	(3.1%)
Inventories	1,059.0	1,059.0	-	-
Restricted deposits at financial institutions	445.0	309.0	(136.0)	(30.6%)
Investment property (net)	123.8	123.8	-	-
Property, plant and equipment (net)	12,281.2	15,921.7	3,640.5	29.6%
Advance payments for constructions and purchases of fixed assets	320.3	77.3	(243.0)	(75.9%)
Rights to service under concession arrangements (net)	1,386.7	1,323.4	(63.3)	(4.6%)
Right-of-use assets (net)	56.1	48.7	(7.4)	(13.2%)
Deferred tax assets (net)	52.6	47.7	(4.9)	(9.3%)
Derivative assets	-	-	-	-
Other assets	298.0	433.9	135.9	45.6%
Total assets	21,737.2	24,556.7	2,819.5	13.0%
Short-term loans from financial institutions	45.0	151.4	106.4	236.4%
Long-term loans from financial institutions	5,222.0	7,088.2	1,866.2	35.7%
Trade and other payables	409.8	644.7	234.9	57.3%
Leases liabilities (net)	34.0	35.6	1.6	4.7%
Debenture (net)	389.3	390.1	0.8	0.2%
Deferred tax liabilities (net)	221.1	223.8	2.7	1.2%
Derivative liabilities	10.8	5.8	(5.0)	(46.3%)
Other liabilities	102.6	109.9	7.3	7.1%
Total liabilities	6,434.6	8,649.5	2,214.9	34.4%
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	6,669.7	585.3	9.6%
Treasury shares	(268.0)	(268.0)	-	-
Deficit from business combination	(22.9)	(22.9)	-	-
Non-controlling interests	105.3	124.5	19.2	18.2%
Total equity	15,302.6	15,907.2	604.6	4.0%

Assets

Total assets as at 30 September 2024 and 31 December 2023 were Baht 24,556.7 million and Baht 21,737.2 million, respectively. Increase by Baht 2,819.5 million or 13.0%. The main reason for changing in assets due to cash and cash equivalents decreased by Baht 757.8 million, trade and other receivables increased by Baht 358.7 million and receivables under finance lease decreased by Baht 103.2 million from the changing in exchange rate. Restricted deposits at financial institutions decreased by Baht 136.0 million. Property, plant and equipment increased by Baht 3,640.5 million. Advance payments for constructions and purchases of fixed assets decreased by Baht 243.0 million. Rights to service under concession arrangements decreased by Baht 63.3 million from amortisation during the period.

Liabilities

Total liabilities as at 30 September 2024 and 31 December 2023 were Baht 8,649.5 million and Baht 6,434.6 million, respectively. Increased by Baht 2,214.9 million or 34.4%, as the result from significant changing in liabilities items as short-term loans from financial institutions increased by Baht 106.4 million and long-term loans from financial institutions increased by Baht 1,866.2 million. Trade and other payables increased by Baht 234.9 million.

As at 30 September 2024, the debt-to-equity ratio was 0.54 times, the net debt to equity ratio was 0.50 times, the interest-bearing debt to equity ratio was 0.48 times, and the net interest-bearing debt to equity ratio was 0.44 times.

Equity

Shareholders' equity as at 30 September 2024 and 31 December 2023 were Baht 15,907.2 million and Baht 15,302.6 million. Increased by Baht 604.6 million or 4.0% 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