

Energy Absolute Public Company Limited

Management Discussion and Analysis of Financial Statements

for the third quarter ended 30 September 2021



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To The President of the Stock Exchange of Thailand

We, Energy Absolute Public Company Limited (“EA”) would like to report the operating results of the Company and subsidiaries (all together as the “Company”) for the third quarter ended 30 September 2021 which has been approved by the Board of Directors Meeting No. 5/2021 held on 12 November 2021. The details are as follows:

Overview of operating results for the third quarter and the nine-month period ended 30 September 2021

Operating Results	Third quarter				Nine-month period			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from sales and services	5,039.64	3,773.47	1,266.17	33.55%	14,665.82	12,633.65	2,032.17	16.09%
Other Income	138.81	27.83	110.98	398.78%	154.13	104.36	49.77	47.69%
Total Revenue	5,178.45	3,801.30	1,377.15	36.23%	14,819.95	12,738.01	2,081.94	16.34%
Profit attributable to Owners of the parent	1,616.26	1,119.00	497.26	44.44%	4,218.76	3,720.48	498.28	13.39%
Basic earnings per share (Baht per share)	0.43	0.30	0.13	43.33%	1.13	1.00	0.13	13.00%

Net Profit

For the third quarter ended 30 September 2021, the Company earned the net profit of Baht 1,616.26 million, increased by Baht 497.26 million or 44.44% as compared to the same period of last year which incurred the net profit of Baht 1,119.00 million. For the nine-month period ended 30 September 2021, the Company earned the net profit of Baht 4,218.76 million, increased by Baht 498.28 million or 13.39% as compared to the same period of last year which incurred the net profit of Baht 3,720.48 million.

Revenue

For the third quarter ended 30 September 2021, the Company earned the total revenue of Baht 5,178.45 million, increased by Baht 1,377.15 million or 36.23% as compared to the same period of last year which incurred the total revenue of Baht 3,801.30 million. For the nine-month period ended 30 September 2021, the Company earned the total revenue of Baht 14,819.95 million, increased by Baht 2,081.94 million or 16.34% as compared to the same period of last year which incurred the total revenue of Baht 12,738.01 million, as summarized below.

Total Revenue	Third quarter				Nine-month period			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Biodiesel Business	1,751.82	1,277.70	474.12	37.11%	5,891.22	4,668.73	1,222.49	26.18%
Power Business	2,705.97	2,419.00	286.97	11.86%	8,072.82	7,811.29	261.53	3.35%
Battery and Electric Vehicle Business	557.42	65.92	491.50	745.60%	660.64	110.94	549.70	495.49%
Other Businesses	24.43	10.85	13.58	125.16%	41.14	42.69	(1.55)	(3.63%)
Revenue from Operations	5,039.64	3,773.47	1,266.17	33.55%	14,665.82	12,633.65	2,032.17	16.09%
Other Income/Accounting gain	138.81	27.83	110.98	398.78%	154.13	104.36	49.77	47.69%
Total Revenue	5,178.45	3,801.30	1,377.15	36.23%	14,819.95	12,738.01	2,081.94	16.34%

Revenue from operations of the third quarter ended 30 September 2021, reported at Baht 5,039.64 million, increased by Baht 1,266.17 million or 33.55%. The major cause of increase in revenue for the third quarter was the performance of Biodiesel business and other businesses. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products:

For the third quarter ended 30 September 2021, the revenue from Biodiesel business increased by Baht 474.12 million or 37.11% and for the nine-month period ended 30 September 2021, the revenue from Biodiesel business increased by Baht 1,222.49 million or 26.18% as compared to the same period of last year. Details were described as follows:

- 1.1 Biodiesel:** For the third quarter ended 30 September 2021, the revenue increased by Baht 197.25 million or 20.34%. For the nine-month period ended 30 September 2021, the revenue increased by Baht 305.70 million or 7.94%. The increase was mainly from price factor which recorded a 59.90% increase following the support in using B100 by the Ministry of Energy which announced B10 to be used as regular diesel since 1 October 2020, resulting in an increase in demand for palm oil and the subsequent rise of the price of domestic palm oil. Meanwhile, the sales volumes decreased due to flooding in the third quarter and the COVID-19 pandemic.
- 1.2 Pure glycerin:** For the third quarter ended 30 September 2021, the revenue increased by Baht 28.06 million or 43.90%. For the nine-month period ended 30 September 2021, the revenue increased by Baht 20.92 million or 10.04%. The main factor was the COVID-19 outbreak pushed the demand for glycerin for alcohol gel production higher than the previous year, resulting in the rise of Glycerin price in the global market.
- 1.3 CPO (Crude Palm Oil):** For the third quarter ended 30 September 2021, the revenue increased by Baht 251.57 million or 109.81%. For the nine-month period ended 30 September 2021, the revenue increased by Baht 924.01 million or 169.81% as the Company recognized revenue from CPO sales by Larp Pakdee Palm Co., Ltd. (holding 74.99% by EA Group) in the second quarter of 2020 and subsequently Kanjanadit Palm Oil Co., Ltd. (holding 75.00% by EA Group) in the third quarter of 2020. Furthermore, the average selling price of crude palm oil increased in the third quarter of 2021.
- 1.4 PCM:** For the third quarter ended 30 September 2021, the revenue increased Baht 10.85 million For the nine-month period ended 30 September 2021, the revenue increased by Baht 35.45 million as the Company recognized revenue from PCM in late 2020.

Items	Third quarter				Nine-month period			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from Biodiesel	1,166.88	969.63	197.25	20.34%	4,155.36	3,849.66	305.70	7.94%
- Sales volume (Million litre)	33.75	44.85	(11.10)	(24.75%)	117.45	142.83	(25.38)	(17.77%)
- Average Selling Price (Baht/Litre)	34.57	21.62	12.95	59.90%	35.38	26.95	8.43	31.28%

Explanation:

The shrinkage in demand for biodiesel resulted from flooding in the third quarter, the COVID-19 pandemic, and lockdown policy which resulted in the downturn of the tourism sector and travel restrictions, whereas the government measures to promote the usage of B10 as diesel nationwide leading to the increase in crude palm oil price lead to the higher average selling price of B100.

Items	Third quarter				Nine-month period			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from Pure Glycerin	91.98	63.92	28.06	43.90%	229.24	208.32	20.92	10.04%
- Sales volume (Million Kg)	3.00	3.77	(0.77)	(20.42%)	9.21	11.86	(2.65)	(22.34%)
- Average Selling Price (Baht/Kg)	30.70	16.95	13.75	81.12%	24.90	17.56	7.34	41.80%
Explanation:								
The sales volume decreased from the same period of last year from lower raw material supply despite the increase of average selling price due to the higher demand for glycerin as compared to last year, leading to higher global market price.								
Revenue from CPO (crude palm oil)	480.67	229.10	251.57	109.81%	1,468.16	544.15	924.01	169.81%
Revenue from CPO	427.79	203.58	224.21	110.13%	1,317.22	434.49	882.73	203.16%
- Sales volume (Million Kg)	11.21	10.23	0.98	9.58%	38.45	21.28	17.17	80.69%
- Average Selling Price (Baht/Kg)	38.16	19.90	18.26	91.76%	34.26	20.42	13.84	67.78%
Explanation:								
The group recognized revenue from crude palm oil production in the second quarter of 2020 and the increase in average selling price in the third quarter of 2021.								
Revenue from PCM	10.85	-	10.85	-	35.45	-	35.45	-
Explanation:								
The group recognized revenue from PCM in late 2020.								
Revenue from byproducts and others	1.44	15.05	(13.61)	(90.43%)	3.02	66.60	(63.58)	(95.47%)
Explanation:								
The decrease in sales volume of byproducts was in line with the drop in production and sales of biodiesel.								

2. Generating and distributing Electricity:

For the third quarter ended 30 September 2021, the Company earned the revenue of Baht 2,705.97 million, increased by Baht 286.97 million or 11.86%, as compared to the same period of last year which incurred the revenue Baht 2,419.00 million. For the nine-month period ended 30 September 2021, the Company earned the revenue of Baht 8,072.82 million, increased by Baht 261.53 million or 3.35%, as compared to the same period of last year which incurred the revenue Baht 7,811.29 million. This was mainly due to higher electricity production from wind power plant as a result of stronger wind during the rainy season as compared to the same period of last year.

Energy Absolute Public Company Limited

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Items	Third quarter				Nine-month period			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Revenue from Solar power plants	1,423.93	1,447.61	(23.68)	(1.64%)	4,558.39	4,680.49	(122.10)	(2.61%)
- Sales volume (million KWh)	146.00	148.95	(2.95)	(1.98%)	471.66	478.70	(7.04)	(1.47%)
- Average Selling Price (Baht/Unit)	9.75	9.72	0.03	0.31%	9.66	9.78	(0.12)	(1.23%)
Explanation								
The decrease in solar power production resulted from weaker solar irradiation from rainy season as compared to the same period of last year.								
Revenue from Wind power plants	1,277.22	967.85	309.37	31.96%	3,498.24	3,111.26	386.98	12.44%
- Sales volume (million KWh)	211.43	157.33	54.1	34.39%	556.04	501.94	54.10	10.78%
- Average Selling Price (Baht/Unit)	6.04	6.15	(0.11)	(1.79%)	6.29	6.20	0.09	1.45%
Explanation:								
The increase in wind power production was due to stronger wind during the rainy season from both Hanuman project in Chaiyaphum and Hadkunghan project in Song Kla and Nakhon Si Thammarat as compared to the same period of last year.								
Hanuman wind power 260-MW Project								
- Sales volume (million KWh)	124.49	99.77	24.72	24.78%	354.57	320.94	33.63	10.48%
- Average Selling Price (Baht/Unit)	5.94	6.12	(0.18)	(2.94%)	5.98	6.14	(0.16)	2.61%
Hadkunghan wind power 126-MW Project								
- Sales volume (million KWh)	86.94	57.56	29.38	51.04%	222.22	181.00	41.22	22.77%
- Average Selling Price (Baht/Unit)	6.18	6.20	(0.02)	(0.32%)	6.22	6.31	(0.09)	(1.43%)
Revenue from Biogas power	4.81	3.54	1.27	35.88%	16.18	3.54	12.64	357.06%
- Sales volume (million KWh)	1.89	1.24	0.65	52.42%	5.43	1.24	4.19	337.90%
- Average Selling Price (Baht/Unit)	2.54	2.85	(0.31)	(10.88%)	2.98	2.85	0.13	4.56%
Explanation:								
The group acquired biogas power plant which generates power from byproducts of CPO and has generated revenue from biogas power plant since the third quarter of 2020.								

Note: Excluding other income amounted to Baht 16 million in the nine-month period of 2020.

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

For the third quarter ended 30 September 2021, the revenue from EA Group such as Amita Technology (Thailand) Co., Ltd. and Absolute Assembly Co., Ltd, who manufactures lithium-ion battery, electric bus and commercial vehicles, was amounted to Baht 541.21 million. For the nine-month period ended 30 September 2021, the revenue from battery and electric vehicle business

was Baht 740.03 million. This was mainly due to the recognition of revenue from the sales of 77 units of electric buses.

4. Revenue from other businesses:

For the third quarter ended 30 September 2021, the revenue from other businesses was Baht 24.43 million. For the nine-month period ended 30 September 2021, the revenue from other businesses was Baht 41.14 million.

5. Other income:

For the third quarter ended 30 September 2021, the other income was Baht 138.81 million. For the nine-month period ended 30 September 2021, other income was Baht 154.13 million, due to the profit from sale of unused asset of Baht 123 million.

Cost of sales and services

For the third quarter and nine-month ended 30 September 2021, cost of sales reported at Baht 2,902.17 million and Baht 8,559.80 million, increased by Baht 858.30 million and Baht 1,603.46 million or 41.99% and 23.05% respectively, as compared to the same period of last year which incurred the total cost of sales of Baht 2,043.87 million and Baht 6,956.34 million respectively. The reasons are summarized as follows:

1. **Manufacturing and distributing Biodiesel Product:** For the third quarter and nine-month ended 30 September 2021, the cost of sales increased by Baht 589.73 million and Baht 1,374.50 million or 51.84% and 31.83% respectively, 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 third quarter ended 30 September 2021, the cost of sales increased by Baht 9.09 million or 1.24% and nine-month ended 30 September 2021, the cost of sales decreased by Baht 25.92 million or 1.19%. The cost of sales includes depreciation, administrative and maintenance expenses.
3. **Manufacturing and distributing lithium-ion battery and electric vehicle:** For the third quarter ended 30 September 2021, the cost of sales increased by Baht 250.95 million or 245.02% and nine-month ended 30 September 2021, the cost of sales increased by Baht 289.03 million or 110.76% as compared to the same period of last year.
4. **Other businesses:** For the third quarter and nine-month ended 30 September 2021, the cost of sales increased by Baht 8.53 million and Baht 9.87 million respectively as compared to the same period of last year.

Selling Expense

Selling expense, for the third quarter and nine-month ended 30 September 2021, was Baht 15.35 million and Baht 53.24 million respectively which decreased by Baht 3.27 million and Baht 8.46 million (or decreased by 17.56% and 13.71%) as compared to the same period of last year which incurred the selling expense of Baht 18.62 million and Baht 61.70 million respectively. This aligned with a slight decrease in sales volume of biodiesel products.

Administrative Expense

Administrative expense, for the third quarter and nine-month ended 30 September 2021, was Baht 350.09 million and Baht 990.56 million respectively, increased by Baht 101.10 million and Baht 103.87 million respectively (or increased by 40.60% and 11.71%) as compared to the same period of last year which incurred the administrative expense of Baht 248.99 million and Baht 886.69 million respectively.

Finance cost

For the third quarter and nine-month ended 30 September 2021, finance cost was Baht 323.33 million and Baht 1,092.51 million, decreased by Baht 98.09 million and Baht 169.30 million (or 23.28% and 13.42%) respectively, as compared to the same period of last year which incurred the finance cost of Baht 421.42 million and Baht 1,261.81 million respectively, as a result of the repayments of loan from financial institutions due in the third quarter of 2021 and lower average interest rate.

Financial Status

Total Asset

The total asset of the Company and its subsidiaries as of 30 September 2021 was Baht 81,684.73 million, increased by Baht 3,200.96 million or 4.08% from 31 December 2020. This was mainly from the following determinants:

- Cash and cash equivalents

Cash and cash equivalents were reported at Baht 3,313.25 million, representing an increase of Baht 362.58 million or 12.29% from 31 December 2020. This was mainly from operational profits.

- Property, plant and equipment

Property, plant and equipment were Baht 57,642.04 million, increased by Baht 1,785.10 million or 3.20% from 31 December 2020. This was mainly from investment in new projects such as the Li-ion Battery Project and Electric Vehicle Project.

Total Liabilities

As of 30 September 2021, the total liabilities of the Company were Baht 48,266.08 million, representing a decrease of Baht 590.81 million or 1.21% from 31 December 2020, mainly due to the repayment of debentures.

Total Equity

As of 30 September 2021, the total shareholder' equity of the Company and its subsidiaries were Baht 33,418.64 million, representing increase of Baht 3,791.76 million or 12.80% from 31 December 2020, resulted from net profit of the nine-month period of 2021.

Progress in major investment projects

EA Group aims to operate a green product business that does not cause pollution by developing sustainable renewable energy and the development of electric vehicles for commercial purposes including electric buses and electric ferries with modern technology and environmentally friendly. The Company places importance on setting policies and sustainable business practices that take into account the environment, society and corporate governance for the maximum benefit of customers, shareholders, partners and employees. The Company is ready to continue its policies and sustainable business operations under the guidelines for sustainable renewable energy development. This is the Company's goal to contribute to the sustainable development of Thailand's economy, society and environment as well as the respond to the expectations of all groups of stakeholders.

■ **Li-ion Battery Plant – Amita Technology (Thailand) (ATT)**

The COVID-19 outbreak had a higher number of infected people in the country and was under lockdown until the last third quarter. The Company has measures to control and prevent epidemic including the quarantine of those traveling from high-risk areas for the safety of the management team, employees, and experts from abroad who will come to test the machine system. This makes it a barrier to travel to the area on the planned schedule. However, it is expected that the plant will be able to start the Phase 1 production in the 4th quarter of this year. In the 3rd quarter, the battery cells were imported from Amita Technologies Inc.'s battery factory in Taiwan. It is a group of companies that specializes in battery production to be assembled into packs and modules in the domestic production line to support the use of the group of companies' automotive business, including electric buses, electric ferries, only for the first period while waiting for the battery cell factory to be completed in the fourth quarter of 2021.

In addition, the Company has prepared by establishing Battery Electric Vehicle and Electronic Products Testing Center Co., Ltd. or BEV for using in research and development as well as providing testing and quality assurance services for batteries including various equipment of electric vehicles and electronic equipment at Bang Pakong and Ban Pho district, Chachoengsao province to meet world-class standards. Currently, the Company started to provide chemical testing and mechanical properties analysis services for battery project support and electric vehicles. In the next phase, it will be open to outside companies to continue to use the service.



■ EV charging stations - EA Anywhere

The Company still plans to open up new partners to grow investments for the installation of charging stations continuously with a comprehensive lifestyle, promoting the widespread and rapid use of electric vehicles in line with the government policies. This will enable Thailand to become a center for producing electric vehicles and other important parts in this region in the future. The Company has moved forward with investment plans to install charging stations continuously. The Super-Fast Charge (DC) system has been expanded in collaboration with partners. Recently, the Company has cooperated with Esso (Thailand) Public Company Limited, the service provider of Esso stations. EA Anywhere electric charging station has been installed in 2 Esso stations and plans to open in other Esso service stations to complete 5 locations by 2021. Currently, 5 electric bus garages with Ultra-Fast Charge 300 kW and 68 charging heads are installed.



The Company also developing the charging application platform along with the various types of chargers both AC (Normal Charge) and DC (Fast Charge) supporting the charge at the highest speed (4C-Rate) to cover all types of electric vehicles including, electric cars, electric buses, electric ferries (charging time depends on the type of vehicle and battery size), with 427 stations installed. The Company has developed a charging cabinet that can be categorized into 4 charging systems as follows:

- **Normal Charge 22 kW (AC)** to support charging of both Plug-in Hybrid (PHEV) and Battery Electric Vehicle (BEV) electric vehicles.
- **Fast Charge 40 kW (DC)** to support high-speed charging. This charger type is suitable for medium-sized electric vehicles that are BEVs only, such as electric cars.
- **Super-Fast Charge 150 kW (DC)** to support high-speed charging. This charger type is suitable for medium to large electric vehicles that are BEVs, such as electric buses and electric cars.
- **Ultra-Fast Charge 300 kW (DC)** to support maximum charging speed. This charger type is suitable for large electric vehicles that support the Ultra-fast Charge system; such as, electric ferries, electric buses, and electric trucks. With a total of 14 cabinets and 28 chargers, the Company has successfully installed the largest charging station to support the electric ferries, as well as interstate bus charging station installations.

■ **Electric Ferry Project - MINE Smart Ferry**

By 2021, 27 electric passenger ferries will be delivered, which will be ready for full services, both passenger and tourism ferries to support the opening of the country to welcome tourists and relaxing the lockdown during this November.

The Company operates an electric passenger ferry business under the name MINE SMART FERRY. E Smart Transport Company Limited (EST) is responsible for operating passenger ferry services designed

by the Group's team and made with 100% Thai craftsmanship, using 800 kWh lithium-ion battery that supports fast charging with EA Anywhere's Ultra-Fast Charge technology. It takes about 15-20 minutes to charge, covering the route between Sathorn Pier and Phra Nang Klao Pier with measures in line with the COVID-19 situation to prevent the spread where thermometers and disinfectant gels were installed inside all ferries. Every round of the ferries in service includes a disinfectant spray for the COVID-19 virus and compliance with social distancing measures.



■ Electric Bus Project

Absolute Assembly Company Limited (AAB), a manufacturer of electric buses and commercial vehicles in Ban Pho District, Chachoengsao. Currently, the factory is under construction and installation as well as ready to test machines which will be fully operational in the fourth quarter of the year. In the beginning, the Company used the personnel of Mine Mobility Corporation Company Limited and Nex Point Public Company Limited (NEX) to assemble electric buses while waiting for the construction of the AAB factory to be completed. More than 100 electric buses have been assembled and will be gradually delivered to customers. In addition, NEX, an associated company of the Company has entered into a sale and purchase agreement with the Lotte Group for 87 electric buses, which will be manufactured and assembled in AAB factory. By the time the factory is completed, it will have a production capacity of 3,000 electric buses per year, which will import parts from abroad to assemble with more than 50% of the key parts designed and manufactured in the country using the production process with modern machinery to control the production along with the standard driving test process to support the production of many types of vehicles, such as vans, buses, and trucks, etc. The aforementioned electric buses produced by AAB will go through the production process that is the essence of the free zone or free trade zone.



For more information, please contact Investor Relation Tel. 66 2248 2488 to 92 or email: ir@energyabsolute.co.th