

# Energy Absolute Public Company Limited

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## Management Discussion and Analysis For Operating Results

of the Second quarter and six-month period ended 30 June 2022



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Subject Management Discussion and Analysis for Operating Results of the Second quarter and six-month period ended 30 June 2022

To The President of the Stock Exchange of Thailand

We, Energy Absolute Public Company Limited (“EA”) would like to report the operating results of EA and subsidiaries (all together as the “**Company**”) for the Second quarter ended 30 June 2022 which has been approved by the Board of Directors Meeting No. 4/2022 held on 11 August 2022. The details are as follows:

## Overview of operating results of the Second quarter and Six-month period ended 30 June 2022.

Operating Results	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from sales and services	5,395.98	4,923.47	472.51	9.60	10,136.40	9,626.18	510.22	5.30
Other Income	58.09	11.61	46.48	400.24	134.23	15.33	118.90	775.60
Total Revenue	5,454.07	4,935.08	518.99	10.52	10,270.63	9,641.51	629.12	6.53
Profit attributable to Owners of the parent	1,095.43	1,190.65	(95.22)	(8.00)	2,461.74	2,602.50	(140.76)	(5.41)
Basic earnings per share (Baht per share)	0.29	0.32	(0.03)	(9.38)	0.66	0.70	(0.04)	(5.71)

### Net Profit

For the second quarter ended 30 June 2022, the Company earned the net profit of Baht 1,095.43 million, decreased by Baht 95.22 million or 8% as compared to the same period of last year which incurred the net profit of Baht 1,190.65 million. For the six-month period ended 30 June 2022, the Company earned the net profit of Baht 2,461.74 million, decreased by Baht 140.76 million or 5.41% as compared to the same period of last year which incurred the net profit of Baht 2,602.50 million. The Company recognized loss from bus service business of the Smart Bus Company Limited of Baht 89 million. This is on process of Entire Business Transfer.

## Revenue

For the second quarter ended 30 June 2022, the Company earned the total revenue of Baht 5,454.07 million, increased by Baht 518.99 million or 10.52% as compared to the same period of last year which incurred the total revenue of Baht 4,935.08 million. For the six-month period ended 30 June 2022, the Company earned the total revenue of Baht 10,270.63 million, increase by Baht 629.12 million or 6.53% as compared to the same period of last year which incurred the total revenue of Baht 9,641.51 million, as summarized below.

Total Revenue	Second quarter				Six-month period			
	2022	2021	Increase (Decrease)		2022	2021	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%	Baht Million	Baht Million	Baht Million	%
Biodiesel Business	2,269.66	2,246.42	23.24	1.03	4,297.31	4,139.43	157.88	3.81
Power Business	2,860.60	2,592.80	267.80	10.33	5,482.60	5,366.86	115.74	2.16
Battery and Electric Vehicle Business	84.21	68.30	15.91	23.29	148.35	103.97	44.38	42.69
Other Businesses	181.51	15.95	165.56	1,037.99	208.14	15.92	192.22	1,207.41
Revenue from Operations	5,395.98	4,923.47	472.51	9.60	10,136.40	9,626.18	510.22	5.30
Other Income/Accounting gain	58.09	11.61	46.48	400.34	134.23	15.33	118.90	775.60
Total Revenue	5,454.07	4,935.08	518.99	10.52	10,270.63	9,641.51	629.12	6.53

Revenue from operations for the second quarter ended 30 June 2022 was Baht 5,395.98 million, increased by Baht 472.51 million or 9.60% as compared to the same period of last year. This is due to the increased performance of Power business and other business. The reasons are summarized as follows:

### 1. Manufacturing and distributing Biodiesel Products:

For the second quarter ended 30 June 2022, the revenue from Biodiesel business increased by Baht 23.24 million or 1.03% and for the six-month period ended 30 June 2022, the revenue from Biodiesel business increased by Baht 157.88 million or 3.81% as compared to the same period of last year, due to the following.

**1.1 Biodiesel:** For the second quarter ended 30 June 2022, the revenue decreased by Baht 303.71 million or 21.67%. For the six-month period ended 30 June 2022, the revenue decreased by Baht 362.55 million or 12.13%. although the price of biodiesel rose as

compared to the same period last year due to rising palm oil raw material cost, the revenue from biodiesel decreased for the second quarter and six-month period ended 30 June 2022 mainly due to reduced of sale volume by 20.24 million liters or 48.79% and 31.26 million liters or 37.35% respectively, due to the announcement from Energy Planning and Policy Committee to reduce B100 proportion in biodiesel fuel blend from B7 (mixed B100 in diesel fuel 7%) to B5 (mixed B100 in diesel fuel 5%) effective from 5 February 2022 to 31 March 2022, in order to minimize the impact on living cost due to the rise in petrol prices.

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from Biodiesel	1,097.69	1,401.40	(303.71)	(21.67)	2,625.93	2,988.48	(362.55)	(12.13)
- Sales volume (Million liter)	21.24	41.48	(20.24)	(48.79)	52.44	83.70	(31.26)	(37.35)
- Average Selling Price (Baht/liter)	51.69	33.79	17.90	52.97	50.08	35.71	14.37	40.24

**1.2 Pure glycerin:** For the second quarter ended 30 June 2022, the revenue decreased by Baht 0.20 million or 0.25%, but overall of the six-month period ended 30 June 2022 the revenue increased by Baht 100.78 million or 73.42%. The main factor was increased of selling price as compared to the same period of last year. This was due to the relatively limited amount of pure glycerin in the country which consistent with lowers biodiesel production, since glycerin is a by-product of biodiesel production. While demand for glycerin to be used in the alcohol gels production remains high due to COVID-19 situation. With momentum of demand greater than supply the selling price of pure glycerin has been steadily rising.

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from Pure Glycerin	80.57	80.77	(0.20)	(0.25)	238.04	137.26	100.78	73.42
- Sales volume (Million Kg)	1.50	3.08	(1.58)	(51.30)	4.62	6.21	(1.59)	(25.60)
- Average Selling Price (Baht/Kg)	53.65	26.24	27.41	104.46	51.50	22.10	29.40	133.03

**1.3 CPO (Crude Palm Oil):** For the second quarter ended 30 June 2022, the revenue increased by Baht 291.36 million or 45.94%. For six-month period ended 30 June 2022, the revenue increased by Baht 325.90 million or 38.65%. This was mainly due to high price of crude palm oil in the world market, and the rising domestic palm prices situation due to increased exports during the first half year of 2022. Although sales volume factors have decreased from the government has reduced proportion of biodiesel mixing to B5 replacement of B7. Therefore in the first quarter, the use of crude palm oil for biodiesel production decreased.

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from CPO (crude palm oil)	925.53	634.17	291.36	45.94	1,169.04	843.14	325.90	38.65
- Sales volume (Million Kg)	17.30	19.90	(2.60)	(13.07)	22.11	27.24	(5.13)	(18.83)
- Average Selling Price (Baht/Kg)	53.51	31.86	21.65	67.95	52.88	30.96	21.92	70.80

**1.4 PCM:** For the second quarter ended 30 June 2022, the revenue was increased by Baht 26.33 million. For six-month period ended 30 June 2022 increased by Baht 36.72 million. The main factor was increase from sale volume as a result the revenue was increased in the first half year of 2022.

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from PCM	50.41	24.08	26.33	109.34	61.33	24.61	36.72	149.21
- Sales volume (Million Kg)	0.48	0.25	0.23	92.00	0.58	0.26	0.32	123.08
- Average Selling Price (Baht/Kg)	105.83	96.08	9.75	10.15	105.75	96.27	9.48	9.85

**1.5 Byproducts:** For the second quarter ended 30 June 2022, the revenue was increased by Baht 9.46 million. For six-month period ended 30 June 2022 increased by Baht 57.03 million. The main factor was increase of palm kernel selling prices in align with increased of palm prices (Palm Kernel is byproducts of crude palm oil production)

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from byproducts	115.46	106.00	9.46	8.92	202.97	145.94	57.03	39.08

## 2. Generating and distributing Electricity:

For the second quarter ended 30 June 2022, The Company earned the revenue of Baht 2,860.60 million, increased by Baht 267.80 million or 10.33% as compared to the same period of last year which incurred the revenue Baht 2,592.80 million. For the six-month period ended 30 June 2022 the Company earned the total revenue of Baht 5,482.60 million, increased 115.74 million or 2.16% as compared to the same period of last year which incurred the revenue Baht 5,366.86 million. The reasons are summarized as follows:

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
<b>Revenue from Solar power plants</b>	1,757.04	1,596.50	160.54	10.06	3,461.19	3,133.23	327.96	10.47
- Sales volume (GWh)	177.02	167.01	10.01	5.99	347.33	325.66	21.67	6.65
- Average Selling Price (Baht/Unit)	9.93	9.56	0.37	3.87	9.97	9.62	0.35	3.64
<b>Describes below:</b>								
The revenue increased due to had a replacement of solar panels in the both location of the Nakhon Sawan and Lampang power plant (Started gradually replacing in September 2021 and completed in March 2022), which enhance to increase the efficiency of the power production. In addition, in the first half year of 2022, there was a higher intensity of light as compared to the same period of last year. The average selling price was increased following the wholesale Ft price that increased in the first half year of 2022.								
<b>Revenue from Wind power plants</b>	1,099.91	988.54	111.37	11.27	2,014.33	2,221.02	(206.69)	(9.31)
- Sales volume (GWh)	169.73	163.46	6.27	3.84	315.08	365.36	(50.28)	(13.76)
- Average Selling Price (Baht/Unit)	6.48	6.05	0.43	7.11	6.39	6.08	0.31	5.10
<b>Describes below:</b>								
For the Second quarter ended 30 June 2022 the revenue was increased due to increased speed of wind in both of Hanuman power plant at Chaiyaphum province and Hadkunghan power plant at Songkhla and Nakhon Sri Thammarat province. The average selling price was increased following the wholesale FT price that increased in the first half year of 2022.								
<b>Hanuman wind power 260-MW Project</b>								
- Sales volume (GWh)	124.74	109.12	15.62	14.31	200.21	230.08	(29.87)	(12.98)
- Average Selling Price (Baht/Unit)	6.46	6.00	0.46	7.67	6.35	6.01	0.34	5.66
<b>Hadkunghan wind power 126-MW Project</b>								
- Sales volume (GWh)	44.99	54.34	(9.35)	(17.21)	114.87	135.28	(20.41)	(15.09)
- Average Selling Price (Baht/Unit)	6.54	6.15	0.39	6.34	6.48	6.20	0.28	4.52

Items	Second quarter				Six-month period			
	2022 Baht Million	2021 Baht Million	Increase (Decrease)		2022 Baht Million	2021 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from Biogas power	3.65	7.76	(4.11)	(52.96)	7.08	12.61	(5.53)	(43.85)
- Sales volume (GWh)	0.95	2.34	(1.39)	(59.40)	1.78	3.54	(1.76)	(49.72)
- Average Selling Price (Baht/Unit)	3.83	3.31	0.52	15.71	3.97	3.56	0.41	11.52

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

For the second quarter ended 30 June 2022, Amita Technology Group (Its subsidiaries of EA) operates the business of producing lithium-ion batteries, which incurred the total revenue of Baht 84.21 million, increased by Baht 15.91 million. For the six-month period ended 30 June 2022 the total revenue was by Baht 148.35 million, increased by Baht 44.38 million.

### 4. Revenue from other businesses:

For the second quarter and six-month period ended 30 June 2022, the revenue from other businesses was Baht 181.51 million, increased by Baht 165.56 million and Baht 208.14 million increased by Baht 192.22 million respectively, as compared to the same period of last year, mainly from service income of electric vehicle charging stations, Electric boat service income and bus service income of Smart Bus Company Limited, which the company acquired in the first quarter of 2022.

### 5. Other income:

For the second quarter and six-month period ended 30 June 2022, other income was Baht 58.09 million and Baht 134.23 million, due to gain on sale of unused asset.

### Cost of sales and services

For the second quarter and six-month period ended 30 June 2022, cost of sales was reported at Baht 3,708.79 million increase by Baht 608.16 million or 19.61% and Baht 6,615.21 million increased by Baht 957.57 million or 16.93% as compared to the same period of last year which incurred the total cost of sales by Baht 3,100.63 million and by Baht 5,657.64 million respectively. The reasons are summarized as follows:

- 1. Manufacturing and distributing Biodiesel Product:** For the second quarter and six-month period ended 30 June 2022, the cost of sales increased by Baht 173.79 million or 8.04% and

increased by Baht 322.83 million or 8.14% 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 second quarter and six-month period ended 30 June 2022, the cost of sales increased by Baht 3.94 million or 0.54% and increased by Baht 88.09 million or 6.27% respectively as compared to the same period for last year. This was mainly from increase of depreciation due to replacement of solar power plants in Nakhon Sawan and Lampang provinces.
3. **Manufacturing and distribution lithium-ion battery and electric vehicle:** For the second quarter and six-month period ended 30 June 2022, cost of sales increased by Baht 114.10 million or 54.03% and increased by Baht 161.26 million or 56.12% respectively as compared to the same period for last year. There are corresponding to the increased battery sales volume and from the start of commercial operations to produce lithium-ion batteries for the electric vehicle industry by Amita Technology (Thailand) Co., Ltd.
4. **Other businesses:** For the second quarter and six-month period ended 30 June 2022, the cost of sales increased by Baht 316.33 and increased by Baht 385.38 million respectively as compared to the same period for last year. This aligned with the expansion of the charging station business for electric vehicles, electric boat service and bus service.

## Selling Expense

For the second quarter and six-month period ended 30 June 2022, The Selling expense was Baht 16.93 million, decreased by Baht 2.76 million or 14.04% and Baht 27.69 million, decreased by Baht 10.02 million or 26.93% respectively, as compared to the same period of last year, which incurred the selling expense. This aligned with the decrease in sales volume of biodiesel products.

## Administrative Expense

For the second quarter and six-month period ended 30 June 2022, Administrative expense was Baht 434.25 million increased by Baht 142.38 million or 48.78% and Baht 743.62 million increased by Baht 103.17 million or 16.11% respectively as compared to the same period of last year, mainly from personnel expenses, donations, factory overhead expenses of battery and electric vehicles business.



## Finance cost

For the second quarter and six-month period ended 30 June 2022, The Finance cost was Baht 344.66 million decreased by Baht 33.90 million or 8.96% and Baht 654.92 million decreased by Baht 114.25 million or 14.85% respectively. This was due to the lower average interest rate of the Company as compared to the same period of last year.

## Financial Status

### Total Asset

The total asset of the Company as of 30 June 2022 was Baht 92,061.90 million, increased by Baht 6,585.65 million or 7.70% from 31 December 2021. This was mainly from the following determinants:

- Cash and cash equivalents

Cash and cash equivalents as of 30 June 2022 was reported at Baht 2,664.95 million, representing a decreased of Baht 262.02 million or 8.95% from 31 December 2021. Due to the normal operating of the business.

- Trade accounts receivable

Trade accounts receivable as of 30 June 2022 was reported at Baht 7,234.92 million, representing an increase of Baht 726.24 million from 31 December 2021. This was mainly from the debtors of solar panels disposal at Nakhon Sawan and Lampang Province.

- Inventory

Inventory as of 30 June 2022 was reported at Baht 3,135.77 million, representing an increase by Baht 1,652.62 million from 31 December 2021, due to the raw materials in preparation for lithium-ion battery production for Amita Technology (Thailand) Co., Ltd. and electric vehicle factory.

- Intangible assets

Intangible as of 30 June 2022 was reported at Baht 4,692.72 million, representing an increase by Baht 1,903.01 from 31 December 2021. This was from fair value measurement from the acquisition of Smart Bus Company Limited.

- Property, plant, and equipment

Property, plant, and equipment as of 30 June 2022 was reported at Baht 59,082.33 million, increased by Baht 661.70 million or 1.13% from 31 December 2021. This was mainly from the acquisition of Smart Bus Co., Ltd, and the construction of a lithium-ion battery factory and an electric vehicle factory.

- Non-current assets held for sale

Non-current assets held for sale as of 30 June 2022 was reported at Baht 2,119.74 million, increased by Baht 1,405.83 million or 196.92% from 31 December 2021. This was from solar panels classified as non-current assets held for sale of power plants in the Nakhon Sawan power plant project.

## Total Liabilities

As of 30 June 2022, the total liabilities of the Company were Baht 55,902.60 million, representing an increase of Baht 5,528.07 million or 10.97% from 31 December 2021, This was mainly increase of short-term loans from financial institutions to support the company's business expansion, construction payable and accounts payable for the purchase of assets for replacing solar panels to increase the efficiency of the solar power plant.

## Total Equity

As of 30 June 2022, the total shareholders' equity of the Company was Baht 36,159.30 million, representing an increase of Baht 1,057.58 million or 3.01% due to net profit of the first half year of 2022.

## The process of major investment projects

- **EV charging stations : EA Anywhere - Energy Mahanakhon Co., Ltd. (EMN)**

Energy Mahanakhon Co., Ltd. has installed 473 electric charging stations (DC charger station and AC charger station), with 69 low priority stations having been installed and installing electric charging stations for large-scale commercial electric vehicles, 21 stations, 9 stations are in service and 12 stations are in the installation process. Currently, there are 3 charging stations for electric ferry, 2 stations that have already been installed: Wat Salaree Station 5 units (10 connectors), Public Warehouse Organization (PWO) Station 10 units (20 connectors) and the station and Saima Station 14 units (28 connectors) are in the process of installing.

- **Electric Ferry Project : MINE Smart Ferry - E Smart Transport Co., Ltd. (EST)**

E Smart Transport Co., Ltd. has launched passenger boat services in all 3 routes, with 23 ferries serving the following routes: 1. Urban Line, the Purple Line, Phra Nang Klao Pier – Sathorn Pier 2. City Line, the Green Line, Sathorn Pier - Phra Pinklao Pier 3. Metro Line, Blue Line, Sathorn Pier - Rama 7 Pier

The Company has increased the number of trips to be more frequent for serving the number of passengers and also offer special ticket price for Baht 20 throughout the line. In addition, the company has a plan to open 3 tourist boats to support the coming of tourists at the end of the year. There are plans to build 17 ferries to accommodate the increasing number of passengers and to make traveling with electric buses more convenient.

- **Li-ion Battery Plant – Amita Technology (Thailand) Co., Ltd. (ATT)**

Lithium-ion battery factory and energy storage system It currently has an initial production capacity of 1 Gigawatt hours per year. And the company has plans to expand the production capacity to 2 Gigawatt hours per year within the fourth quarter of 2022 and 4 GWh per year in 2023. Initially, the production to support use within the Company's automotive business group is electric boats, electric buses and electric trucks etc. To prove and build trustworthiness to be accepted in the electric vehicle market after that, it will be commercialized for other EV carmakers including export.

The Company has established Battery Testing Center, Electric Vehicle and Electronic Products Company Limited (BEV) to provide battery testing and quality assurance services. in various standards covering batteries from raw materials, various chemicals and batteries from Cell, Module and Pack level, including providing research and development services of electric vehicles and electronic equipment to meet international standards. Currently, the chemical testing and mechanical analysis services have been started, for battery projects and electric vehicles of affiliated companies and the next phase will be open to other companies to use the service.

- **Electric Bus Plant - Absolute Assembly Co.,Ltd. (AAB)**

Absolute Assembly Co., Ltd. (AAB) manufactures of commercial vehicles, the production has been completed maximum production capacity is approximately 9,000 units per year, supporting the production of many types of vehicles such as vans, buses and trucks. Duty free zone or free trade zone and has been certified as a product of Thailand (Made in Thailand) from the Federation of Thai Industries. At present, production has been partially completed and will begin to gradually deliver

approximately 800 units in the third quarter of 2022, with a total delivery of approximately 1,200 electric buses this year. Service in Bangkok and surrounding areas.

- **Electric locomotive Project - Mine Mobility Research Co., Ltd. (MMR)**

Mine Mobility Research Co., Ltd. (MMR) operates in the development and research business of electric vehicles, which the company has collaborated with CRRC Dalian, a major railway manufacturer from China. Has cooperated to develop and produce electric locomotives or EV locomotives, currently produced and transported to Thailand. The company received an opportunity from the Ministry of Transport State Railway of Thailand (SRT), KMITL (Ladkrabang) and Rajamangala University of Technology Isan (RMUTI) in preparing to test the shunting system at Bang Sue Station within this year, with EV train heads able to run 150-200 kilometers, it could reduce 40% of energy costs when compared to diesel.