

Energy Absolute Public Company Limited

Management Discussion and Analysis of Financial Statements

for the second quarter ended 30 June 2021



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11 August 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 second quarter ended 30 June 2021 which has been approved by the Board of Directors meeting No. 4/2021 held on 11 August 2021. The details are as follows:

Overview of operating results for the second quarter and six-month period ended 30 June 2021

Operating Results	Second quarter				Six-month period			
	2021 Baht Million	2020 Baht Million	Increase (Decrease)		2021 Baht Million	2020 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from sales and services	4,923.47	4,127.99	795.48	19.27%	9,626.18	8,860.18	766.00	8.65%
Other Income	11.61	47.31	(35.70)	(75.46%)	15.33	76.53	(61.20)	(79.97%)
Total Revenue	4,935.08	4,175.30	759.78	18.20%	9,641.51	8,936.71	704.80	7.89%
Profit attributable to Owners of the parent	1,190.65	1,149.43	41.22	3.59%	2,602.50	2,601.48	1.02	0.04%
Basic earnings per share (Baht per share)	0.32	0.31	0.01	3.22%	0.70	0.70	-	-

Net Profit

For the second quarter ended 30 June 2021, the Company earned the net profit of Baht 1,190.65 million, increased by Baht 41.22 million or 3.59% as compared to the same period of last year which incurred the net profit of Baht 1,149.43 million. For the six-month period ended 30 June 2021, the Company earned the net profit of Baht 2,602.50 million, increased by Baht 1.02 million or 0.04% as compared to the same period of last year which incurred the net profit of Baht 2,601.48 million.

Revenue

For the second quarter ended 30 June 2021, the Company earned the total revenue of Baht 4,935.08 million, increased by Baht 759.78 million or 18.20% as compared to the same period of last year which incurred the total revenue of Baht 4,175.30 million. For the six-month period ended 30 June 2021, the Company earned the total revenue of Baht 9,641.51 million, increased by Baht 704.80 million or 7.89% as compared to the same period of last year which incurred the total revenue of Baht 8,936.71 million, as summarized below.

Total Revenue	Second quarter				Six-month period			
	2021 Baht Million	2020 Baht Million	Increase (Decrease)		2021 Baht Million	2020 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Biodiesel Business	2,246.43	1,500.18	746.25	49.74%	4,139.41	3,361.03	778.38	23.16%
Power Business	2,592.79	2,610.54	(17.75)	(0.68%)	5,366.85	5,376.29	(9.44)	(0.18%)
Other Businesses	84.25	17.27	66.98	387.84%	119.92	122.86	(2.94)	(2.39%)
Revenue from Operations	4,923.47	4,127.99	795.48	19.27%	9,626.18	8,860.18	766.00	8.65%
Other Income/Accounting gain	11.61	47.31	(35.70)	(75.46%)	15.33	76.53	(61.20)	(79.97%)
Total Revenue	4,935.08	4,175.30	759.78	18.20%	9,641.51	8,936.71	704.80	7.89%

Revenue from operations the second quarter ended 30 June 2021, was Baht 4,923.47 million, increased by Baht 795.48 million or 19.27% from the increase in revenue from Biodiesel business and Other businesses. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products:

For the second quarter ended 30 June 2021, the revenue from Biodiesel business increased by Baht 746.25 million or 49.74% and for the six-month period ended 30 June 2021, the revenue from Biodiesel business increased by Baht 778.38 million or 23.16% due to the following

- 1.1 Biodiesel:** For the second quarter ended 30 June 2021, the revenue increased by Baht 276.63 million or 24.59%. For the six-month period ended 30 June 2021, the revenue increased by Baht 64.77 million or 2.22%. The main factors are the 44.79% increase in average selling price in the second quarter of 2021 following the announcement from Department of Energy

Business to encourage the use of B10 as Diesel since 1 October 2020, leading to the increase in demand for palm oil, helping to raise the price of domestic palm oil subsequently, despite the drop in demand for biodiesel from the COVID-19 outbreak.

1.2 Pure glycerin: For the second quarter ended 30 June 2021, the revenue decreased by Baht 13.25 million or 14.09%. For the six-month period ended 30 June 2021, the revenue decreased by Baht 7.14 million or 4.94%. The main factor was the shortage of raw material for pure glycerin production, despite the increase of average selling price in the second quarter of 2021 by 34.44% as compared to the same period of last year as 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) and byproduct: For the second quarter and six-month ended 30 June 2021, the revenue increased by Baht 467.78 million and Baht 716.12 million or 172.38% and 263.89% respectively 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.

1.4 PCM: For the second quarter and six-month ended 30 June 2021, the revenue was Baht 24.08 million and Baht 24.60 million respectively as the Company recognized revenue from PCM in late 2020.

Items	Second quarter				Six-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	1,401.40	1,124.77	276.63	24.59%	2,988.48	2,923.71	64.77	2.22%
- Sales volume (Million litre)	41.48	48.21	(6.73)	(13.96%)	83.70	97.98	(14.28)	(14.57%)
- Average Selling Price (Baht/Litre)	33.78	23.33	10.45	44.79%	35.70	29.84	5.86	19.64%
Explanation								
The shrinkage in demand for biodiesel resulted from the downturn of the tourism sector and travel restrictions following the COVID-19 outbreak, despite the government measures to promote the usage of B10 as diesel nationwide leading to the increase in crude palm oil price, resulting to higher average selling price of B100.								

Items	Second quarter				Six-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	80.77	94.02	(13.25)	(14.09%)	137.26	144.40	(7.14)	(4.94%)
- Sales volume (Million Kg)	3.08	4.82	(1.74)	(36.10%)	6.21	8.09	(1.88)	(23.24%)
- Average Selling Price (Baht/Kg)	26.23	19.51	6.72	34.44%	22.10	17.85	4.25	23.81%
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) and byproduct	739.15	271.37	467.78	172.38%	987.49	271.37	716.12	263.89%
Revenue from CPO	644.42	230.91	413.51	179.08%	889.41	230.91	658.50	285.18%
- Sales volume (Million Kg)	19.90	11.04	8.86	80.25%	27.24	11.04	16.20	146.74%
- Average Selling Price (Baht/Kg)	32.38	20.92	11.46	54.78%	32.65	20.92	11.73	56.07%
Explanation								
The group recognized revenue from crude palm oil production in the second quarter of 2020 which is the raw material for biodiesel production.								
Revenue from PCM	24.08	-	24.08	-	24.60	-	24.60	-
Explanation								
The group recognized revenue from PCM in late 2020.								
Revenue from byproducts	1.03	9.80	(8.77)	(89.49%)	1.58	19.04	(17.46)	(91.70%)
Explanation								
The decrease in sales volume of byproducts was due to Biodiesel production process optimization efforts in late 2020 resulting in higher efficiency and reintroduction of byproducts to the production process.								

2. Generating and distributing Electricity:

For the second quarter ended 30 June 2021, the revenue from generating and distributing Electricity was Baht 2,592.79 million, decreased by Baht 17.75 million or 0.68% as compared to the same period of last year which incurred the revenue of Baht 2,610.54 million. For the six-month period ended 30 June 2021, the revenue from generating and distributing Electricity was Baht 5,366.85 million, decreased by Baht 9.44 million or 0.18% as compared to the same period of last year which incurred the revenue of Baht 5,376.29 million. In contrary to better performance of wind power plants from higher wind speed as compared to the same period of last year, the decrease in revenue was due to lower solar irradiation for solar power plants.

Items	Second quarter				Six-month period			
	2021 Baht Million	2020 Baht Million	Increase (Decrease)		2021 Baht Million	2020 Baht Million	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenue from Solar power plants	1,597.19	1,705.10	(107.91)	(6.33%)	3,134.47	3,232.88	(98.41)	(3.04%)
- Sales volume (GWh)	167.02	175.06	(8.04)	(4.59%)	325.66	329.75	(4.09)	(1.24%)
- Average Selling Price (Baht/Unit)	9.56	9.74	(0.18)	(1.85%)	9.62	9.80	(0.18)	(1.84%)
Explanation								
The decrease in solar power production was due to lower solar irradiation as compared to the same period of last year.								
Revenue from Wind power plants	988.54	905.44	83.10	9.18%	2,221.02	2,143.41	77.61	3.62%
- Sales volume (GWh)	163.45	146.01	17.44	11.94%	365.36	344.61	20.75	6.02%
- Average Selling Price (Baht/Unit)	6.05	6.20	(0.15)	(2.42%)	6.08	6.22	(0.14)	(2.25%)
Explanation								
The increase in wind power production was due to stronger wind at 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 (GWh)	109.11	105.64	3.47	3.28%	230.08	221.17	8.91	4.03%
- Average Selling Price (Baht/Unit)	6.00	6.16	(0.16)	(2.60%)	6.01	6.14	(0.13)	(2.12%)
Hadkunghan wind power 126-MW Project								
- Sales volume (GWh)	54.34	40.37	13.97	34.60%	135.28	123.44	11.84	9.59%
- Average Selling Price (Baht/Unit)	6.15	6.30	(0.15)	(2.38%)	6.20	6.36	(0.16)	(2.52%)
Revenue from Biogas power	7.06	-	7.06	-	11.37	-	11.37	-
- Sales volume (GWh)	2.34	-	2.34	-	3.54	-	3.54	-
- Average Selling Price (Baht/Unit)	3.02	-	3.02	-	3.21	-	3.21	-
Explanation								
The group acquired biogas power plant which generates power from byproducts of biodiesel and has generated revenue from biogas power plant since late 2020.								

3. Revenue from other businesses:

For the second quarter ended 30 June 2021, the revenue from other businesses was Baht 84.25 million with contributions from Amita Technologies Inc. (Taiwan)'s battery sales of Baht 67.05 million (EA shareholding 62.53%) and other businesses of Baht 17.20 million. For the six-month period ended 30 June 2021, the revenue from other businesses was Baht 119.92 million.

4. Other income

For the second quarter ended 30 June 2021, other income was Baht 11.61 million from contributions of interest income of Baht 2.93 million and revenue from disposal of unused assets of Baht 4.35 million. For the six-month period ended 30 June 2021, other income was Baht 15.33 million.

Cost of sales and services

For the second quarter and six-month ended 30 June 2021, cost of sales were Baht 3,100.63 million and Baht 5,657.64 million, increased by Baht 856.90 million and Baht 745.16 million or 38.19% and 15.17% respectively, as compared to the same period of last year which incurred the total cost of sales of Baht 2,243.73 million and Baht 4,912.47 million respectively. The reasons are summarized as follows:

- 1. Manufacturing and distributing Biodiesel Product:** For the second quarter and six-month ended 30 June 2021, the cost of sales increased by Baht 751.08 million and Baht 784.77 million or 53.22% and 24.67% respectively, as compared to the same period of last year, according to the increased raw material price.
- 2. Generating and distributing Electricity:** For the second quarter and six-month ended 30 June 2021, the cost of sales decreased by Baht 21.31 million and Baht 35.01 million or 2.84% and 2.43% respectively. The cost of sales includes depreciation, administrative and maintenance expenses.
- 3. Other businesses:** For the second quarter and six-month ended 30 June 2021, the cost of sales increased by Baht 127.13 million or 154.11% and decreased by Baht 4.60 million or 1.58% respectively, from higher sales volume of battery products as compared to the same period of last year.

Selling expense

For the second quarter and six-month ended 30 June 2021, the selling expenses were Baht 19.69 million and Baht 37.89 million, decreased by Baht 3.89 million and Baht 5.19 million or 16.50% and 12.05% respectively, as compared to the same period of last year which incurred the selling expenses of Baht 23.58 million and Baht 43.08 million. The major cost of selling expense was the manufacturing and distributing cost of Biodiesel, which decreased in line with lower biodiesel sales volume.

Administrative expenses

For the second quarter and six-month ended 30 June 2021, the administrative expenses were Baht 291.87 million and Baht 640.47 million, decreased by Baht 76.90 million or 20.85% and increased by Baht 2.77 million or 0.43% respectively, as compared to the same period of last year which incurred the administrative expenses of Baht 368.77 million and Baht 637.70 million respectively. The main reason was that personnel expense in the second quarter of 2021 decreased by Baht 35.99 million as compared to the same period of last year.

Finance cost

For the second quarter and six-month ended 30 June 2021, finance cost was Baht 378.56 million and Baht 769.18 million, decreased by Baht 29.02 million and Baht 71.21 million or 7.12% and 8.47%, as compared to the same period of last year which incurred the finance cost of Baht 407.58 million and Baht 840.38 million respectively. This was due to the payments of loan from financial institutions due in the second quarter of 2021.

Financial Status

Total Asset

The total asset of the Company and its subsidiaries as of 30 June 2021 was Baht 81,829.94 million, increased by Baht 3,346.17 million or 4.26% from 31 December 2020. This was mainly from the following determinants:

- Cash and cash equivalents

Cash and cash equivalents were Baht 4,210.69 million, representing an increase of Baht 1,260.02 million or 42.70% from 31 December 2020. This was mainly from operational profits and loans for investment in new projects.

- Property, plant, and equipment

Property, plant, and equipment were Baht 57,541.60 million, increased by Baht 1,684.66 million or 3.02% from 31 December 2020. This was mainly from investment in new projects such as the Li-ion Battery Project and PCM.

Total Liabilities

As of 30 June 2021, the total liabilities of the Company and its subsidiaries were Baht 49,897.21 million, representing an increase of Baht 1,040.32 million or 2.13% from 31 December 2020. The increase was mainly from the loans for investment in new projects.

Total Equity

As of 30 June 2021, the total shareholder' equity of the Company and its subsidiaries were Baht 31,932.73 million, representing an increase of Baht 2,305.85 million or 7.78% from 31 December 2020 due to retained earnings from the first half of 2021.

Progress in major investment projects

■ Li-ion Battery Project – Amita Technology (Thailand)

Due to the COVID-19 pandemic, the Company enhances its measures to control and prevent the infections; including the quarantine of those traveling from high-risk areas, especially during the holiday period, to ensure the safe working environment for staffs, managements, and foreign experts working during the test run period. Even though the measurements became the barrier to enter to the area according to the planned schedule, it is expected that the plant will be able to start production for Phase 1 in Q3/2021. To support the current EV business demand including; electric buses, electric ferries, and electric cars, from EA group, the Company imports the batteries cells from Amita Technologies Inc. Taiwan's facility and assembles in Thailand.

In addition to support the battery productions, the Company established the new subsidiary, Battery Electric Vehicle and Electronic Products Testing Center Co., Ltd. (“BEV”). The BEV will be the entity to handle the research and development as well as providing the test and quality assurance services including the batteries, other electrical parts of Electric Vehicles, and other electronic equipment. At present, there are two operating centers: Bang Pakong District Center and Ban Pho District Center, Chachoengsao Province. The Bang Pakong District Center will provide the comprehensive services in the field of chemical properties testing and mechanical analysis. The Ban Pho District Center is located within the area of BP Industrial Estate. This center will be emphasizing in the testing of electric vehicles and batteries ranging from cells, modules and packs to ensure the world-class standards; such as, ISO, IEC and UN. Currently, BEV is on the process of ordering the machineries. At first, the BEV will provide the services mainly to EA group, both for battery factories and electric vehicle assembly plants and will continue to expand the support various type of services for the customers across the country.



■ EV charging stations - EA Anywhere

The Company has continuously invested in the installation of Super-Fast Charge (DC) system for charging stations with the recent partnerships with Chevron (Thai) Co., Ltd., a Caltex gas station service provider. The Company have been successfully installed the EA Anywhere chargers in 9 Caltex service stations. To expand the coverage by the year 2021, the Company will install its chargers to complete the 20 Caltex service stations.



The Company is 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) (The charging time depends on the type of vehicle and the size of the battery). To date, the Company has approximately 440 stations with more than 1,700 charging inlets which can be categorized in to 4 charging system as follows:

- **Normal Charge 22 kW (AC)** will be able to charge battery electric vehicles and PHEV vehicles.
- **Fast Charge 40 kW (DC)** will support high speed charging. This type of chargers are suitable for medium-sized electric vehicles that are BEVs only, such as electric cars.
- **Super-Fast Charge 150 kW (DC)** will support high-speed charging. This type of chargers are suitable for medium to large electric vehicles that are BEVs, such as electric buses and electric cars.
- **Ultra-Fast Charge 300 kW (DC)** will support maximum charging speed. This type of chargers are suitable for large electric vehicles that support the Ultra-fast Charge system; such as, electric passenger ferries, electric buses, and electric trucks. The Company has successfully installed the largest charging station to support the electric ferries with the total of 14 cabinets and 28 chargers.

The Company has developed additional business models to support the demand of the public electric which is installed at the electric bus garage/station. This type of charging system will support the delivery of more than 100 electric buses of EA group during the third quarter of 2021.

Lastly, the Company opens for the new strategic partners to accelerate the expansion of the charging stations to supports the comprehensive lifestyle including but not limited to a gas station, an automotive service centers, shopping centers, and restaurants. This accelerated expansion will promote the widespread and rapid use of electric vehicles and will enable Thailand to become the electric vehicles producing hub and other important parts in this region in the future.

■ Electric Ferry Project - MINE SMART FERRY

The Company has conducted an electric ferry transportation service by the subsidiary company, E Smart Transport Co., Ltd. (“EST”), operating under the name of MINE SMART FERRY. This electric ferries, which designed and produced by EA group and Thai shipyards, have up to 800 kWh lithium-ion battery that supports the ultra-fast charge technology by charging time within 15-20 minutes.

On 5 May 2021, EST commenced operation with the promotional fees at 20 Baht/passenger and fully operate from Nonthaburi Pier to Phra Nang Klao Pier – Sathorn Pier on 17 May 2021.

Under the COVID-19 pandemic, EST has a strong defensive measure to prevent the spread of the virus among the customers. Inside the electric ferry, EST installed thermometers and provides the alcohol gel stations. The EST also provides the end of day cleaning and spraying disinfectant for COVID-19. This measure helps the Company to be able to provide the services by 10 trips for weekday and 2 times for weekend and public holidays.

By the third quarter of 2021, EST will expand its fleet for the total of 27 electric ferries to provide full service both passenger ferries and tourist ferries.



■ Electric Bus Project

Absolute Assembly Co., Ltd. (“AAB”), a subsidiary of the Company, is responsible to manufacture the electric buses and commercial vehicles of the group. The factory is located in Ban Pho District, Chachoengsao Province, with a production area of approximately 55,000 square meters. It is under the final phase of construction and installation of machinery with the approximate investment of Baht 1,750 million.

At this stage the Company using the facility from Mine Mobility Corporation Co., Ltd. and NEX Point Public Company Limited to assembly more than 100 electric buses, which will begin to be delivered in August. When AAB complete its factory, it can produce up to 3,000 electric buses per year. The electric buses produced by AAB will consist of more than 50% parts locally. The facility will be using modern machinery to control the production process with can support various types of electric vehicles such as vans, buses and trucks, etc.



More importantly, due to the previously mentioned process, the electric buses produced by AAB will pass the free zone government regulation and will receive the full tax benefit.

■ Green Diesel and PCM Project

The Company has conducted the research and development to create more value added product along the biodiesel value chain using crude palm oil (CPO) as a feedstock. These new products called Green Diesel and Bio-PCM, which has been patented already, can be produced commercially under the new plant located at Rayong province with the total investment of Baht 1,100 million. The 1st phase of the commercial operation has the capacity of 65 tons feedstock per day and the Company has sent its Bio-PCM products to test in East Asian countries such as China, Japan, South Korea, etc.

If the testing result achieved the customers' expectation with the incremental of the demand, the Company will expand the plant to 2nd phase with the additional capacity of 65 tons per day. In the meantime, the Company are continuing to research and develop the application of the Bio-PCM in order to expand the market opportunities to further create the more value added in the future.

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