

No. ACE-ACC-2/2024

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Subject Management Discussion and Analysis for the period ended 31 March 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 31 March 2024 of the Company and the subsidiaries (“the Group”) as follow:

**Financial Performance of the Group**

Consolidated financial statements (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Sales of goods and services	1,638.2	1,366.5	(271.7)	(16.6%)
Revenue from finance lease under power purchase	102.4	104.9	2.5	2.4%
Cost of sales and services	(1,274.4)	(1,121.4)	(153.0)	(12.0%)
<b>Gross profit</b>	<b>466.2</b>	<b>350.0</b>	<b>(116.2)</b>	<b>(24.9%)</b>
Net gain (loss) on exchange rate	(17.4)	94.4	111.9	N.A.
Gain (loss) on forward contracts	(1.5)	16.7	18.2	N.A.
Other income	4.7	8.6	3.9	83.0%
<b>Profit before expenses</b>	<b>452.0</b>	<b>469.7</b>	<b>17.7</b>	<b>3.9%</b>
Administrative expenses	(121.4)	(101.7)	(19.7)	(16.2%)
Finance costs	(43.6)	(65.4)	21.8	50.0%
<b>Profit before income tax</b>	<b>287.0</b>	<b>302.6</b>	<b>15.6</b>	<b>5.4%</b>
Tax expenses	(12.1)	(47.4)	35.3	291.7%
<b>Net profit</b>	<b>274.9</b>	<b>255.2</b>	<b>(19.7)</b>	<b>(7.2%)</b>
<b>Loss attributable to non-controlling interests</b>	<b>(0.1)</b>	<b>-</b>	<b>0.1</b>	<b>N.A.</b>
<b>Net profit attributable to the parent</b>	<b>275.0</b>	<b>255.2</b>	<b>(19.8)</b>	<b>(7.2%)</b>
<i>Add (less): Loss/gain from extraordinary items*</i>	<i>16.9</i>	<i>(89.1)</i>	<i>(106.0)</i>	
<b>Net profit from ordinary activities attributable to the</b>	<b>291.9</b>	<b>166.1</b>	<b>(125.8)</b>	<b>(43.1%)</b>

\* 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 31 March 2024 and 2023 are presented below:

Sales and service income (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Sales of electricity - FiT, Base tariff and Ft	851.2	788.3	(62.9)	(7.4%)
FiT Premium	14.6	10.1	(4.5)	(30.8%)
Sales of electricity to Industrial Users (IU)	9.3	8.2	(1.1)	(11.8%)
<b>Sales from Biomass Power Plants</b>	<b>875.1</b>	<b>806.6</b>	<b>(68.5)</b>	<b>(7.8%)</b>
Revenue from finance lease under a Power Purchase Agreement	102.4	104.9	2.5	2.4%
Revenue from service under a Power Purchase Agreement	630.5	455.3	(175.2)	(27.8%)
Sales of electricity to Industrial Users (IU)	0.6	1.2	0.6	100.0%
Sales of steam (IU)	0.6	3.7	3.1	516.7%
<b>Sales from Natural Gas Power Plant</b>	<b>734.1</b>	<b>565.1</b>	<b>(169.0)</b>	<b>(23.0%)</b>
Sales of electricity - FiT, base tariff and Ft	74.5	73.7	(0.8)	(1.1%)
FiT Premium	4.2	6.6	2.4	57.1%
Adder	33.9	-	(33.9)	(100.0%)
Other sales and service income	13.8	14.6	0.8	5.8%
<b>Sales from Municipal Solid Waste Power Plants</b>	<b>126.4</b>	<b>94.9</b>	<b>(31.5)</b>	<b>(24.9%)</b>
Sales of electricity - Base tariff and Ft	5.0	4.8	(0.2)	(4.0%)
<b>Sales from Solar Energy Power Plants</b>	<b>5.0</b>	<b>4.8</b>	<b>(0.2)</b>	<b>(4.0%)</b>
<b>Total sales and service income</b>	<b>1,740.6</b>	<b>1,471.4</b>	<b>(269.2)</b>	<b>(15.5%)</b>

Sales and service income (including revenue from finance lease under a Power Purchase Agreement) for Q1/2024 compared to Q1/2023 decrease 15.5% from Baht 1,740.6 million to Baht 1,471.4 million. The decrease of Baht 269.2 million, mainly derived from sales of natural gas power plant decreased by Baht 169.0 million 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 biomass power plants which decreased by Baht 68.5 million as the biomass power plants had shutdown hours to improve the power plants machinery's efficiency in the first quarter of 2024 higher than the first quarter of 2023.

## Cost of sales and service

Cost of sales and service for the period ended 31 March 2024 and 2023 are presented below:

Cost of sales and service (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Fuel materials cost	905.5	716.5	(189.0)	(20.9%)
Depreciation and amortisation cost	173.4	181.4	8.0	4.6%
Staff cost, repair and maintenance cost and other services	142.9	170.8	27.9	19.5%
Processing fee - PEA	17.1	15.7	(1.4)	(8.2%)
Other cost	35.5	37.0	1.5	4.2%
<b>Total cost of sales and service</b>	<b>1,274.4</b>	<b>1,121.4</b>	<b>(153.0)</b>	<b>(12.0%)</b>

Cost of sales and service for Q1/2024 compared to Q1/2023 decrease 12.0% from Baht 1,274.4 million to Baht 1,121.4 million. The decreasing of Baht 153.0 million mainly derived from decrease in cost of natural gas power plant when comparing to the first quarter of 2023 amounting to Baht 154.8 million as the continuing decreasing in fuel material cost from decrease in average natural gas price. In addition, cost of sales of biomass power plants also decreased by Baht 7.2 million when comparing to the first quarter of 2023, according to the decrease in electricity production unit as the shutdown hours to improve the power plants machinery's efficiency are higher than the first quarter of 2023.

Net gain (loss) on exchange rate for the period ended 31 March 2024 and 2023 are presented below:

Net gain (loss) on exchange rate (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Net gain (loss) on exchange rate	(17.4)	94.5	111.9	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 first quarter of 2024, Thai Baht was depreciated compared to exchange rate of the first quarter of 2023, then the Group has gain on exchange rate for the first quarter of 2024 in the amounting to Baht 94.5 million.

**Gross Profit and Gross Profit Margin for the period ended 31 March 2024 and 2023 are presented below:**

Gross Profit (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Biomass Power Plant	243.7	182.4	(61.3)	(25.2%)
Natural Gas Power Plant	146.5	132.2	(14.3)	(9.8%)
Municipal Solid Waste Power Plant	73.0	32.4	(40.6)	(55.6%)
Solar Energy Power Plant	3.0	3.0	-	-
<b>Gross Profit by Segment</b>	<b>466.2</b>	<b>350.0</b>	<b>(116.2)</b>	<b>(24.9%)</b>

Gross Profit Margin (Unit: %)	Quarter 1	Quarter 1	Change
	2023	2024	%
Biomass Power Plant	27.8	22.6	(5.2)
Natural Gas Power Plant	20.0	23.4	3.4
Municipal Solid Waste Power Plant	57.8	34.1	(23.7)
Solar Energy Power Plant	60.0	62.5	2.5
<b>Gross Profit Margin by Segment</b>	<b>26.8</b>	<b>23.8</b>	<b>(3.0)</b>

**Gross profit for Q1/2024 compared to Q1/2023 decrease 24.9%** from Baht 466.2 million to Baht 350.0 million, decreased by Baht 116.2 million. Gross profit margin decreased 3.0% from 26.8% to 23.8%, mainly derived from the decrease in gross profit and gross profit margin of biomass power plants as the shutdown hours to improve the power plants machinery's efficiency in the first quarter of 2024 are higher than the first quarter of 2023. In addition, the gross profit 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 gross profit and gross profit margin of municipal solid waste power plants decreased.

**Administrative expenses for the period ended 31 March 2024 and 2023 are presented below:**

Gross Profit (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Administrative expenses	121.4	101.7	(19.7)	(16.2%)

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

**Administrative expenses for Q1/2024 compared to Q1/2023 decrease 16.2%** from Baht 121.4 million to Baht 101.7 million. The decreasing of Baht 19.7 million derived from high expenses of the Group related to the bidding of the projects for procuring electricity from renewable sources of the government sector in the first quarter of 2023.

Finance costs for the period ended 31 March 2024 and 2023 are presented below:

Finance costs (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Finance costs	43.6	65.4	21.8	50.0%

Finance costs for Q1/2024 compared to Q1/2023 increase 50.0% from Baht 43.6 million to Baht 65.4 million, increased by Baht 21.8 million. The increase mainly derived from continually increasing in MLR of the commercial bank during the second quarter of 2023 to the fourth quarter of 2023 causing a higher interest rate in the first quarter of 2024. In addition, the Group had loans addition for investment in new projects which in the process of development and construction.

#### Tax income (expense)

Tax income (expense) (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Current tax on profit for the period	(10.8)	(14.7)	3.9	36.1%
Deferred income tax	(1.3)	(32.7)	31.4	2,415.4%
<b>Tax expense</b>	<b>(12.1)</b>	<b>(47.4)</b>	<b>35.3</b>	<b>291.7%</b>

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 first quarter of 2024 amounting to Baht 255.2 million which was the net profit attributable to the parent for the amounting to Baht 255.2 million. The detail of net profit for ordinary activities and extraordinary items can be described as following.

Net profit and net profit margin attributable to the parent (Unit: THB Mn)	Quarter 1 Year 2023			Quarter 1 Year 2024		
	Ordinary activities	Extra ordinary	Total	Ordinary activities	Extra ordinary	Total
Profit (loss) before tax	308.1	(21.1)	287.0	191.3	111.3	302.6
Tax income (expense)	(16.3)	4.2	(12.1)	(25.2)	(22.2)	(47.4)
<b>Net profit (loss)</b>	<b>291.8</b>	<b>(16.9)</b>	<b>274.9</b>	<b>166.1</b>	<b>89.1</b>	<b>255.2</b>
Loss attributable to non-controlling interests	(0.1)	-	(0.1)	-	-	-
<b>Net profit (loss) from ordinary activities attributable to the parent</b>	<b>291.9</b>	<b>(16.9)</b>	<b>275.0</b>	<b>166.1</b>	<b>89.1</b>	<b>255.2</b>

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 from ordinary activities attributable to the parent (Unit: THB Mn)	Quarter 1	Quarter 1	Change	
	2023	2024	Amount	%
Net profit attributable to the parent	275.0	255.2	(19.8)	(7.2%)
<i>Add (Less): Loss/gain from extraordinary items</i>	<i>16.9</i>	<i>(89.1)</i>	<i>(106.0)</i>	
<b>Net profit from ordinary activities attributable to the parent</b>	<b>291.9</b>	<b>166.1</b>	<b>(125.8)</b>	<b>(43.1%)</b>

Net Profit Margin (Unit: %)	Quarter 1	Quarter 1	Change
	2023	2024	%
Net profit margin attributable to the parent	15.8	17.3	1.5
Net profit margin from ordinary activities attributable to the parent	16.8	11.3	(5.5)

**Net profit attributable to the parent for Q1/2024 compared to Q1/2023 decrease 7.2%** from Baht 275.0 million to Baht 255.2 million. The decrease of Baht 19.8 million mainly derived from the Group had decreasing in gross profit and increasing in finance costs as continually increasing in MLR of the commercial bank during the second 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	31 March	Change	
	2023	2024	Amount	%
Cash and cash equivalents	1,180.6	681.5	(499.1)	(42.3%)
Trade and other receivables	1,200.4	1,483.2	282.8	23.6%
Receivables under finance lease	3,333.5	3,431.5	98.0	2.9%
Inventories	1,059.0	1,152.2	93.2	8.8%
Restricted deposits at financial institutions	445.0	483.5	38.5	8.7%
Investment property (net)	123.8	123.8	-	-
Property, plant and equipment (net)	12,281.2	12,598.0	316.8	2.6%
Advance payments for constructions and purchases of fixed assets	320.3	355.4	35.1	11.0%
Rights to service under concession arrangements (net)	1,386.7	1,365.6	(21.1)	(1.5%)
Right-of-use assets (net)	56.1	52.0	(4.1)	(7.3%)
Deferred tax assets (net)	52.6	57.1	4.5	8.6%
Derivative assets	-	5.9	5.9	N.A.
Other assets	298.0	347.9	49.9	16.7%
<b>Total assets</b>	<b>21,737.2</b>	<b>22,137.6</b>	<b>400.4</b>	<b>1.8%</b>
Short-term loans from financial institutions	45.0	10.4	(34.6)	(76.9%)
Long-term loans from financial institutions	5,222.0	4,938.1	(283.9)	(5.4%)
Trade and other payables	409.8	852.0	442.2	107.9%
Leases liabilities (net)	34.0	32.9	(1.1)	(3.2%)
Debenture (net)	389.3	389.6	0.3	0.1%
Deferred tax liabilities (net)	221.1	258.1	37.0	16.7%
Derivative liabilities	10.8	-	(10.8)	(100.0%)
Other liabilities	102.6	97.6	(5.0)	(4.9%)
<b>Total liabilities</b>	<b>6,434.6</b>	<b>6,578.7</b>	<b>144.1</b>	<b>2.2%</b>
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	6,339.5	255.2	4.2%
Treasury shares	(268.0)	(268.0)	-	-
Deficit from business combination	(22.9)	(22.9)	-	-
Non-controlling interests	105.3	106.4	1.1	1.0%
<b>Total equity</b>	<b>15,302.6</b>	<b>15,558.9</b>	<b>256.3</b>	<b>1.7%</b>

### **Assets**

Total assets as at 31 March 2024 and 31 December 2023 were Baht 22,137.6 million and Baht 21,737.2 million, respectively. Increase by Baht 400.4 million or 1.8%. The main reason for changing in assets due to cash and cash equivalents decreased by Baht 499.1 million, trade and other receivables increased by Baht 282.8 million and receivables under finance lease increased by Baht 98.0 million from the changing in exchange rate. Inventories increased by Baht 93.2 million. Restricted deposits at financial institutions increased by Baht 38.5 million. Property, plant and equipment increased by Baht 316.8 million. Rights to service under concession arrangements decreased by Baht 21.1 million from amortisation during the period.

### **Liabilities**

Total liabilities as at 31 March 2024 and 31 December 2023 were Baht 6,578.7 million and Baht 6,434.6 million, respectively. Increased by Baht 144.1 million or 2.2%, as the result from significant changing in liabilities items as short-term loans from financial institutions decreased by Baht 34.6 million and long-term loans from financial institutions decreased by Baht 283.9 million from loan repayment during the period. Trade and other payables increased by Baht 442.2 million.

As at 31 March 2024, the debt to equity ratio was 0.42 times, the net debt to equity ratio was 0.35 times, the interest-bearing debt to equity ratio was 0.35 times, and the net interest-bearing debt to equity ratio was 0.27 times.

### **Equity**

Shareholders' equity as at 31 March 2024 and 31 December 2023 were Baht 15,558.9 million and Baht 15,302.6 million. Increased by Baht 256.3 million or 1.7% 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