



**THAI AGRO ENERGY PUBLIC COMPANY LIMITED**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR FINANCIAL STATEMENTS OF THE 3<sup>rd</sup> QUARTER 2024**



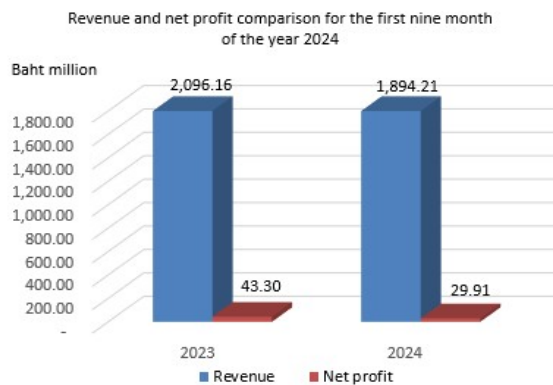
## MANAGEMENT DISCUSSION AND ANALYSIS

(For the Financial Statements of the 3<sup>rd</sup> Quarter 2024)

### OVERALL OPERATING RESULTS

The Company has total revenue in the 3<sup>rd</sup> quarter of 2024 and the 9-month period of 2024 Baht 459.22 million and Baht 1,894.21 million, decrease from the same period last year of Baht 51.33 million and Baht 201.95 million, or 10.05 percent and 9.63 percent, respectively. This is due to the decrease in ethanol sales volume.

The Company has net profit in the 3<sup>rd</sup> quarter of 2024 of Baht 9.24 million, equivalent to Baht 0.009 per share, an increase from the same period last year of Baht 25.09 million, or 158.30 percent, and a net profit in the 9-month period of 2024 totaled Baht 29.91 million, equivalent to Baht 0.030 per share, decreased from the same period last year by Baht 13.39 million, or 30.92 percent.



### OPERATING RESULTS ANALYSIS

#### REVENUE:

Description	Year 2024		Year 2023		Increase (Decrease)	
	Baht Million	%	Baht Million	%	Baht Million	%
<b>3<sup>rd</sup> quarter (July – September)</b>						
Sales Revenue	451.53	98.32	507.75	99.45	(56.22)	(11.07)
Revenue from selling raw materials from a fire broke out	0.21	0.05	-	-	0.21	100.00
Other Revenue	7.48	1.63	2.80	0.55	4.68	167.14
<b>Total Revenue</b>	<b>459.22</b>	<b>100.00</b>	<b>510.55</b>	<b>100.00</b>	<b>(51.33)</b>	<b>(10.05)</b>
<b>9-Month Period (January – September)</b>						
Sales Revenue	1,848.79	97.60	2,065.41	98.53	(216.62)	(10.49)
Revenue from selling raw materials from a fire broke out	24.70	1.31	-	-	24.70	100.00
Other Revenue	20.72	1.09	30.75	1.47	(10.03)	(32.62)
<b>Total Revenue</b>	<b>1,894.21</b>	<b>100.00</b>	<b>2,096.16</b>	<b>100.00</b>	<b>(201.95)</b>	<b>(9.63)</b>



1. The Company's total revenue in the 3<sup>rd</sup> quarter 2024 was Baht 459.22 million, which decreased from the same period last year by Baht 51.33 million or 10.05 percent, due to the following reasons.

- 1.1 Revenue from sales decreased by Baht 56.22 million or 11.07 percent, the revenue from selling ethanol decreased by Baht 65.58 million. Due to a decrease of ethanol sale volume by 14.13 percent.
- 1.2 Revenue from selling the remains of cassava chips, which are the raw materials from a fire broke out by Baht 0.21 million and;
- 1.3 Other revenue increased by Baht 4.68 million or 167.14 percent. Due to the revenue from the sale of cassava residue.

2. The Company's revenue in the first 9-month period of 2024 was Baht 1,894.21 million, which decreased from the same period of last year by Baht 201.95 million or 9.63 percent, due to the following reasons.

- 2.1 Revenue from sales decreased by Baht 216.62 million or 10.49 percent, the revenue from selling ethanol and soil conditioners decreased by Baht 214.75 million and Baht 1.87 million. Because the sales volume of ethanol and soil conditioners decreased by 14.18 percent and 5.19 percent, respectively, even though the average ethanol selling price increased by 4.09 percent.
- 2.2 Revenue from selling the remains of cassava chips, which are the raw materials from a fire broke out by Baht 24.70 million and;
- 2.3 Other revenue decreased by Baht 10.03 million or 32.62 percent. Due to receiving penalty from the failure of the contracting party to comply with the contract and insurance compensation in the same period last year but there is no such revenue in this period.

#### EXPENSES:

Description	Year 2024		Year 2023		Increase (Decrease)	
	Baht Million	% of Sales	Baht Million	% of Sales	Baht Million	%
<b>3<sup>rd</sup> quarter (July – September)</b>						
Cost of sales	401.45	88.91	472.70	93.10	(71.25)	(15.07)
Selling and administrative expense	31.16	6.90	41.31	8.14	(10.15)	(24.57)
Damage from the fire broke out	0.21	0.05	-	-	0.21	100.00
Financial cost	14.75	3.27	16.44	3.23	(1.69)	(10.28)
(Revenue) Corporate income tax	2.41	0.53	(4.05)	(0.80)	6.46	(159.51)
<b>Total Expenses</b>	<b>449.98</b>	<b>99.66</b>	<b>526.40</b>	<b>103.67</b>	<b>(76.42)</b>	<b>(14.52)</b>



Description	Year 2024		Year 2023		Increase (Decrease)	
	Baht Million	% of Sales	Baht Million	% of Sales	Baht Million	%
<b>9-Month Period (January – September)</b>						
Cost of sales	1,636.35	88.51	1,862.98	90.20	(226.63)	(12.16)
Selling and administrative expense	96.85	5.24	128.43	6.22	(31.58)	(24.59)
Damage from the fire broke out	74.19	4.01	-	-	74.19	100.00
Financial cost	49.02	2.65	50.69	2.45	(1.67)	(3.29)
Corporate Income tax	7.89	0.43	10.76	0.52	(2.87)	(26.67)
<b>Total Expenses</b>	<b>1,864.30</b>	<b>100.84</b>	<b>2,052.86</b>	<b>99.39</b>	<b>(188.56)</b>	<b>(9.19)</b>

1. The Company's expenses in the 3<sup>rd</sup> quarter 2024 totaled Baht 449.98 million, which decreased from the same period last year by Baht 76.42 million or 14.52 percent, due to the following reasons.

1.1 Cost of sales decreased by Baht 71.25 million or 15.07 percent. This decreased from the ethanol business by Baht 85.77 million due to the decrease of ethanol sale volume by 14.13 percent.

1.2 Selling and administrative expenses decreased by Baht 10.15 million or 24.57 percent. Due to the freight cost of ethanol distribution has decreased in line with the decreased ethanol sales volume and the factory expenses transferred to sales and administrative expenses due to the temporary suspension of production decreased.

1.3 Damage from the fire broke out by Baht 0.21 million or 100 percent due to a fire broke out of the cassava chips which is a raw material for ethanol production and stored in the Company's warehouse. However, the Company is covered by all-risk insurance against such damage and is currently in the process of claiming compensation from the insurance company.

1.4 Financial cost decreased by Baht 1.69 million or 10.28 percent. Due to short term and long term loan repayment and;

1.5 Corporate income tax revenue increased by Baht 6.46 million or 159.51 percent.

2. The Company's expenses in the first 9-month period of 2024 totaled Baht 1,864.30 million, decreased from the same period last year by Baht 188.56 million or 9.16 percent, due to the following reasons.

2.1 Cost of sales decreased by Baht 226.63 million or 12.16 percent. This decreased from the ethanol business by baht 246.15 million due to ethanol sales volume decreasing by 14.18 percent, but the cost of soil conditioners sales increased by 19.52 million baht due to higher production costs.



2.2 Selling and administrative expenses decreased by Baht 31.58 million or 24.59 percent. Due to the freight cost of ethanol distribution has decreased in line with the decreased ethanol sales volume and the factory expenses transferred to sales and administrative expenses due to the temporary suspension of production decreased.

2.3 Damage from the fire broke out by Baht 74.19 million or 100 percent due to a fire broke out of the cassava chips which is a raw material for ethanol production and stored in the Company's warehouse. However, the Company is covered by all-risk insurance against such damage and is currently in the process of claiming compensation from the insurance company.

2.4 Financial cost decreased by Baht 1.67 million or 3.29 percent. Due to short term and long term loan repayment and;

2.5 Corporate Income tax expense decreased by Baht 2.87 million or 26.67 percent.

#### GROSS PROFIT:

Description	Year 2024		Year 2023	
	Baht Million	%	Baht Million	%
<b>3<sup>rd</sup> quarter (July – September)</b>				
Revenues from sales	451.53	100.00	507.75	100.00
<b>Less</b> cost of sales	401.45	88.91	472.70	93.10
<b>Gross Profit</b>	<b>50.08</b>	<b>11.09</b>	<b>35.05</b>	<b>6.90</b>
<b>9-Month Period (January – September)</b>				
Revenues from sales	1,848.79	100.00	2,065.41	100.00
<b>Less</b> cost of sales	1,636.35	88.51	1,862.98	90.20
<b>Gross Profit</b>	<b>212.44</b>	<b>11.49</b>	<b>202.43</b>	<b>9.80</b>

1. The Company's gross profit in the 3<sup>rd</sup> quarter 2024 was Baht 50.08 million or 11.09 percent of the sales revenue, which increased from the same period last year. This is because the average ethanol selling price increased by 0.79 percent and the average ethanol selling cost decreased by 5.33 percent.

2. The Company's gross profit in the first 9-month period of 2024 was Baht 212.44 million, or 11.49 percent of the revenue from sales, which increased from the same period of last year. This is because the average ethanol selling price increased by 4.09 percent, but the average ethanol selling cost increased only 0.83 percent.



## NET PROFIT:

Description	Unit	Year 2024	Year 2023	Increase/ (Decrease)	%
<b>3<sup>rd</sup> quarter (July-September)</b>					
NET(LOSS) PROFIT	Baht Million	9.24	(15.85)	25.09	158.30
NET(LOSS) PROFIT PER SHARE	Baht per Share	0.009	(0.016)	0.025	156.25
<b>9-Months Period (January – September)</b>					
NET PROFIT	Baht Million	29.91	43.30	(13.39)	(30.92)
NET PROFIT PER SHARE	Baht per Share	0.030	0.043	(0.013)	(30.23)
<b>Remark</b> Registered par value of Baht 1 per share					

1. The Company's net profit in the 3<sup>rd</sup> quarter of 2024 was Baht 9.24 million, increased from the same period last year by Baht 25.09 million or 158.30 percent, generating a net profit at Baht 0.009 per share which increased from the same period last year by Baht 0.025 per share or 156.25 percent, due to the reasons as described above.

2. The Company's net profit in the first 9-month period of 2024 was Baht 29.91 million which decreased from the same period last year by Baht 13.39 million or 30.92 percent, generating a net profit at Baht 0.030 per share. When compared with the same period last year, the net profit decreased by Baht 0.013 per share or 30.23 percent. The reason is as described above.

## STATEMENT OF FINANCIAL POSITION

Description	Unit	As at September 30, 2024	As at December 31, 2023	Increase (Decrease)	%
Total Assets	Baht Million	2,832.29	3,091.94	(259.65)	(8.40)
Total Liabilities	Baht Million	1,148.68	1,438.25	(289.57)	(20.13)
Total Shareholder's Equity	Baht Million	1,683.61	1,653.69	29.92	1.81
Book Value	Baht per Share	1.68	1.65	0.03	1.82
<b>Remark:</b> Registered per value of Baht 1 per share					



## STATEMENT OF FINANCIAL POSITION



**ASSETS:** The Company's total assets as at September 30, 2024 was Baht 2,832.29 million, decreased from the end of year 2023 by Baht 259.65 million or 8.40 percent. The total assets consisting of:

1. Current assets decreased by Baht 153.27 million or 31.42 percent, consisting of: (A) Cash and cash equivalent decreased by Baht 32.88 million or 69.76 percent; (B) Trade accounts receivable and other receivables decreased by Baht 58.03 million or 32.44 percent; (C) Inventories, most of which were finished goods, decreased by Baht 23.69 million or 10.89 percent; (D) Advances payment for purchase goods decreased by Baht 35.01 or 100 percent, and (E) Another current assets decreased by Baht 3.66 million or 39.14 percent.

2. Non-current assets decreased by Baht 106.38 million or 4.09 percent, consisting of: (A) Immovable property for investment increased by Baht 2.96 million or 100 percent; (B) Biological assets increased by Baht 2.96 million or 15.60 percent; (C) Land, plant and equipment decreased by Baht 105.64 million or 4.16 percent; (D) Right-of-use assets increased by Baht 1.65 million or 8.05 percent, and (E) Another non-current assets most of which were deferred tax assets decreased by Baht 8.31 million or 31.50 percent.

**LIABILITIES:** The Company's Total Liabilities as at September 30, 2024 was Baht 1,148.68 million, decreased from the end of year 2023 by 289.57 million or 20.13 percent, consisting of: (A) Short-term loan which was for raw material supply and for working capital, decreased by Baht 144.65 million or 14.69 percent. (B) Trade accounts payable and other accounts payable, most of which were raw material purchase, decreased by Baht 15.69 million or 22.69 percent. (C) Long-term loan decreased by Baht 128.67 million or 39.18 percent, and (D) Other liabilities, mainly undue expenses and liabilities under lease agreement decreased by Baht 0.56 million or 1 percent.

**TOTAL SHAREHOLDERS' EQUITY:** The total shareholders' equity of the Company as at September 30, 2024 was Baht 1,683.61 million, increased from the end of year 2023 by Baht 29.92 million or 1.81 percent. As a result, the book value of the shares increased from Baht 1.65 per share to Baht 1.68 per share, which increased by Baht 0.03 per share or 1.82 percent due to the profit as described above.



## CASH FLOWS

Description	Unit	First 9 month-period (January – September)	
		Year 2024	Year 2023
Cash Flows from Operating Activities	Baht Million	276.98	561.47
Cash Flows used in Investing Activities	Baht Million	(30.58)	(79.46)
Cash Flows used in Financing Activities	Baht Million	(279.28)	(465.97)
Net increase (decrease) in cash and cash equivalent	Baht Million	(32.88)	16.04
Cash and cash equivalent at the beginning of the period	Baht Million	47.13	21.94
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>Baht Million</b>	<b>14.25</b>	<b>37.98</b>

(1) The Company's net cash from operating activities in the first 9-month period of 2024 totaled Baht 276.98 million, consisting of: (A) Profit before corporate income tax of Baht 37.80 million; (B) Non-cash items such as depreciation; Baht 198.67 million.(C) The operating assets decreased by Baht 112.05 million due to a decrease in trade and other receivables and inventories and advance payments for purchase of goods and another current assets; (D) The operating liabilities decreased by Baht 22.44 million due to a decrease in trade accounts payable, other accounts payable and other current liabilities, and (E) An interest received of Baht 0.11 million (F) An interest expense by Baht 49.18 million ; and (G) Corporate income tax payment by Baht 0.03 million.

(2) The Company's net cash used in investment activities in the first 9-month period of 2024 totaled Baht 30.58 million, consisting of: (A) The cost of industrial crops planting of Baht 3.47 million and (B) Assets purchasing by Baht 27.11 million.

(3) The Company's net cash from financing activities in the first 9-month period of 2024 totaled Baht 279.28 million consisting of: (A) Repayment of short-term loan from financial institutions of Baht 144.79 million, (B) Repayment of long-term loan by Baht 128.81 million and (C) Repayment under financial lease at Baht 5.68 million.

## LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The current ratio and quick ratio of the Company as at September 30, 2024 were 0.33 times and 0.13 times, respectively, which is low but the Company have remaining inventories that can be easily exchanged to cash and the trade accounts receivable is the major fuel company that have stable financial situation. In addition, the Company has cash generation and adequate credit line for working in the future project with good support from financial institution.

(2) The total debt to equity ratio of the Company as at September 30, 2024 was 0.68:1 times.





(3) The cash cycle of the Company in the first 9-month period of 2024 was 32.08 days, which increased from the end of year 2023 by 8.29 days. The average debt collection period was at 22.15 days, which decreased from the end of year 2023 by 2.15 days. The average inventory turnover was at 15.68 days, which increased from the end of year 2023 by 8.54 days, and the average debt repayment period was at 5.75 days, decreased from the end of year 2023 by 1.90 days.

## **DEBT OBLIGATION**

The Company has debt obligation in accordance with the loan agreement with a local commercial bank as follows.

(1) The Company must maintain its debt to equity ratio (D/E ratio) not to exceed 2.50 times and debt service coverage ratio (DSCR) of no less than 1.10 times throughout the duration of loan agreement. As at September 30, 2024, the Company is able to maintain its financial ratios according to the commitments in the loan contract.

(2) The lending bank has determined that Lanna Resources Public Co., Ltd. (“Lanna”) must maintain its shareholding proportion in TAE of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. So far, Lanna has no policy to decrease its shareholding proportion in TAE to below 50 percent of the total number of shares.

(3) The Company will not be able to pay dividends to shareholders if the Company cannot comply with the conditions set forth in the loan agreement, such as the holding of D/E and DSCR ratios, the holding of Lanna's share in the Company, etc., unless waived by such lenders.

## **FUTURE TREND**

It is expected that the average demand for fuel and ethanol in the 4<sup>th</sup> quarter of 2024 will increase from the 3<sup>rd</sup> quarter of 2024 as travel tends to increase at the end of the year. As a result, the overall demand for ethanol in 2024 will be similar to 2023.

While predicting the sugarcane crushing situation in the 2024/25 production season will be significantly higher than the previous production season due to increased rainfall. Including the price of sugar cane which incentivizes farmers to increase cultivation, resulting in the amount of molasses which is a by-product of sugar production increasing and the price tending to decrease.