



## Asia Biomass Public Company Limited

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No. 273/2 Rama II Road, Samae Dam Sub-district, Bang Khun Thian District, Bangkok 10150

Tel: 0-2415-0054, 0-2416-3911 Fax: 0-2415 -1102 [www.asiabiomass.com](http://www.asiabiomass.com)

Registration No. 0107560000061

November 10, 2021

Subject: Explanation of operating results for quarter 3/2021

To: The President  
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for three-month period ended September 30, 2021 as follows:

### Summary of Quarterly Operation

#### Operating Performance

Volume Sales	Quarter 3/2021		Quarter 3/2020		Quarter 2/2021		YoY	QoQ
	Thousand tons	%	Thousand tons	%	Thousand tons	%	%	
Domestics	108.98	71.83	92.12	108.68	112.45	76.02	18.30	(3.08)
Overseas	35.79	23.59	31.70	37.40	39.28	23.98	12.90	(8.88)
Volume	144.77	100.00	123.82	100.00	151.73	100.00	16.92	(4.58)

Biomass total sales volume in Q3/2021 was 144.77 thousand tons increased 16.93% from Q3/2020 due to the increase both domestics and overseas sales volume. But decreased 4.58% from Q2/2021 mainly from the decrease in sales volume of Palm Kernel Shell and Wood chips-export due to the slowdown in market demand, As a result of the COVID-19 epidemic situation that makes it a policy to temporarily close the plant for customers, However the plant re-opened in October 2021.

#### Domestic sales volume

Domestic sales volume in Q3/2021 was 108.98 thousand tons, which increased 18.30% from Q3/2020. It came from the sales volume of the main products, comprising of palm kernel shells, wood chips due to the harvest season so its sufficient for the market demand. While decrease 3.08% by compared with Q2/2021 due to the epidemic of COVID-19 that makes a temporarily close policy the factory for customers however, the plant re-opened in October 2021.

### Overseas sales volume

Overseas sales volume was 35.79 thousand tons in Q3/2021 increased by 12.90% from Q3/2020 Due to the uncertainty caused by the epidemic of COVID-19 last year cause slowing down of the demand for products.. In addition, obstacles in transportation from the country's lockdown policy But compared to the previous quarter, sales volume declined by 8.88 percent as a result of slower customer demand from regional market prices.

### Financial Performance

#### Operating Results

Income Statement	Quarter 3/2021		Quarter 3/2020		Quarter 2/2021		YoY	QoQ
	MB	%	MB	%	MB	%	%	%
<b>Revenues</b>								
Revenue from sales and services	487.00	99.00	335.23	98.55	482.50	99.33	45.27	0.93
Other incomes	4.91	1.00	4.94	1.45	3.26	0.67	(0.61)	50.61
<b>Total Revenues</b>	<b>491.91</b>	<b>100.00</b>	<b>340.17</b>	<b>100.00</b>	<b>485.76</b>	<b>100.00</b>	<b>44.61</b>	<b>1.27</b>
<b>Expenses</b>								
Cost of sales and services	(402.24)	(81.77)	(287.09)	(84.40)	(405.72)	(83.52)	40.11	(0.86)
Distribution costs	(55.55)	(11.29)	(35.93)	(10.56)	(55.87)	(11.50)	54.61	(0.57)
Administrative expenses	(17.75)	(3.61)	(17.93)	(5.27)	(17.30)	(3.56)	(1.00)	2.60
<b>Total Expenses</b>	<b>(475.54)</b>	<b>(96.67)</b>	<b>(340.95)</b>	<b>(100.23)</b>	<b>(478.89)</b>	<b>(98.59)</b>	<b>39.47</b>	<b>(0.70)</b>
<b>Profit (Loss) before interest and tax</b>	<b>16.37</b>	<b>3.33</b>	<b>(0.78)</b>	<b>(0.23)</b>	<b>6.87</b>	<b>1.41</b>	<b>2,198.72</b>	<b>138.28</b>
Financial costs	(3.38)	(0.69)	(2.82)	(0.83)	(3.10)	(0.64)	19.86	9.03
<b>Profit (Loss) before income tax</b>	<b>12.99</b>	<b>2.64</b>	<b>(3.60)</b>	<b>(1.06)</b>	<b>3.77</b>	<b>0.77</b>	<b>460.83</b>	<b>244.56</b>
Income tax expenses (revenues)	(2.70)	(0.55)	0.56	0.17	(1.08)	(0.22)	(582.14)	150.00
<b>Net Profit (Loss)</b>	<b>10.29</b>	<b>2.09</b>	<b>(3.04)</b>	<b>(0.89)</b>	<b>2.69</b>	<b>0.55</b>	<b>438.49</b>	<b>282.53</b>
<b>Net Profit (Loss) attributable to equity holders</b>	<b>10.58</b>	<b>2.15</b>	<b>(3.09)</b>	<b>(0.91)</b>	<b>3.14</b>	<b>0.65</b>	<b>442.39</b>	<b>236.94</b>

The operating results are presented as follow;

#### Revenue from sales and services

Revenue from sales and services in Q3/2021 was 487.00 million baht increased 45.27% from Q3/2020 and 0.93% from Q2/2021 in accordance with the sales volume and higher product prices also affected by the Covid-19 situation. Continuing from Q3/2020.



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#### **Cost of sales and services**

Cost of sales and services in Q3/2021 was 402.24 increased by 40.11% % from Q3/2020 and decreased by 0.86% from Q2/2021. Cost of sales and services increased in line with increase in revenue from sales and services but increased by a lower proportion. Because most of the sales are direct products. As a result, inbound shipping costs and warehouse management costs are reduced. In addition, export products have better profit margins.

Gross profit margin of the company was 17.23% in Q3/2021 increased when compare to Q3/2020, which was 14.36% and an increase from Q2/2021 by 15.81% gross margin. This was due to an increase in the proportion of sales of high-margin products. In addition, last year the cost of goods and prices fluctuated a lot.

#### **Distribution costs**

Distribution costs were 55.55 million baht increased by 54.61% from Q3/2020 Cost of distribution increased in line with revenue increase and decreased by 0.57% from Q2/2021 due to export sales proportion decreased.

As a result, in Q3/2021, the net profit attributable to equity holders of the company was 10.58 million baht, while in Q3/2020 had net loss was 3.09 million baht and in Q2/2021 had net profit of 3.14 million baht.

#### Financial Position

#### Assets

Financial Position	Sep 30, 2021		Dec 31, 2020		% change	
	MB	%	MB	%	MB	%
Cash	30.58	2.95%	51.23	5.74%	(20.65)	(40.33%)
Trade and other receivables	200.58	19.34%	208.60	23.36%	(8.02)	(3.84%)
Inventory	259.08	24.98%	202.02	22.62%	57.06	28.24%
Other current asset	24.46	2.36%	8.70	0.97%	15.76	181.15%
<b>Total current asset</b>	<b>514.70</b>	<b>49.63%</b>	<b>470.55</b>	<b>52.69%</b>	<b>44.15</b>	<b>9.38%</b>
Bank deposit pledged as collateral	40.00	3.86%	40.00	4.48%	-	0.00%
Fixed asset	468.65	45.19%	346.65	38.82%	122.00	35.19%
Other non current asset	13.74	1.32%	35.79	4.01%	(22.05)	(61.61%)
<b>Non current asset</b>	<b>522.39</b>	<b>50.37%</b>	<b>422.44</b>	<b>47.31%</b>	<b>99.95</b>	<b>23.66%</b>
<b>Total asset</b>	<b>1,037.09</b>	<b>100.00%</b>	<b>892.99</b>	<b>100.00%</b>	<b>144.10</b>	<b>16.14%</b>

As of September 30, 2021, the company's total assets on increased by 16.14% due to the significant changes as follows:

Cash and cash equivalents decreased by 40.33% due to the previous year received payment from receivables near the end of the period. And the reserve for purchases due early in the next quarter led to a higher-than-normal cash balance.

Trade accounts receivable and other receivables decreased by 3.84% from the normal business maturity.

Inventories increased 28.24% from the harvest season from both domestic and overseas sources. In addition, the market price of products is higher, especially palm kernel shells.

Fixed assets increased by 35.19% due to a change in accounting policy regarding land revaluation, an increase of 130.44 million baht.

Liabilities and Equities

Financial Position	Sep 30, 2021		Dec 31, 2020		% change	
	MB	%	MB	%	MB	%
Liabilities and Equities						
Short-term loans	489.75	47.22%	463.78	51.94%	25.97	5.60%
Trade and other payable	81.40	7.85%	82.05	9.19%	(0.65)	(0.79%)
Other current liabilities	3.91	0.38%	5.50	0.62%	(1.59)	(28.91%)
Current liabilities	575.06	55.45%	551.33	61.74%	23.73	4.30%
Long term loans and financial leases	89.13	8.59%	107.44	12.03%	(18.31)	(17.04%)
Other non current liabilities	12.49	1.20%	4.66	0.52%	7.83	168.03%
Non current liabilities	101.62	9.80%	112.10	12.55%	(10.48)	(9.35%)
Liabilities	676.68	65.25%	663.43	74.29%	13.25	2.00%
Equities	360.41	34.75%	229.56	25.71%	130.85	57.00%
Liabilities and Equities	1,037.09	100.00%	892.99	100.00%	144.10	16.14%

Total liabilities and equities in September 30, 2021 increased by 16.14% from the end of last year as a result of

Current liabilities increased 4.30% compared to the end of last year from the increase in short-term loans which is related to the increased in inventory and advance payments

and the increase in shareholders' equity from operating profit during the period and surplus from land appraisal of approximately 104.35 million baht.

The statement of cash flow

Cash flow	Jan - Sep/2021	Jan - Sep/2020
	Million baht	
Net cash provided by (used in) operating activities	(14.60)	29.27
Net cash (used in) investing activities	(5.18)	(26.00)
Net cash provided by (used in) financing activities	(3.98)	30.87
Other effects	3.11	0.29
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(20.65)</b>	<b>34.43</b>

The statement of cash flows for the nine-month period ended September 30, 2021

**Net cash used in operating activities:** the cash flow received from operating activities consisted of profit after adjustment of items affecting the profit of 56.79 million baht due to an increase of 61.53 million baht in products and an increase of 17.23 million baht in advance payments for products due to a large number of product output periods and higher value.

**Net cash used in investing activities:** the company had net cash used in investing activities of 5.18 million baht from an increase in equipment for the production segment.

**Net cash used in financing activities:** the company had cash used in financing activities of 3.98 million baht from loan and interest repayment.

**Upcoming Projects**

The company plans to invest in the quality of productions on the international standard.

1. The company has investment plan to continually increase logistics efficiency include increasing transportation vehicles and increasing the warehouse.
  - 1.1 In 2021, the company have plan to improve the land and started warehouse operations at Taphong Subdistrict, Mueang District, Rayong Province, the main objective is to be a palm shell warehouse and support future investment plans.



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1.2 In 2021, the company plans to improve the efficiency of transport vehicles. and reduce costs in order to compete in the market

The company has entered into the purchase of Acacia species agreement in order to guarantee continuity of goods on the company supply chain and also to prevent the products shortage risk in the future by agreeing to purchase woods from the forest member of the Forest Industry Organization Southern region with approximately 3,000 rai expected 30,000 tons of woods and expected to get the outputs in 2022.

This is submitted for your information.

Sincerely yours,

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(Pongtham Danwungderm)

Deputy Managing Director

And Chief of Financial Officer (CFO)