



บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE 017/2022

February 18, 2022

**Subject:** Management’s Discussion and Analysis for the year 2021 ended as of December 31, 2021

**Attention:** President

The Stock Exchange of Thailand

AI Energy Public Company Limited (“the Company”) would like to submit the financial statement for Year 2021 ended as of December 31, 2021, (1 January – 31 December), which details are as following ;

Results	Year 2021		Year 2020		YoY	
	Million Baht	%	Million Baht	%	Million Baht	%
Sale	6,431.56	100.00%	5,504.30	99.82%	927.26	16.85%
Service	0.00	0.00%	9.78	0.18%	(9.78)	(100.00%)
<b>Total Revenues</b>	<b>6,431.56</b>	<b>100.00%</b>	<b>5,514.08</b>	<b>100.00%</b>	<b>917.48</b>	<b>16.64%</b>
Cost of Goods Sold	(5,890.19)	(91.58%)	(4,929.57)	(89.56%)	(960.62)	19.49%
NRV	0.00	0.00%	44.00	0.80%	(44.00)	(100.00%)
Cost of Service	0.00	0.00%	(17.44)	(178.32%)	17.44	100.00%
<b>Total Cost</b>	<b>(5,890.19)</b>	<b>(91.58%)</b>	<b>(4,903.01)</b>	<b>(88.92%)</b>	<b>(987.18)</b>	<b>(20.13%)</b>
<b>Gross Profit (Loss)</b>	<b>541.37</b>	<b>8.42%</b>	<b>611.06</b>	<b>11.08%</b>	<b>(69.70)</b>	<b>(11.41%)</b>
Other Income	6.83	0.11%	4.95	0.09%	1.88	37.87%
SG&A	(108.93)	(1.69%)	(118.89)	(2.16%)	9.96	(8.38%)
Expected Credit Loss	(20.19)	(0.31%)	(1.85)	(0.03%)	(18.34)	991.35%
Financial Cost and Income tax expenses	4.54	0.07%	(6.76)	(0.12%)	11.30	167.16%
<b>Net Profit (Loss)</b>	<b>423.62</b>	<b>6.59%</b>	<b>488.52</b>	<b>8.86%</b>	<b>(64.90)</b>	<b>(13.29%)</b>
Earnings per share (Baht per share)	0.3239		0.3735		(0.0496)	(13.28%)
<b>Net Profit (Loss) After adjusted EBITDA</b>	<b>540.81</b>	<b>8.41%</b>	<b>609.04</b>	<b>11.05%</b>	<b>(68.23)</b>	<b>(11.20%)</b>



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### **Net Profit (Loss)**

The Company and subsidiaries (Consolidated) realized net profit of 423.62 million Baht in 2021, and net profit of 488.52 million Baht in 2020. The Company's net profit has decreased by 64.90 million Baht or 13.29 % from the previous year. In 2021, the Company realized the after adjusted EBITDA of 540.81 million Baht, and the year 2020 of 609.04 million Baht which decreased from in 2020 by 68.23 million Baht or 11.20%.

In 2021, The Company (Separate) has realized net profit of 438.49 million Baht compared to net profit of 496.76 million Baht in 2020. The Company's net profit has decreased by 58.27 million Baht or 11.73%. This is due to the demand for diesel in logistic sector has been dropped, which affected by the COVID-19 pandemic (Delta variant) causing the Center for COVID-19 Situation Administration (CCSA) to extend the period of the emergency decree further, together with the demand for biodiesel consumption is under the expectation after the announcement of biodiesel mandatory changed from B7 to B10. However, the average biodiesel selling price is significantly increased, which tracked the Crude Palm Oil (CPO) price in 2021 (Source: DIT) was 38.00 baht/kg, an increase from the previous year at 10.00 baht/kg, mainly due to the decline in the CPO stock from the level of 400,000 tons into the level of lower than 200,000 tons caused by exporting CPO reached new time high because the global price is higher than domestic. Overall, diesel fuel consumption in 2021 has fluctuated significantly. At the beginning of the year, consumption was similar to the previous year. However, limited economic activity as a result, in the middle of the year, diesel use was low and lowest in August before returning to expansion in end of the year 2021. Due to the end of the monsoon season and the situation of the epidemic of the COVID-19 that has begun to unravel. As a result, the overall domestic diesel consumption has improved.

In addition, the Committee on Energy Policy Administration (CEPA) has a resolution for adjusting the proportion of biodiesel mandatory and the spread of retail fuel price affecting to the economy and alleviating people's suffering during the rising energy prices especially during the last quarter of 2021 with the following measures;

- 1) October: Adjusted the biodiesel mandatory from B10 and B7 to B6
- 2) November: Adjusted the biodiesel mandatory back to B10 and B7, but reduced the spread retail prices at the gas stations, with B20 at -0.25 Baht/liter from B7 and B10 at -0.15 Baht/liter from B7
- 3) December: Adjusted the biodiesel mandatory from B7, B10 and B20 to B7 only

As the aforementioned measures, the demand for biodiesel in the country was decreased. Meanwhile, the domestic production capacity has increased since September 2021 due to the expansion of the existing and new manufacturer's installed capacity.

However, the Company aware of the price fluctuation risks, has set the policy determined especially in raw material procurement procedures. The Company attempt to maintain a faster inventory turnover, where raw material (CPO) and product (Biodiesel) were stocked between 15-20 days in 2021. Also, the Company emphasis on efficiently control production yield.

Subsidiaries based on operating results with continuous losses, which both subsidiaries company's operations are ceased. One of the subsidiaries; AI Logistics Company Limited ("AIL") had already registered its dissolution with the Department of Business Development Ministry of Commerce on July 7, 2021 and currently in its liquidation process, which is expected to be done within 2022.



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**Gross Profit (Loss)**

The Company has a gross profit from sales of goods and services in 2021 of 541.37 million Baht, decreased by 69.70 million Baht, or 11.41%, where comparing to in 2020, which gross profit of 611.07 million Baht.

The subsidiaries' operations are ceased, and have realized loss of 7.66 million Baht in 2020.

The operating results for the year 2021 and 2020 as follow;

<b>The result of 2021</b> <b>(Unit: Million Baht)</b>	Biodiesel /Edible oil / RM&Byproduct / Refined Glycerine	Vessel operating	Total Sale and service	Other income	Total revenues
Revenues from sales and services	6,431.59	0.00	6,431.59	6.83	6,438.42
Cost of sales and services	(5,890.19)	0.00	(5,890.19)	0.00	(5,890.19)
Allowance for devaluation of inventories	0.00	0.00	0.00		0.00
Gross profit (loss) by segment	541.40	0.00	541.40	6.83	548.23
Segment income (%)	99.89	0.00	99.89	0.11	100.00
Sales to Cost of Sales (%)	91.58	0.00	91.58	0.00	91.49

<b>The result of 2020</b> <b>(Unit: Million Baht)</b>	Biodiesel /Edible oil / RM&Byproduct / Refined Glycerine	Vessel operating	Total Sale and service	Other income	Total revenues
Revenues from sales and services	5,504.30	9.78	5,514.08	4.95	5,519.03
Cost of sales and services	(4,929.57)	(17.44)	(4,947.01)	0.00	(4,947.01)
Allowance for devaluation of inventories	44.00	0.00	44.00	0.00	44.00
Gross profit (loss) by segment	618.73	(7.66)	611.07	4.95	616.02
Segment income (%)	99.73	0.18	99.91	0.09	100.00
Sales to Cost of Sales (%)	88.76	178.32	88.92	0.00	88.84



Compare the results of the operation (Unit: Million Baht)	Biodiesel /Edible oil / RM&Byproduct / Refined Glycerine	Vessel operating	Total Sale and service	Other income	Total revenues
Segment revenue variance (million Baht)	927.29	(9.78)	917.51	1.88	919.39
The difference of rates revenue (%)	16.85	(100.00)	16.64	37.92	16.66
Sales cost variance (million Baht)	1,004.62	(17.44)	987.18	0.00	987.18
The rate of sales cost variance as (%)	20.56	(100.00)	20.13	0.00	20.13
The difference of cost rates (sales, Upsell %)	2.82	(178.32)	2.66	0.00	2.65

## Revenue

### 1. Revenue from Sales and Services

The Company and subsidiaries realized the revenue as of 2021 and 2020 for 6,431.56 million Baht which increased by 917.48 million Baht or 16.64 % from 2020, which realized the revenue of 5,514.09 million Baht, where the reasons are summarized as follows;

#### 1.1 Sales of Biodiesel, Edible oil Refined Glycerine, Raw material and By-product

The Company's revenue from sales of biodiesel, edible oil and by-products in 2021 was increased by 917.48 million Baht or 16.64% from 2020. The Company's products were sold in 2021 less than those in 2020 by 17.33% and the increased in the average selling price per unit of product by 41.34% as followed;

- Biodiesel's quantity sold in 2021 was decreased by 24.14 % and average selling price was increased by 29.04% when compared to 2020. So, the revenue from sale of biodiesel is decreased by 2.10%. However, growth in biodiesel consumption has not been as predicted as the impact of the substantial resurgence of the COVID-19 pandemic in mid of 2021 has resulted in a decline in travelling and transportation. Nevertheless, the average selling price of biodiesel has increased significantly in accordance to the price of crude palm oil as the main raw material. Due to heavy rains and flooding in many areas in early Q4 2021, together with the government's measures; the subsidy to crude palm oil and crude palm kernel oil export which led to the domestic crude palm oil stock level of 200,000 tons in 2021, causing the price of crude palm oil to rise, with the average price of 38,000 Baht/ton in 2021, higher than that of the average price of 28,000 Baht/ton in 2020. (Source: DIT).
- Edible Oil's Quantity sold in 2021 was decreased by 42.36% when compared to in 2020, and the average selling price was increased by 23.52% from the average selling price in 2020 and total sales of edible oil decreased by 28.81%. Currently, the Company only sell to some industrial customers but in some quarters did not receive award from bidding, so the sales volume decreased. The Company entered into short-term contract with specific quantities



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and delivery term (Made to Order). This helps the Company to efficiently control inventories aging and procurement that prevent risk from CPO's prices fluctuation.

- Refined Glycerine sold in 2021 increased by 142.17% from 2020, quantity sold was increase by 11.45% and the average selling price was increased by 117.30%. Due to the epidemic of the COVID-19 around the world, there is a shortage of refined glycerine in the market. The market leaders and largest refined glycerine producers' countries were lock down, resulting in a significant reduction in production. In addition, the domestic market has limited availability of refined glycerine as raw materials from biodiesel production have decreased in accordance with the volume of biodiesel production. Therefore, the selling price of refined glycerine remains continued to have high prices.
- Raw material and By-product's revenue in 2021 was increased by 800.29%, in sales of raw materials to produce biodiesel in with customers in the same industry. The quantity sold was increased by 46.58% in raw materials and by-product sales compared to 2020. The Company will only sell by-products that excess the need of its biodiesel and refined glycerine productions.

## 1.2 Sea Freight Service

The Company's subsidiary ("AIL") has ceased its operation and in the process of liquidation, whose had sold its last vessel to other buyer who is not related-party for 20 million Baht in May 21, 2020. The Company's subsidiary ("AIL") had already registered its dissolution with the Department of Business Development Ministry of Commerce on July 7, 2021 and currently in its liquidation process, which is expected to be done within 2022.

## 2. Other Income

Other Income consist of sales of scrap materials, gain on changes in fair value of short-term investment, Oil Storage Service etc. The Company and its subsidiaries had revenue from Other Income in 2021 and 2020 for 6.55 million Baht and 4.64 million Baht.

The Company and its subsidiaries have financial income such as interest on deposits for 2021 to 0.28 million Baht and for 2020 to 0.31 million Baht.

## Cost of Sales and Services

The Company and subsidiaries' cost of sales and services in 2021 was 5,890.19 million Baht and the cost of sales over total revenue ratio was 91.58 %, in 2020 was 4,903.02 million Baht with the ratio of 88.92%, which increased by 2.66%. In 2020, there was a reversing of the allowance for diminishing value of inventories from the previous year by 44.00 million Baht and there was no considering of the allowance for diminishing value of inventories (NRV) as of December 31, 2019. There is no allowance for diminishing value of inventories (NRV) as of December 31, 2021. Summary according to the following segments;



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## **1. Cost of Sales- Biodiesel, Edible Oil, Refined Glycerine, Raw material and By-product**

The Company's cost of sales to total revenue ratio in 2021 has increased from in 2020 by 2.66%. This is due to the lower products sold than previous year. The covid-19 pandemic remains an important factor. Although, the price of crude palm oil was fluctuating during year, the Company still maintains a policy to manage the inventories' optimization efficiently which can be classified by product groups as follows;

- In 2021, the Biodiesel's ratio of cost of sales to total revenue was increased from 2020 to 2.92% or increased by 3.27% from the decreased in sales volume by 24.14%. The Company was realized a reversing of the allowance for the value of inventories (NRV) in biodiesel of 4 million Baht from the previous year. However, the Company has emphasised on managing raw materials and inventory to have a faster turnover rate and keep the inventories between 15-20 days in order to avoid the risk from the fluctuation of palm oil prices, which is an important factor of the Company's profitability.
- In 2021, the edible oil's cost of sales ratio was increased from 2020 to 6.81% or increased by 7.91%. The Company was possible to generate profit from this business unit since there were Made to Order. Which is managing the raw material used to produce edible oil to be profitable. But the storage of crude palm oil cannot be stored separately. As a result, the production cost fluctuates according to the raw material price during the changing period.
- In 2021, Refined Glycerine cost of sales ratio was decreased from 2020 to 6.97%. The company realized an increase in profit since the 2<sup>nd</sup> quarter of 2021 when the market price of Refined Glycerine has doubled. Also, the Company has realized the reversing of the allowance for diminishing value of inventories (NRV) in the refined glycerine of 40.00 million Baht form 2019 in 2020.
- In 2021, the raw material and by-products' cost of sales ratio was decreased from 2020 to 11.77% or decreased by 10.46%. The Company sold a refined palm kernel oil at cost plus margin and its by product that has determined the cost of by-products according to the market selling prices.

## **2. Cost of Sea Freight Service**

The continuously realized losses is the main reason that AIL has ceased its business operation and in the process of liquidation.

### **Selling Expenses**

The Company and its subsidiaries' selling expense are mostly consists of domestic freight (In-land), which was realized 30.14 million Baht in 2021, decreased by 4.37 million Baht or 12.67 % from 34.51 million Baht in the 2020. The ratio to revenues from the sale of 0.47% and 0.63%, respectively. Due to the decreased in quantities sold and the terms of delivery agreed.



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### Administration Expenses

The Company and subsidiaries' administration expenses in 2021 and 2020 was 78.79 million Baht and 84.37 million Baht, a ratio to revenues from the sale of 1.22% and 1.53 %, respectively. Administrative expenses decreased to 5.58 million Baht, or 6.62 %

In 2021, the Company had expected credit loss from the allowance for doubtful accounts of a debtor was 20.19 million Baht and in 2020 was 1.85 million Baht.

### Financial Cost and Income Tax Expense

The Company and subsidiaries have financial cost in 2021 and in 2020 of 0.07 million Baht and 6.44 million Baht, respectively. In 2021, the Company had liquidity from operating profits, thus using the Company's working capital, while in 2020 the Company has loans from financial institutions and related parties to support working capital.

In 2021, the Company and subsidiaries had income tax expense of 4.61 million Baht and 0.32 million Baht in 2020, respectively.

Please be informed according

Yours Sincerely,

AI Energy Public Company Limited

Miss Pimwan Thareratanavibool

Managing Director

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