

16 March 2022

Subject Management Discussion and Analysis  
 For the year ended December 31, 2021

Attention President  
 The Stock Exchange of Thailand

BBGI Public Company Limited (the “Company”) would like to report an overview and performance summary for the year ended December 31, 2021, as follows:

### Sales revenue

Revenue Structure	As of 31 December					
	2019		2020		2021	
	THB million	%	THB million	%	THB million	%
1. Sales Revenue						
▪ Ethanol Business <sup>(1)</sup>	4,137.82	41.13	4,427.95	35.09	4,610.79	32.63
▪ Biodiesel Business <sup>(2)</sup>	5,875.14	58.40	8,142.69	64.52	9,481.73	67.09
▪ High Value Bio-Based Products in Health and Well-Being Business	-	-	-	-	2.42	0.02
<b>Total Revenue from Sales</b>	<b>10,012.95</b>	<b>99.54</b>	<b>12,570.64</b>	<b>99.61</b>	<b>14,094.94</b>	<b>99.74</b>
2. Interest Revenue	0.80	0.01	1.41	0.01	2.26	0.02
3. Other Revenue <sup>(3)</sup>	45.97	0.46	47.88	0.38	34.75	0.25
<b>Total Revenue</b>	<b>10,059.72</b>	<b>100.00</b>	<b>12,619.92</b>	<b>100.00</b>	<b>14,131.95</b>	<b>100.00</b>

Source: From company management and consolidated financial statements for the year 2019 – 2021

Note: <sup>(1)</sup> Revenue from production and distribution of Ethanol consisted of Revenue from sales of fuel grade ethanol, industrial grade ethanol, pharmaceutical grade ethanol and sales of biogas

<sup>(2)</sup> Revenue from production and distribution of Biodiesel consisted of Revenue from sales of biodiesel, supply and distribution of biodiesel, tolling biodiesel, by-products and sales of semi-finished products.

<sup>(3)</sup> Others Revenue consisted of revenue from selling molasses and raw sugar etc.

In 2021, the Company and its subsidiaries (“BBGI Group”) recorded total revenue from sales in the amount of THB 14,904.94 million, which increased by THB 1,524.30 million or 12.13% from the same period of the previous year, which was due to a continuous increase from biofuel business.

BBGI Group recorded sales from the ethanol business in the amount of THB 4,610.79 million, which increased by THB 182.84 million or 4.13% from the same period of the previous year, which was due to an

increase in ethanol price in accordance with the cost of raw materials that soared because of a sugarcane supply scarcity due to a drought in 2020. The price of cassava in Thailand has also risen as the volume of cassava exported has grown from the previous year, although the ethanol production has declined due to the Covid-19 pandemic.

Moreover, BBGI Group recorded sales from the biodiesel business in the amount of THB 9,481.73 million, which increased by THB 1,339.04 million or 16.44% from the same period of 2020, which was due to an increase of biodiesel price in accordance with a price of crude palm oil. The main reasons are a declining supply of crude palm oil from Indonesia and Malaysia who are the major producers in the world, a labor shortage in this industry, and a surging fertilizer price. The biodiesel production in Thailand declined in 2021 from national lockdown and reducing of limit on biodiesel blending, resulting in the decreasing of biodiesel demand.

#### Cost of goods sold

In 2021, BBGI Group recorded total cost of goods sold of ethanol business in the amount of THB 4,491.42 million, which increased by THB 676.32 million or 17.73% from the same period of the previous year, which was due to raw material cost, especially molasse that was affected by the drought in 2020. The local cassava price in 2021 also increased from the previous year. Even though BBGI Group faced many challenges including less demand due to Covid-19 outbreak and increasing cost, BBGI Group had the positive gross profit proving the capability to manage the fluctuation of raw material cost.

Additionally, BBGI Group recorded total cost of goods sold of biodiesel business in the amount of THB 8,572.20 million, which increased by THB 1,518.90 million or 21.53% from the same period of the previous year. The main reason for this is an increase in crude palm oil raw material costs as a result of lower palm oil production in Indonesia and Malaysia, two of the world's largest producers. Furthermore, during the Covid-19 outbreak, the labor scarcity resulted in a higher worldwide crude palm oil price. Thus, Thailand exported more crude palm oil resulting in higher price of local crude palm oil. Chemical and energy expenses have also increased to regular levels.

#### Selling and administrative expenses

In 2021, BBGI Group recorded total selling and administrative expenses in the amount of THB 32.40 million, which decreased by 22.39% from the same period of the previous year, which was due to lower transportation cost in accordance with the sale volume due to the Covid-19 outbreak and limits of transportation in Thailand. The BBGI Group 's selling expense decreased from 0.33% of sales revenue in 2020 to 0.23% of sales revenue in 2021, and the administrative expense in 2021 is THB 243.26 million, which decreased by THB 45.29 million or 15.7% from 2020, which was due to the cost-efficiency and one-time advisory fee in 2020 regarding investment opportunities in the high value bio-based products in health and well-being.

## Financial Costs

In 2021, BBGI Group reported the financial costs in the amount of THB 107.21 million or 0.76% of sales revenue, which decreased by THB 15.63 million from 2020. Moreover, BBGI Group received BBB+ rating from Tris Rating Company Limited, showing a strong financial position of the Company, resulting in the low financial costs.

## Net Profit

In 2021, BBGI Group recorded the net profit in the amount of THB 1,188.18 million equivalent to net profit margin of 8.43%. Due to growing revenue and cost-efficiency, our net profit margin is continuing to improve, resulting in a healthy gross profit margin and net profit margin. Furthermore, BBGI Group recorded the net profit attributable to parent company in the amount of THB 960.18 million equivalent to net profit margin attributable to parent company of 6.81% in accordance with higher net profit.

## Assets

Total assets of BBGI Group at the end of 2021 amounted to THB 12,907.10 million, which increased by THB 175.64 million or 1.38% from the same period of the previous year. The total assets in 2021 is separated into total current assets in the amount of THB 3,036.91 million equivalent to 23.53% of total assets and total non-current assets in the amount of THB 9,870.20 million equivalent to 76.47% of total assets. The material changes in assets are as follow:

- 1) Cash increased from operation and partial divestment in UBE
- 2) Other non-current financial assets increased from fair value adjustment of UBE
- 3) Property, Plant, and Equipment (PP&E) increased from additional investment in 2<sup>nd</sup> phase of Nam Phong and molasses tank.

## Liabilities

Total liabilities of BBGI Group at the end of 2021 amounted to THB 6,003.01 million, which decreased by THB 224.03 million or 3.60% from the same period of the previous year. The total liabilities in 2021 is separated into total current liabilities in the amount of THB 2,940.25 million equivalent to 48.98% of total liabilities and total non-current liabilities in the amount of THB 3,062.76 million equivalent to 51.02% of total liabilities. The material change in liabilities is loans from financial institutions which decreased from the loan repayment since BBGI received funds from debenture issuance and strong operation cash flow.



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## Shareholders' Equity

Total shareholders' equity of BBGI Group at the end of 2021 amounted to THB 6,904.10 million, which increased by THB 399.66 million or 6.14% from the same period of the previous year, which was due to the net profit in 2021. The Company had paid total dividends in the amount of THB 501.34 million, divided into 1) annual dividend payment in 2020 from retain earning on 31 December 2020 with the total payment of THB 101.28 million and payment date of 6 May 2021 and 2) interim dividend with the total payment of THB 400.06 million and payment date of 8 December 2021.