



บริษัท เอไอ เอนเนอร์จี จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE195/2022

November 14, 2022

**Subject:** Management's Discussion and Analysis for 3<sup>rd</sup> quarter of 2022 ended as of September 30, 2022

**Attention:** President

The Stock Exchange of Thailand

AI Energy Public Company Limited ("the Company") would like to submit the financial statement for 3<sup>rd</sup> quarter of 2022 ended as of September 30, 2022, which details are as following ;

Operating results (Consolidated)	Unit : Million Baht							
	3 <sup>rd</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	% Increase (Decrease)		Nine-month period		%
	2022	2022	2021	YoY	QoQ	2022	2021	
Revenue from sales and services	1,306.80	2,106.71	1,514.32	(13.70%)	(37.97%)	5,764.92	4,373.87	31.80%
Cost of sales and services	1,420.50	2,060.70	1,405.95	1.03%	(31.07%)	5,689.39	4,008.09	41.95%
Gross profit	(113.70)	46.01	108.37	(204.93%)	(347.12%)	75.53	365.78	(79.35%)
Other income	1.23	0.61	1.05	17.14%	101.64%	4.45	3.39	31.27%
Selling and administrative expenses	26.10	2.36	27.04	(3.48%)	1,005.93%	54.17	104.19	(48.01%)
Profit from operations	(138.57)	44.26	82.38	(268.21%)	(413.08%)	25.81	264.98	(90.26%)
EBITDA	(87.76)	94.66	111.90	(178.43%)	(192.71%)	115.19	377.16	(69.46%)
Finance cost and tax income	4.23	(1.82)	(0.03)	(14,200.00%)	(332.42%)	3.02	(4.63)	(165.23%)
Net profit	(142.80)	46.08	82.41	(273.28%)	(409.90%)	22.79	269.61	(91.55%)
Basic earnings per share (Baht per share)	(0.1085)	0.0350	0.0630	(272.21%)	(409.83%)	0.0174	0.2061	(91.58%)

### Net Profit

For 3<sup>rd</sup> quarter of 2022 ended as of September 30, 2022, the Company and subsidiaries (Consolidated) realized net loss of Baht 142.80 million, decreased by Baht 225.21 million or 273.28% as compared to the same period of last year which incurred the realized net loss of Baht 82.41 million, decreased by Baht 188.88 million or 409.90% as compared to the 2<sup>nd</sup> quarter of 2022 ended as of June 30, 2022 which incurred the realized net profit of Baht 46.08 million. For the nine-month period ended September 30, 2022, the Company and subsidiaries (Consolidated) realized net profit of Baht 22.79 million, decreased by Baht 246.82 million or 91.55% as compared to the same period of last year which incurred the realized net profit of Baht 269.61 million. However, the Company reported EBITDA in amounting of Baht (87.76) million, decreased by Baht 199.66 million or 178.43 % as compared to the same period of last year which incurred at Baht 111.90 million, decrease by Baht 182.42 million or 192.71% as compared to the 2<sup>nd</sup> quarter of 2022 ended as of June 31, 2022 which incurred the realized net profit of Baht 94.66 million. For the nine-month period ended September 30, 2022, the Company reported EBITDA in amounting of Baht 115.19 million, decreased by Baht 261.97 million or 69.46% as compared to the same period of last year which incurred at Baht 377.16 million. The main cause is the sale volume decreased from the government's policy to adjust



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the biodiesel mandatory and the raw material price reduce as the government of Indonesia reversed a ban on its export, causing higher output in the world market, as a result, the palm oil prices slumped. Whereas the raw material price in the 3<sup>rd</sup> quarter of 2022 was in range between 31.75-48.95 Baht per Kilogram which decreased from the 2<sup>nd</sup> quarter of 2022 was in range between 52.50-61.22 Baht per Kilogram or decrease 32% (Source : DIT, Ministry of Commerce). Due to the fluctuation of CPO price in the 3<sup>rd</sup> quarter of 2022, cause the realized cost CPO used in production, was higher than the Company's product selling price approximately 8-9 Baht per Kilogram and the Company had to recognized loss from diminution in value of inventories amounting of Baht 20 million. However, the Company determined the policy that focused on the management of raw material (CPO) by trying to maintain inventories turnover rate between 15 - 25 days for alleviates the impact of the fluctuation of CPO on the Company's performance.

## **Revenue**

### **1. Revenue from Sales and Services**

For 3<sup>rd</sup> quarter of 2022, the Company and subsidiaries realized the revenue of Baht 1,306.80 million, decrease by Baht 207.52 million or 13.70% as compared to the same period of last year which incurred the realized revenue of Baht 1,514.32 million and decrease by Baht 799.92 million or 37.97% as compared to the 2<sup>nd</sup> quarter of 2022 ended as of June 30, 2022 which incurred the realized revenue of Baht 2,106.71 million. For the nine-month period ended September 30, 2022, the Company and subsidiaries realized the revenue of Baht 5,764.92 million, increase by Baht 1,391.05 million or 31.80% as compared to the same period of last year which incurred the realized revenue of Baht 4,373.87 million, where the reasons are summarized as follows;

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

- For 3<sup>rd</sup> quarter of 2022, the revenue from Biodiesel business decrease by Baht 253.58 million, or 24.60% as compared to the same period of last year and the revenue from Biodiesel business decrease by Baht 434.11 million or 35.84% as compared to the 2<sup>nd</sup> quarter of 2022, the main factors are the existing customers have reduced their minimum order due to in February 2022, the Committee on Energy Policy Administration (CEPA) has a resolution for adjusting the proportion of biodiesel mandatory from B7 to B5 to mitigate the impact of rising diesel prices, as the aforementioned measures, the demand for biodiesel and the production capacity was decreased. For the selling price in 3<sup>rd</sup> quarter of 2022, the average selling price of biodiesel was decrease due to the price of crude palm oil as the main raw material, was decrease from Indonesia, the world's top palm oil producer reversed a ban on its export, causing higher output in the world market, which the raw material price in the 3<sup>rd</sup> quarter of 2022 was in range between 31.75-48.95 Baht per Kilogram which decreased from the 2<sup>nd</sup> quarter of 2022 was in range between 52.50-61.22 Baht per Kilogram or decrease 32% (Source : DIT, Ministry of Commerce) as a result, Biodiesel price slumped likewise. And for the nine-month period ended September 30, 2022 the revenue from Biodiesel business decrease by Baht 353.62 million, or 9.82% as compared to the same period of last year, the main factors are the existing customers have reduced their minimum order due to in February 2022, the Committee on Energy Policy Administration (CEPA) has a resolution for adjusting the proportion of



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biodiesel mandatory from B7 to B5 to mitigate the impact of rising diesel prices, as the aforementioned measures, the demand for biodiesel and the production capacity was decreased. For the selling price in 3<sup>rd</sup> quarter of 2022, the average selling price of biodiesel was increase in accordance to the price of crude palm oil as the main raw material, as a result, the palm oil is increase from the global CPO marker price to be much higher than CPO-DIT, cause the volume of exports was increased, consistent with in 2<sup>nd</sup> quarter of 2022, Indonesia who the world's top palm oil producer had ban exports causing the price of raw material inflate. However, in late May, the government of Indonesia reversed a ban on its export, causing higher output in the world market, as a result, the palm oil prices slumped.

- For 3<sup>rd</sup> quarter of 2022, the revenue from Edible Oil business decrease by Baht 33.21 million, or 58.97% as compared to the same period of last year and for the nine-month period ended September 30, 2022, the revenue from Edible Oil business decrease by Baht 123.31 million, or 71.18%, as a result of, 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 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.
- For 3<sup>rd</sup> quarter of 2022, the revenue from Refined Glycerine business increased by Baht 30.77 million, or 39.03% as compared to the same period of last year and the revenue from Refined Glycerine business increase by Baht 8.21 million or 8.10% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, the revenue from Refined Glycerine business increased by Baht 116.64 million or 49.49%, the main factors from the selling price are increase 64.96% as compared to the same period of last year, due to the epidemic of the COVID-19 around the world, there is a shortage of refined glycerine in the market, 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. However, the selling prices in the world market is reduce, as a result, a purchaser decelerate purchasing.
- For 3<sup>rd</sup> quarter of 2022, the revenue from raw material and By-product increased by Baht 44.03 million, or 12.63% as compared to the same period of last year and for the nine-month period ended September 30, 2022, the revenue from raw material and By-product increased by Baht 1,716.30 or 469.65%, from sales of raw materials for a produce biodiesel to the customers in the same industry. However, the Company will only sell by-products that excess the need of its biodiesel and refined glycerine productions. The revenue from raw material and By-product decreased by Baht 361.66 million or 47.95% as compared to the 2<sup>nd</sup> quarter of 2022, the main factors from the volume of order from customers was decrease. In addition, the average selling price was decrease in accordance to the main raw material.



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## 1.2 Revenue from Services

For 3<sup>rd</sup> quarter of 2022 and for the nine-month ended September 30, 2022, the revenue from production to order increased by 100% due to the Company was enough capacity to services. However, the Company is considering to provide service that are suitable situation of the Company.

## 2. Other Income

Other Income consist of sales of scrap materials, interest income, gain on changes in fair value of short-term investment, oil storage service etc. For 3<sup>rd</sup> quarter of 2022, the Company and its subsidiaries had revenue from other income by Baht 1.23 million, increase by Baht 0.18 million, or 17.14% as compared to the same period of last year and other income increase by Baht 0.62 million or 101.64% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, increase by Baht 1.06 million, or 31.27% as compared to the same period of last year which incurred at Baht 2.34 million, the main factors from the Department of Employment did not provide the subsidies and from selling scrap.

## Cost of Sales and Services

For 3<sup>rd</sup> quarter of 2022, the Company and subsidiaries' cost of sales and services was Baht 1,442.50 million and reversal loss from diminution in value of inventories amounting of Baht 22 million, totally by Baht 1,420.50 million, increased by Baht 14.55 million or 1.03% as compared to the same period of last year which incurred cost of sales and service of Baht 1,405.95 million, the Company and subsidiaries' cost of sales and services decrease by Baht 640.19 million or 31.07% as compared to the 2<sup>nd</sup> quarter of 2022 which incurred cost of sales and service of Baht 2,060.69 million. For the nine-month period ended September 30, 2022, the Company and subsidiaries realized cost of sales and service of Baht 5,689.40 million, increase by Baht 1,681.31 million or 41.95% as compared to the same period of last year which incurred cost of sales and service of Baht 4,008.09 million, where the reasons are summarized as follows;

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

For 3<sup>rd</sup> quarter of 2022, the Company's cost of sales to total revenue ratio was increased by 17.08% as compared to the same period of last year and increased by 11.13% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, the Company's cost of sales to total revenue ratio was increased by 7.70% as compared to the same period of last year, according to the raise the price of domestic palm oil. Although, the Company still maintains a policy to manage the inventories' optimization efficiently which can be classified by product groups as follows;

- For 3<sup>rd</sup> quarter of 2022, the Biodiesel's ratio of cost of sales to total revenue was increased by 27.47% or 29.66 % as compared to the same period of last year and the Biodiesel's ratio of cost of sales to total revenue was increased by 23.89% or 24.84% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, the Biodiesel's ratio of cost of sales to total revenue was increased by 7.86% or 8.47% as compared to the same period of last year due to the increased



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from selling price of raw material since the fourth quarter of 2021, as a result, the realized cost CPO used in production, was higher than the Company's product selling price approximately 8-9 Baht per Kilogram. However, the Company has emphasised on managing raw materials and inventory to have a faster turnover rate and keep the inventories between 15-25 days in order to avoid the risk from the fluctuation of palm oil prices, which is an important factor of the Company's profitability.

- For 3<sup>rd</sup> quarter of 2022, the edible oil's ratio of cost of sales to total revenue was increased by 6.52 % or 7.08% as compared to the same period of last year and increased by 4.01% or 4.24% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, the edible oil's ratio of cost of sales to total revenue was increased by 5.09 % or 5.58% as compared to the same period of last year due to the increased from selling price of raw material since the fourth quarter of 2021. However, 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.
- For 3<sup>rd</sup> quarter of 2022, Refined Glycerine's ratio of cost of sales to total revenue was increased by 7.63% or 12.37% as compared to the same period of last year and Refined Glycerine's ratio of cost of sales to total revenue was increased by 14.39% or 26.20% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, Refined Glycerine's ratio of cost of sales to total revenue was increased by 1.64% or 2.70% as compared to the same period of last year, due to the increased from selling price of of raw material since the fourth quarter of 2021.
- For 3<sup>rd</sup> quarter of 2022, the raw material and by-products' ratio of cost of sales to total revenue was increased by 3.01% or 2.98% as compared to the same period of last year and the raw material and by-products' ratio of cost of sales to total revenue was increased by 2.42% or 2.39% as compared to the 2<sup>nd</sup> quarter of 2022 and for the nine-month period ended September 30, 2022, the raw material and by-products' ratio of cost of sales to total revenue was increased by 0.69% or 0.69% as compared to the same period of last year, due to the Company sold raw material for a produce biodiesel to the customers in the same industry. However, The Company sold its by-product that has determined the cost of by-products according to the market selling prices.

## 2. Cost of Services

For 3<sup>rd</sup> quarter of 2022 and nine-month ended September 30,2022, the cost from production to order increased by 100% as compared to the same period of last year, which incurred of Glycerine production to order due to the Company was enough capacity to services. And decreased by Baht 17.64 million or 83.13% due to reduce in production orders.



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### **Selling Expenses**

For 3<sup>rd</sup> quarter of 2022, the Company and its subsidiaries' selling expenses were Baht 7.62 million, increase by Baht 0.68 million or 9.80% as compared to the same period of last year and increase by Baht 3.08 million or 67.84% as compared to the 2<sup>nd</sup> quarter of 2022, the main factors from an increase in export costs. For the nine-month period ended September 30, 2022, the Company and its subsidiaries' selling expenses were Baht 17.71 million, decrease by Baht 5.88 million or 24.93% as compared to the same period of last year due to the transportation expenses were decreased in quantities sold and the terms of delivery agreed.

### **Administration Expenses**

For 3<sup>rd</sup> quarter of 2022 and nine-month ended September 30, 2022, the Company and subsidiaries' administration expenses were decreased by Baht 1.62 million and Baht 44.15 million or 8.06 % and 54.780% as compared to the same period of last year which incurred the administration expenses of Baht 20.10 million and Baht 80.60 million respectively. The main reason is increased from personnel expense and reversal of expected credit loss amounting Baht 22.44 million.

The Company and subsidiaries' administration expenses were increased by Baht 20.66 million or 947.71% as compared to the 2<sup>nd</sup> quarter of 2022 the main reason is increased from reversal of expected credit loss amounting Baht 22.44 million in the second quarter of this year.

### **Financial Cost and Income Tax Expense**

For 3<sup>rd</sup> quarter of 2022, the Company and subsidiaries were financial cost of Baht 0.01 million, decreased by 75.08% as compared to the same period and for the nine-month period ended September 30, 2022, increased by Baht 0.16 million or 154.94% as compared to the same period.

For 3<sup>rd</sup> quarter of 2022, the Company and subsidiaries were income tax income of Baht 4.23 million, increased by Baht 4.28 million or 8,965% as compared to the same period which incurred income tax income of Baht 0.05 million and for the nine-month period ended September 30, 2022 the Company and subsidiaries were income tax income of Baht 2.85 million, increase by Baht 7.55 million or 160.77% as compared to the same period which incurred income tax income of Baht 4.69 million.



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**Statement of Financial Position**

Consolidated	September 30, 2022	December 31, 2021	Unit : Million Baht	
			Increase (Decrease)	%
Cash and cash equivalents	354.28	286.70	67.58	23.57%
Short-term investments	2.83	52.87	(50.04)	(94.65%)
Trade and other receivables	217.43	611.39	(393.96)	(64.44%)
Inventories	294.56	567.48	(272.92)	(48.09%)
Other current assets	6.63	4.00	2.63	65.75%
<b>Total current assets</b>	<b>875.73</b>	<b>1,522.44</b>	<b>(646.71)</b>	<b>(42.48%)</b>
Restricted bank deposits	56.01	56.40	(0.39)	(0.69%)
Property, plant and equipment	1,330.03	1,376.73	(46.70)	(3.39%)
Other non-current assets	2.75	3.04	(0.29)	(9.54%)
<b>Total assets</b>	<b>2,264.52</b>	<b>2,958.61</b>	<b>(694.09)</b>	<b>(23.46%)</b>
Trade and other payables	182.21	554.33	(372.12)	(67.13%)
Other current liabilities	20.79	59.63	(38.84)	(65.13%)
Other non-current liabilities	11.91	9.36	2.55	27.24%
<b>Total liabilities</b>	<b>214.91</b>	<b>623.32</b>	<b>(408.41)</b>	<b>(65.52%)</b>
Shareholder's equity	2,049.61	2,335.29	(285.68)	(12.23%)
<b>Total liabilities and shareholder's equity</b>	<b>2,264.52</b>	<b>2,958.61</b>	<b>(694.09)</b>	<b>(23.46%)</b>

**Assets**

As of September 30, 2022, the Company and subsidiaries had total assets of Baht 2,264.52 million, decreased by Baht 694.09 million or 23.46% from December 31, 2021, the mainly cause from decreased of sale volume resulting in a decrease in trade and other receivables, in addition decreased from recognized expected credit loss, and decreased from inventories, the main factor is the Company has emphasized on managing raw materials and inventories for control the impact from loss from devaluation of inventories to a minimum due to the price of raw materials slumped.



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### Liabilities

As of September 30, 2022, the Company and subsidiaries had total liabilities of Baht 214.91 million, decreased by Baht 408.41 million or 65.52%, the mainly cause from the decrease in raw material prices and the management of inventories by controlling the remaining of raw materials resulting the decrease in the amount of trade accounts payable.

### Shareholders' equity

As of September 30, 2022, the Company and subsidiaries had total shareholders' equity of Baht 2,049.61 million, decreased from the year ended 2021 by Baht 285.68 million or 12.23%, the mainly cause from paid dividend and recognize the operating result during the period.

Please be informed according

Yours Sincerely,

AI Energy Public Company Limited

Miss Arunrat Sanprasertsuk

Chief Financial Officer

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