

Management Discussion & Analysis

BBGI Public Company Limited

Earning Results

Year Ended December 31st, 2022



Executive Summary

Sale Volume	2022	2021	YoY
Ethanol Sale Volume (Million Liters)	141	180	-22%
Biodiesel Sale Volume (B100) (Million Liters)	208	239	-13%

THB Million	2022	2021	YoY
Sales revenue	13,374	14,095	-5%
Gross profit	464	1,030	-55%
Profit (loss) attributable to owners of the Parent	20	960	-98%

For performance 2022, although the situation regarding controlling the spread of the COVID-19 virus has been relaxed in the second half of the year, travel activities gradually resumed to normal, and more travelers started coming to the country. However, the Ukraine-Russia crisis began in February and high inflation affected BBGI Public Company Limited ("the Company") and its subsidiaries by causing an increase in the cost of raw materials used to produce ethanol and biodiesel, including an increase in production costs. The Company and its subsidiaries recorded total revenue from sales of THB 13,374 million, decreased by 5% YoY with EBITDA of THB 613 million, decreased by 67% YoY, and net profit attribute to owners of the parent at THB 20 million. Performance of each business group are as follow :

▲ YoY

- (-) Lower contribution from the ethanol business was mainly due to a decrease in sales volumes and an increase in raw material, energy and chemical costs.
- (-) Lower contribution from the biodiesel (B100) business was mainly due to a decrease in sale volumes and an increase in energy and chemical costs.
- (+) Higher contribution from the high-value bio-based products was mainly due to new product launches and the expansion of both online and offline distribution channels.

Significant Events in Q4/2022

Launched “Probiotics” in 4 different formulations to response the varied needs of customers.

BBGI Public Company Limited (BBGI) launches “Probiotics” in 4 different formulations to satisfy customers' various needs for health promotion. It includes “Fit” aids in maintaining a healthy balance between fat and sugar, lowering extra fat accumulate on the walls of blood vessels. “Balance” aids in normalizing excretion and balancing the intestines. It is suitable for people with irritable bowel syndrome, chronic constipation, irregular bowel movements, and those who might get diarrhea from antibiotics. “Immu” aids in promoting normal immune system function and suitable for consumers with a history of frequent respiratory allergies or skin rashes. “Smile” aids in maintaining the oral cavity's microflora in balance, inhibits the formation of germs that lead to foul breath and tooth decay, and the air was pleasantly clean. Distribute via social media platforms such as Facebook (BNaturePlus), Line (@BNaturePlus), Shopee (B Nature+ Official Store), Lazada (B Nature+), and Konvy (B Nature+), and sold through other leading stores including Inthanon, Bangkok Drug Store, and TV channels via True Shopping.

“BBGI Biodiesel” has been certified to the global standard "ISCC EU Certificate", supporting biodiesel export standards to EU.

On November 24, 2022, BBGI Biodiesel Co., Ltd. (BBGI hold 70%) biodiesel producer, has been certified to the global standard for sustainability and carbon reduction ("ISCC EU Certificate") by the International Sustainability & Carbon Certification Organization (ISCC) in accordance with EU renewable energy requirements in the production of sustainable biodiesel complied with EU regulations in exporting Used Cooking Oil Methyl Ester (UCOME) to EU.

CEPA announced the retention of biodiesel blending in high-speed diesel for B7.

The Committee on Energy Policy Administration (CEPA) has approved announcing the retention of biodiesel in high-speed diesel for B7 from 1 January 2023 to 31 March 2023 in order to mitigate the impact of high-speed diesel price increase and reduce the burden on people's cost of living as well as the burden on oil fuel funds.

"BBGI Bioethanol" purchased assets from KMS Material Supplies Co., Ltd. amounting to 387 million Baht.

On November 1, 2022, BBGI Bioethanol PCL. (BBGI hold 100%) purchased of the wastewater treatment pond and all related properties for 387 million Baht from KSL Material Supply Co., Ltd. - a 100% owned subsidiary of Khon Kaen Sugar Public Company Limited under the agreement to buy and sell land with buildings and machines together in order to increase efficiency and reduce the cost of managing wastewater from ethanol production by using the funds received from the IPO.

Group Business Performance

THB Million	2022	2021	YoY
Sales revenue	13,374	14,095	-5%
Cost of goods sold	(12,910)	(13,065)	-1%
Gross profit	464	1,030	-55%
Other income	45	37	22%
Distribution costs and administrative expenses	(310)	(276)	12%
Gain (loss) on fair value adjustment	-	612	-100%
Share of profit (loss) of associate and joint venture	(8)	43	-119%
Profit (loss) before finance costs and tax expense	192	1,446	-87%
Finance costs	(95)	(107)	-12%
Tax expense	(0.3)	(150)	-100%
Profit (Loss) for the period	97	1,188	-92%
Profit (loss) attributable to owners of the Parent	20	960	-98%
Basic earnings per share (in Baht)	0.02	0.95	

Note : Basic earnings per share for the period ended December 31, 2022 were calculated from profit attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year, after adjusting for the change in the number of ordinary shares as a result of reduction in par value on January 6, 2022 and the increase in paid-up capital on March 15, 2022, by using the weighted average method based on the number of issued ordinary shares.

For the performance 2022, BBGI Public Company Limited (the Company) and its subsidiaries recorded total revenue from sales of THB 13,374 million, decreased by THB 721 million or 5% YoY, recorded EBITDA of THB 613 million, decreased by 67% YoY and the net profit attributable to owners of the parent was THB 20 million, representing earnings per share of THB 0.02. Each business area's performance is as follows:

▲ YoY

- (-) For ethanol business, recorded total revenue of THB 3,965 million, decreased by THB 645 million or 14% YoY. Lower performance was mainly due to an increase in the price of main raw materials, cassava and molasses, which caused a decrease in ethanol sale volume 22% YoY in accordance with the number of raw materials available.
- (-) For biodiesel business (B100), recorded total revenue of THB 9,404 million, decreased by THB 78 million or 1% YoY. Lower performance was mainly due to the Committee on Energy Policy Administration (CEPA) announced to decrease biodiesel blending in high-speed diesel from B7 to B5 from February to September 2022 and increased to B7 in October 2022. Meanwhile, in 2021, the biodiesel blending in high-speed diesel was B10 as a standard grade, resulting in a 13% YoY decrease in biodiesel sale volume. In addition, costs associated with chemicals and energy have also increased.
- (+) For high-value bio-based products, recorded total revenue of THB 4 million, increased by THB 2 million or 86% YoY, from an increase in the launch of new products related to health and well-being under the brand B nature+ (B Nature Plus) more than the previous year, including “Calcium-LT plus UC-II” and 4 “Probiotics” formulations, and expanded more distribution channels both online, on TV, and at Bangkok Drug Store. Moreover, we are launching the Oat & Soy milk under the brand “More Day” for health lovers as well.

○ Gross Profit

For performance 2022, the Company and its subsidiaries recorded gross profit after deducting cost of goods sold of THB 464 million, decreased by THB 565 million or 55% YoY.

○ Distribution costs and administrative expenses

For performance 2022, the Company and its subsidiaries recorded distribution costs and administrative expenses of THB 310 million, which increased by THB 34 million or 12% YoY due to an increase in expenses related to the initial public offerings (IPO) and listing on the stock of exchange, as well as, expenses of promoting high-value bio-based products and developing new products.

○ Net Profit

For fiscal year 2022, the Company and its subsidiaries recorded net profit attributable to parent company at an amount of THB 20 million, a decrease of THB 940 million from the previous year. However, in 2021, the Company and its subsidiaries recorded profit from the recognition of a gain on fair value adjustment from changing in other non-current financial assets in the amount of THB 500 million. Excluding such impact that occurred in 2021, the Company and its subsidiaries recorded net profit attributable to parent company that decreased by THB 440 million.

Financial Position

Statement of Financial Position (THB Million)	31 Dec 2022	31 Dec 2021
Total Assets	14,106	12,907
Total Liabilities	3,825	6,003
Total Equity	10,281	6,904

○ Assets

As of the 31 December 2022, the Company and its subsidiaries had total assets in the amount of THB 14,106 million, an increase of THB 1,199 million or 9% compared to end of last year. The total assets at the end of December 2022 were separated into total current assets in the amount of THB 5,138 million equivalent to 36% of total assets and total non-current assets in the amount of THB 8,969 million equivalent to 64% of total assets, in which key changes were from an increase in cash and cash equivalents and current investment THB 2,251 million mainly from IPO.

○ Liabilities

As of the 31 December 2022, the Company and its subsidiaries had total liabilities THB 3,825 million, a decrease of THB 2,178 million or 36% compared to end of last year. The total liabilities at the end of December 2022 were separated into total current liabilities in the amount of THB 1,467 million equivalent to 38% of total liabilities and total non-current liabilities in the amount of THB 2,358 million equivalent to 62% of total liabilities, in which key changes in liabilities were short-term and long-term loans from financial institutions decreased by THB 1,007 million, bond repayment by THB 500 million, and lease liabilities decreased by THB 376 million mainly from purchasing the wastewater treatment pond and all related properties from KMS Material Supplies Co., Ltd.

○ Shareholders' Equity

As of the 31 December 2022, the Company and its subsidiaries had total shareholders' equity THB 10,281 million, an increase of THB 3,377 million or 49% compared to end of last year mainly resulting from an increase in paid-up share capital and share premium from IPO respectively.

Cash Flow Statement

As of 31 December 2022, the Company and subsidiaries had cash and cash equivalents in the amount of THB 1,414 million, details are as follow;

Cash Flows (THB Million)	2022	2021
Net cash from (used in) operating activities	463	1,742
Net cash from (used in) investing activities	(1,615)	(167)
Net cash from (used in) financing activities	2,183	(1,349)
Net increase (decrease) in cash and cash equivalents	1,031	226
Cash and cash equivalents at 1 January	384	157
Cash and cash equivalents at 31 December	1,414	384

Net cash received from operating activities was THB 463 million. The main items were from profit for the period, depreciation and amortization, and finance costs in the amount of THB 613 million.

Net cash used in investing activities was THB 1,615 million primarily due to the payment for the construction to expand the production of the ethanol plant of BBGI Bioethanol PLC. at Khon Kaen province and the construction of BBGI Utility and Power Co., Ltd. of THB 297 million and deposits cash in fixed deposit account THB 1,220 million,

Net cash received from financing activities was THB 2,183 million, mainly from net cash received from IPO by THB 4,464 million, cash used for repayment short-term of subsidiaries by THB 729 million, cash used for repayment long-term loans of subsidiaries by THB 577 million, cash used for purchasing the wastewater treatment pond and all related properties from KMS Material Supplies Co., Ltd. by THB 387 million, bond repayment by THB 500 million and dividend payment by THB 289 million.

Key Financial Ratios

	2022	2021
Gross Profit Margin (%)	3.47%	7.30%
Net Profit Margin (%)	0.72%	8.43%
Return On Equity (ROE) (%)	0.21%	15.21%
Return On Assets (ROA) (%)	1.26%	10.85%
Current Ratio (Times)	3.50	1.03
Interest Bearing Debt to Equity (IBD/E) (Times)	0.27	0.63

Note: Gross Profit Margin (%)	=	Gross Profit / Total Revenue
Net Profit Margin (%)	=	Net Profit / Total Revenue
Return on Equity (ROE) (%)	=	Profit Attributable to Owners of the Parent (Yearly) / Total Equity Attributable to Owners of the Parent (Average)
Return on Assets (ROA) (%)	=	EBIT (Yearly) / Total Asset (Average)
Current Ratio (Times)	=	Current Assets / Current Liabilities
Interest Bearing Debt to Equity (IBD/E) (Times)	=	Interest Bearing Debt / Total Equity