



บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE023/2023

February 17, 2023

Subject: Management's Discussion and Analysis for the year ended December 31, 2022

Attention: President

The Stock Exchange of Thailand

AI Energy Public Company Limited ("the Company") would like to submit the financial statement for the year ended December 31, 2022, which details are as following;

Operating results (Consolidated)	Y2022		Y2021		% Increase (Decrease)	
	Million		Million		Million	
	Baht	%	Baht	%	Baht	%
Revenue from sales and services	7,724.99	100.00%	6,431.56	100.00%	1,293.43	20.11%
Cost of sales and services	7,681.74	99.44%	5,890.19	91.58%	1,791.55	30.42%
Gross profit	43.25	0.56%	541.37	8.42%	(498.12)	-92.01%
Other income	21.16	0.27%	6.55	0.10%	14.61	223.05%
Selling and administrative expenses	107.85	1.40%	108.93	1.69%	(1.08)	-0.99%
Profit from operations	(43.44)	-0.56%	438.99	6.83%	(482.43)	-109.90%
EBITDA	73.00	0.94%	576.65	8.97%	(503.65)	-87.34%
Finance cost and tax income	1.61	0.02%	(4.54)	-0.07%	6.15	135.46%
Net profit	(22.13)	-0.29%	423.62	6.59%	(445.75)	-105.22%
Basic earnings per share (Baht per share)	(0.017)		0.324		(0.341)	

Net Profit

For the year ended December 31, 2022, the Company and subsidiaries (Consolidated) realized net Loss of 22.13 million Baht, profit decreased by 445.75 million Baht or 105.22% as compared to the same period of last year which incurred the realized net profit of 423.62 million Baht. However, the Company reported EBITDA in amounting of 73.00 million Baht, decreased by 503.65 million Baht or 87.34% as compared to the year 2021 which incurred at 576.65 million Baht. The decrease was mainly due to the Company's sale volume during January to September 2022 has been



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affected from the government's policy to adjust the biodiesel mandatory from B7 to B5. However, September 27, 2022, the Energy Regulatory Commission (ERC) No.14/2022 has a resolution for adjusting the proportion of biodiesel mandatory from B5 to B7, effective from October 10, 2022 to December 31, 2022, causing the sales volume in the last quarter to increase. However, the increase in adjust the biodiesel mandatory in the last quarter of year unable to make the sales volume of the year 2022 be higher than the year 2021. For the selling price, the average selling price increase from the year 2021. Whereas the raw material price in the year 2022 was in range between 28.93-61.22 Baht per Kilogram and the year 2021 was in range between 30.75-47.45 Baht per Kilogram (Source: Department of Internal Trade ('DIT'), Ministry of Commerce). Due to the fluctuation of CPO price in the year 2022, cause some time the realized cost CPO used in production was higher than the Company's product selling price approximately 8.00-10.00 Baht per Kilogram and the Company had to recognized loss from diminution in value of inventories amounting of 14.00 million Baht. 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 the year 2022, the Company and subsidiaries realized the revenue of 7,724.99 million Baht, increase by 1,293.43 million Baht or 20.11% as compared to the year 2021 which realized revenue of 6,431.56 million Baht, where the reasons are summarized as follows;

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

- For the year 2022, The sales volume decreased by 10.58% and the revenue from Biodiesel business decrease by 245.07 million Baht, or 5.03% as compared to the year 2021, the main factors are the average selling price of biodiesel was decrease in accordance to the price of CPO as the main raw material, as a result, the palm oil is increase from the global CPO market price to be much higher than CPO-DIT, cause the volume of exports was increased, consistent with in 2nd quarter of 2022, Indonesia, the world's biggest palm oil producer had imposed domestic market obligation schemes to ban CPO exports causing the price of CPO inflate. However, in late May 2022, Indonesia's government reversed a ban on its export, causing higher output in the global market and fear of recessions, as a result, the palm oil prices slumped in late June 2022. For the raw material price in year 2022 was in range between 28.93 – 61.22 Baht per Kilogram



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which increased from the same period of last year which incurred the range between 30.75-47.45 Baht per Kilogram (Source: DIT). For the sale volume, the Company has decreased in sale volume as compared to the same period of last year, the main factor is the adjustment in the blending biodiesel mandatory from B7 to B5 by the ERC's resolution on February 2022 to mitigate the impact of rising diesel prices for consumers, as the aforementioned measures, the demand and production of biodiesel were decreased. However, in September 2022, the ERC has lifted up the blending biodiesel mandatory from B5 to B7, which is effective from October 10, 2022 to December 31, 2022, in order to dilute the national safety stocks of CPO that tend to increase. Since the blending help reducing the retail price of diesel for 0.05-0.10 Baht per liter and also increase biodiesel' order.

- For the year 2022, the revenue from Edible Oil business has decreased by 126.06 million Baht, or 64.89% as compared to the year 2021. The sales volume decreased from the year 2021 by 71.92%, while the sales price average increase by 25.06%. 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 the year 2022, the revenue from Refined Glycerine business has increased by 54.23 million Baht or 15.91% from 2021. The main factor was the average selling price that increased for 25.58% but the sales volume has decreased by 7.70%. Due to the 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 global market had gradually declined, the buyers started decelerate purchasing orders and at their wait and see stances since in 3rd quarter of 2022. The average selling prices have started to decrease from 55.00 Baht/Kilogram in 1st quarter of 2022 to 30.00 Baht/Kilogram in 3rd quarter of 2022, and then down to 16.00 Baht/Kilogram in 4th quarter of 2022.
- In 2022, the revenue from raw material and by-products increased by 153.61% since the average selling price increased by 6.07% according to the industry's market price and the sales volume was increased by 139.09% as compared to 2021. In this regard, the revenue from selling raw materials, by-products and others is including export of CPO and sales of RBD palm oil, RBD palm kernel oil, palm fatty acids, palm



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kernel fatty acids, which is sold to manufactures in various downstream industries such as food, alternative energy, oleochemical industries.

1.2 Revenue from Production Services

In 2022, the revenue from production services were 36.87 million Baht or increased by 100% from 2021, which contributed from refined glycerine and RBD palm oil for edible oil tolling services. Presently, the Company considers the productions services as a tool to utilized the remaining capacities in some units, in order to reduce the fixed cost to improve cost per unit. However, the Company is considering to provide the tolling service to be suitable for the current situation of the Company.

2. Other Income

Other incomes consist of income from the sale of scrap materials, compensation from the Customs Department, biodiesel reserved services, penalties for late payment, and service fees. In 2022, the Company had other incomes of 21.16 million Baht, increased by 14.61 million Baht compared to 2021 with total other incomes of 6.55 million Baht, which was mainly due to the penalties for customer's late payment and reversal of loss on impairment of assets. Other incomes in 2022 can be divided into; the penalties for customer's late payment 4.34 million Baht, service fees 0.23 million Baht, sales of scrap materials 2.20 million Baht, gain from exchange rate 1.20 million Baht, biodiesel reserved services 0.72 million Baht, compensation from the Customs Department 0.32 million Baht, financial support from the Department of Employment 0.56 million Baht, reversal of loss from impairment of assets 11.40 million Baht.

Cost of Sales and Services

For the year 2022, the Company and subsidiaries' cost of sales and service of 7,681.74 million Baht, increased by 1,791.55 million Baht or 30.42% as compared to 2021 which realized cost of sales and service of 5,890.19 million Baht, where the reasons are summarized as follows;

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

For the year 2022, the Company's cost of sales was 7,652.43 million Baht, cost of sales to total revenue ratio was increased by 7.86% or increased 8.58%, as a result of the price of CPO, which has continued to decrease since the end of the 2nd quarter of 2022. Although, the Company still maintains a policy to manage the inventories' optimization efficiently which can be classified by product groups as follows;



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- In 2022, the Biodiesel's ratio of cost of sales to total revenue was increased by 9.69% or 10.53% as compared to the year 2021 due to the price CPO has been greatly and continuously reduced since the end of the 2nd quarter of 2022, causing the average cost of sales higher than the average selling price by 8.00-10.00 Baht/Kilogram. Therefore, the Company had to recognized loss from impairment in value of inventories of 14.00 million Baht. 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.
- In 2022, the edible oil's ratio of cost of sales to total revenue was increased by 1.83 % or 1.97% as compared to 2021 from the continuously decreased in raw material's price. However, the Company was possible to generate profit from this business unit since there were Made to Order. But the storage of CPO is not separatable, hence the cost of sales was fluctuated according to the raw material price during the changing period.
- For the year 2022, Refined Glycerine's ratio of cost of sales to total revenue was increased by 6.90% or 12.28% as compared to the year 2021. Due to the price of main raw materials has decreased causing the selling price to decrease.
- For the year 2022, the raw material and by-products' ratio of cost of sales to total revenue was increased by 0.49% or 0.49% as compared to the year 2021, due to the Company sold raw material to biodiesel producers and export raw materials at certain times that can be profitable.

2. Cost of Production Services

In 2022, the cost of production services was 29.31 million Baht, the cost of production to the total production service revenue ratio was 79.50%, which realized from refined glycerine and RBD palm oil (edible oil) tolling services in order to utilize the remaining production capacities and share the fixed cost of the Company.

Selling Expenses

For the year 2022, the Company and its subsidiaries' selling expenses were 28.62 million Baht, decreased by 1.52 million Baht or 5.04% as compared to the year 2021 due to the decreased in quantities sold.



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Administration Expenses

In 2022, the Company and subsidiaries' administration expenses were 79.23 million Baht, increased by 0.44 million Baht or 0.56%, compared to 2021 with the amount of 78.79 million Baht from the increased in employee' welfare-related expenses on COVID-19 preventive action. Also, the Company has realized the reversal of the allowance for doubtful loss of 22.64 million Baht.

Financial Cost and Expense (Income) Income Tax

The Company and its subsidiaries' financial cost was 0.17 million Baht, increased by 0.10 million Baht or 135.82% in 2022 from 2021 of 0.07 million Baht. The Company has received the expenses of income tax for 1.44 million Baht in 2022 and had income tax of 4.61 million Baht in 2021.

Statement of Financial Position

Unit: Million Baht

Consolidated Financial Statements	December 31, 2022	December 31, 2021	Increase (Decrease)	%
Cash and cash equivalents	102.34	286.70	(184.37)	-64.31%
Short-term investments	2.84	52.87	(50.03)	-94.62%
Trade and other receivables	538.16	611.39	(73.23)	-11.98%
Inventories	426.30	567.48	(141.17)	-24.88%
Other current assets	6.60	4.00	2.60	65.06%
Total current assets	1,076.24	1,522.44	(446.20)	-29.31%
Restricted bank deposits	56.40	56.40	0.00	0.00%
Property, plant and equipment	1,346.28	1,376.73	(30.45)	-2.21%
Other non-current assets	2.33	3.04	(0.70)	-23.17%
Total assets	2,481.25	2,958.61	(477.35)	-16.13%
Trade and other payables	417.33	554.33	(137.00)	-24.71%
Other current liabilities	48.59	59.63	(11.04)	-18.52%
Other non-current liabilities	10.64	9.36	1.29	13.76%
Total liabilities	476.56	623.32	(146.76)	-23.55%



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Unit: Million Baht

Consolidated Financial Statements	December 31, 2022	December 31, 2021	Increase (Decrease)	%
Shareholder's equity	2,004.69	2,335.29	(330.60)	-14.16%
Total liabilities and shareholder's equity	2,481.25	2,958.61	(477.36)	-16.13%

Assets

As of December 31, 2022, the Company and subsidiaries had total assets of 2,481.25 million Baht, decreased by 477.35 million Baht or 16.13% from December 31, 2021, due to decreased of sale volume resulting in a decrease in trade and other receivables, in addition the reverse from the allowance for doubtful debt, and decreased in inventories, but the main factor is the Company has emphasized on managing raw materials and inventories to mitigate the impact from loss from the diminution in value of inventories from the raw material price volatility.

Liabilities

As of December 31, 2022, the Company and subsidiaries had total liabilities of 476.56 million Baht, decreased by 146.76 million Baht or 23.55% from December 31, 2021, due to the decrease in raw material prices and the inventories optimization at minimum resulting the decrease in the amount of trade accounts payable.

Shareholders' equity

As of December 31, 2022, the Company and subsidiaries had total shareholders' equity of 2,004.69 million Baht, decreased from the year ended 2021 by Baht 330.60 million or 14.16%, due to dividend payments and operating losses.



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Please be informed according

Yours Sincerely,

AI Energy Public Company Limited

Miss Pimwan Thareratanavibool

Managing Director

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