

Management Discussion & Analysis

BBGI Public Company Limited

Earning Results

For the 1st Quarter Period Ended March 31st, 2023



Executive Summary

| | Q1/2023 | Q1/2022 | YoY | Q4/2022 | QoQ |
|-----------------------------------------------|---------|---------|------|---------|------|
| Ethanol Sale Volume (Million Liters) | 28.09 | 38.19 | -26% | 37.60 | -25% |
| Average Ethanol Reference Price (Baht/Liter)* | 29.20 | 25.58 | 14% | 29.53 | -1% |
| Biodiesel Sale Volume (B100) (Million Liters) | 67.06 | 51.06 | 31% | 63.94 | 5% |
| Average B100 Reference Price (Baht/Liter)* | 33.74 | 53.69 | -37% | 34.85 | -3% |

*From Energy Policy and Planning Office (EPPO), Ministry of Energy

| THB Million | Q1/2023 | Q1/2022 | YoY | Q4/2022 | QoQ |
|-----------------------------------------------------------|-------------|------------|--------------|-----------|--------------|
| Sales revenue | 2,942 | 3,740 | -21% | 3,270 | -10% |
| Gross profit | 75 | 320 | -77% | 112 | -33% |
| Profit (loss) attributable to owners of the Parent | (31) | 130 | -124% | 15 | -304% |

For performance Q1/2023, the situation of canceling China's ZERO-COVID measures, causing China to reopen the country faster, and the recovery of the tourism sector and domestic consumption will help propel the Thai economy to recover continuously. In addition, headline inflation is slowing down, but maintaining a high level, reflecting the progressive transfer of costs from producers to consumer prices during a period of better economic recovery in Thailand and increasing demand-side inflationary pressures. However, the production of biofuels is still faced with several risk factors, such as (1) the Russia – Ukraine crisis affects global supply and Thailand's agro-industry, which is highly dependent on world market demand. (2) Climate change makes entrepreneurs who use agricultural products as raw materials have to face more fluctuating performance, etc. The government's policy on biofuel promotion, the Committee on Energy Policy Administration (CEPA) announced that the blending ratio of biodiesel in high-speed diesel will be B7 until September 30, 2023. Meanwhile, a plan to promote the use of gasohol E20 as base gasoline through the use of the mechanism of selling prices by reducing the subsidy of gasohol E85 from the oil fund since Q4/2022 onwards, resulting in a decrease in demand for ethanol. Nevertheless, the government implements measure to promote the use of gasohol E20 as base gasoline and the economy recovery will lead to an increase in the demand of ethanol in the future.

BBGI Public Company Limited ("the Company") and its subsidiaries recorded total revenue from sales of THB 2,942 million, decreased by 21% YoY and decreased by 10% QoQ with EBITDA of THB 107 million, decreased by 69% YoY and decreased by 26% QoQ, and net loss attribute to owners of the parent at THB 31 million. Performance of each business group are as follow:

| ▲ YoY | ▲ QoQ |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(-) The contribution from the ethanol business declined mainly due to a decrease in sales volumes in accordance with sales management plan.</p> <p>(-) Although the sale volume of biodiesel increased 31% due to the government's policy of increasing biodiesel blending in high-speed biodiesel from B5 to B7, however, the contribution from the biodiesel business dropped mainly due to a decrease in the selling price of biodiesel and by-products such as glycerin and refined glycerin.</p> | <p>(-) The contribution from the ethanol business declined mainly due to a decrease in sales volumes in accordance with sales management plan.</p> <p>(+) The contribution from the biodiesel business increased mainly due to a decrease in raw material cost, energy costs, and chemical costs.</p> |

Significant Events in Q1/2023

The ethanol production plant in Khon Kaen starts trial production with an expansion capacity of 350,000 liters per day.

Molasses ethanol production plant, Nam Phong District, Khon Kaen province, of BBGI Bioethanol Public Company Limited (BBGI holds 100%), with capacity expansion from 150,000 liters per day to 350,000 liters per day started trial production and sold on March 13, 2023. Increasing the company's overall ethanol production capacity from 600,000 liters per day to 800,000 liters per day.

Signed a commercial cooperation agreement for a Bio-Transformer Oil development and production project.

On March 8 2023, BBGI Biodiesel Company Limited (BBGI holds 70%) signed a commercial cooperation agreement with SCG Chemicals Public Company Limited (SCGC) and QTC Energy Public Company Limited (QTC) in the development and production of Bio-Transformer Oil for the first trial production in Thailand and extending to commercial production in accordance with the BCG (Bio-Circular-Green Economy) policy.

BBGI announced another dividend payment of 0.05 Baht per share, payable on May 3, 2023.

The 2023 Annual General Meeting of Shareholders ("AGM") on April 5, 2023 of BBGI, resolved to approve a dividend payment for the year 2022 at 0.25 Baht per share, totaling THB 361.50 million. However, the Company paid an interim dividend in year 2022 at 0.20 Baht per share, totaling THB 289.20 million. The remaining dividend will be paid at 0.05 Baht per share, totaling 72.30 million. Payment will be made on May 3, 2023.

BBGI increased stake in BBGI Bioethanol (Chachoengsao) Company Limited.

BBGI Public Company Limited (BBGI) increased its stakes in BBGI Bioethanol (Chachoengsao) Company Limited ("BBGI-PS") which operates in the business of production and distribution of ethanol with a plant located in Phanom Sarakham, Chachoengsao province, with a capacity of 150,000 Liters per day, from Sima Inter Product Company Limited on May 2, 2023. Causing its stakes to increase from 85% to 100%.

Launched a new formula of calcium products - "Calcium-LT Advance" under the brand "B Nature+."

BBGI Public Company Limited (BBGI) launched a new formula of calcium supplements, "Calcium-LT Advance", under the brand "B Nature Plus" (B Nature+). Increase the amount of calcium L-thionate obtained from corn up to 50%, strengthen bone mass, take care knee joints and teeth, as well as, add vitamin C and D that reduce inflammation, a major cause of bone loss, help with calcium absorption, and preventing the loss of calcium from various processes related to the bones in the body. Available through online channels including Facebook (BNaturePlus), Line official (@BNaturePlus), Shopee (B Nature+ Official Store), Lazada (B Nature+) and KONVY

(B nature+) and sold through other leading stores including Inthanin, Bangkok Drugstore, and television channels via True Shopping.

Group Business Performance

| THB Million | Q1/2023 | Q1/2562 | YoY | Q4/2022 | QoQ |
|-----------------------------------------------------------|---------------|-------------|---------------|-------------|---------------|
| Sales revenue | 2,942 | 3,740 | (21%) | 3,270 | (10%) |
| Cost of goods sold | (2,867) | (3,420) | (16%) | (3,158) | (9%) |
| Gross profit | 75 | 320 | (77%) | 112 | 33% |
| Other income | 14 | 8 | 83% | 11 | 23% |
| Distribution costs and administrative expenses | (90) | (85) | 6% | (85) | 6% |
| Share of profit (loss) of associate and joint venture | (4) | (1) | (356%) | (2) | (139%) |
| Profit (loss) before finance costs and tax expense | (5) | 242 | (102%) | 36 | (115%) |
| Finance costs | (19) | (26) | (27%) | (20) | (4%) |
| Tax expense | (1) | (18) | (93%) | 3 | 149% |
| Profit (Loss) for the period | (26) | 197 | (113%) | 19 | (239%) |
| Profit (loss) attributable to owners of the Parent | (31) | 130 | (124%) | 15 | (304%) |
| Basic earnings per share (in Baht) | (0.02) | 0.12 | | 0.01 | |

Note : Basic earnings per share for the period ended March 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.

As for performance in Q1/2023, the Company and its subsidiaries recorded total revenue from sales of THB 2,942 million, decreased by 21% YoY and decreased by 10% QoQ, recorded EBITDA of THB 107 million, decreased by 69% YoY and decreased by 26% QoQ, and the net loss attributable to owners of the parent was THB 31 million, representing loss per share of THB 0.02. Each business area's performance is as follows:

○ Sales Revenue

Performance in Q1/2023, the Company and its subsidiaries recorded total revenue from sales of THB 2,942 million, decreased by THB 798 million or 21% YoY and decreased by THB 328 million or 10% QoQ. Details are as follow;

- (1) Revenue from the production and distribution of ethanol business amounted to THB 823 million, decreased by THB 164 million, or 17% YoY, and decreased by 326 million, or 28% QoQ, due to a decrease in ethanol sale volume in accordance with the sales management plan. In addition, a government plan to encourage the use of gasohol E20 as base gasoline through a mechanism of selling prices by reducing the subsidy of gasohol E85 from the oil fund since Q4/2022 onwards has resulted in a decrease in demand for ethanol. However, the government implements measures to promote the use of gasohol E20 as base gasoline and the economy recovers from

the recovery of tourism sector and domestic consumption, there will be an increase in the demand for ethanol in the future.

- (2) Revenue from the production and distribution of biodiesel business amounted to THB 2,117 million, decreased by THB 636 million, or 23% YoY, and decreased by 2 million, or 0.1% QoQ. Although biodiesel sale volume increased after the Committee on Energy Policy Administration (CEPA) announced to increase biodiesel blending in high-speed diesel from B5 to B7 from October 10, 2023 onwards, the selling price of biodiesel decreased in accordance with domestic crude palm oil prices due to a high level of domestic crude palm oil stock and the products of crude palm oil continuously release to the market. Meanwhile, domestic demand held steady in the consumption and energy sectors. In addition, the selling price of by-products such as glycerin and refined glycerin also decreased.
- (3) Revenue from the high-value bio-based products amounted to THB 2 million, an increase of 361% YoY, from launching new health and well-being products under the brand "B Nature Plus" (B Nature+), such as "Calcium-LT plus UC-II", "Probiotics 4 Formulas," and "Calcium-LT Advance". In addition, distribution channels have been expanded, including online, television, and more Bangkok drugstores. Additionally, the company launched oat milk mixed with soy milk products under the "More Day" brand for health lovers. Despite a reduction of 22% QoQ because there were sales promotions in Q4 2022 for products during the year-end festival.

○ Gross Profit

In Q1/2023, the Company and its subsidiaries recorded profit after deducting the cost of goods sold of THB 75 million, which decreased by THB 245 million, or 77% YoY, primarily due to a decrease in the selling price of biodiesel and the selling price of by-products such as glycerin and refined glycerin according to market situations. Decrease by THB 37 million, or 33% QoQ, mainly due to a decrease in ethanol sales volumes in accordance with the sales management plan.

○ Distribution costs and administrative expenses

For the period of Q1/2023, the Company and its subsidiaries recorded distribution costs and administrative expenses of THB 90 million, increased by THB 5 million, or 6% YoY, and increased by THB 5 million, or 5% QoQ, because the Company has more expenses related to the promotion of high-value bio-based products and the development of new products. In addition, during Q1/2023, the ethanol production plant No.1 of BBGI Bioethanol Public Company Limited, Nam Phong District, Khon Kaen Province, was temporarily shut down, and the operating expenses related to the cessation of production were transferred to administrative expenses.

○ Net Profit

In Q1/2023, the Company and its subsidiaries recorded net loss attributable to parent company at amount of THB 31 million, decreased by THB 161 million YoY and decreased by THB 46 million QoQ.

Financial Position

| Statement of Financial Position (THB Million) | 31 Mar 2023 | 31 Dec 2022 |
|--------------------------------------------------|-------------|-------------|
| Total Assets | 14,944 | 14,106 |
| Total Liabilities | 4,720 | 3,825 |
| Total Equity | 10,224 | 10,281 |

○ Assets

As of 31st March 2023, the Company and its subsidiaries had total assets in the amount of THB 14,944 million, an increase of THB 838 million or 6% compared to end of last year. The total assets at the end of March 2023 were separated into total current assets in the amount of THB 6,088 million equivalent to 41% of total assets and total non-current assets in the amount of THB 8,856 million equivalent to 59% of total assets, in which the key change was from an increase in inventory THB 1,362 million from supply raw materials and ethanol.

○ Liabilities

As of 31st March 2023, the Company and its subsidiaries had total liabilities THB 4,720 million, an increase of THB 895 million or 23% compared to end of last year. The total liabilities at the end of March 2023 were separated into total current liabilities in the amount of THB 2,603 million equivalent to 55% of total liabilities and total non-current liabilities in the amount of THB 2,117 million equivalent to 45% of total liabilities, in which the key changes in liabilities were short-term loans from financial institutions increased by THB 853 million for raw material procurement and working capital, account payable increased by THB 223 million from raw materials procurement, and long-term loans from financial institutions decreased by THB 173 million from loan repayment.

○ Shareholders' Equity

As of 31st March 2023, the Company and its subsidiaries had total shareholders' equity THB 10,224 million, a decrease of THB 57 million or 1% compared to end of last year.

Cash Flow Statement

In Q1/2023, the Company and subsidiaries had cash and cash equivalents in the amount of THB 2,513 million, details are as follow;

| Cash Flows (THB Million) | 31 Mar 2023 | 31 Dec 2022 |
|------------------------------------------------------|-------------|-------------|
| Net cash from (used in) operating activities | (642) | (116) |
| Net cash from (used in) investing activities | 1,078 | (1,201) |
| Net cash from (used in) financing activities | 663 | 4,160 |
| Net increase (decrease) in cash and cash equivalents | 1,099 | 2,842 |
| Cash and cash equivalents at 1 January | 1,414 | 384 |
| Cash and cash equivalents at 31 March | 2,513 | 3,226 |

Net cash used in operating activities was THB 642 million. The main items that affected a decrease in cash was derived from payment for raw materials procurement in the amount of THB 1,355 million.

Net cash received from investing activities was THB 1,078 million, mainly from cash received from short-term investments due for bank deposits in the amount of THB 1,120 million and cash payment for the construction to expand the ethanol plant of BBGI Bioethanol Public Company Limited at Khon Kaen province and the construction of BBGI Utility and Power Co., Ltd. of THB 50 million.

Net cash received from financing activities was THB 663 million, mainly from cash received from short-term loans from financial institutions for raw materials procurement and working capital in the amount of THB 853 million and cash payment for repayment long-term loans from financial institutions THB 173 million.

Key Financial Ratios

| | Q1/2023 | Q1/2022 | Q4/2022 |
|-------------------------------------------------|---------|---------|---------|
| Gross Profit Margin (%) | 2.54% | 8.55% | 3.42% |
| Net Profit Margin (%) | -0.89% | 5.27% | 0.57% |
| Return On Equity (ROE) (%) | -1.37% | 12.15% | 0.21% |
| Return On Assets (ROA) (%) | -0.36% | 9.62% | 1.26% |
| Current Ratio (Times) | 2.34 | 2.79 | 3.50 |
| Interest Bearing Debt to Equity (IBD/E) (Times) | 0.34 | 0.35 | 0.27 |

| | | |
|-------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------|
| 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 |