



บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE160/2023

November 14, 2023

**Subject:** Management's Discussion and Analysis for 3<sup>rd</sup> quarter of 2023 ended as of September 30<sup>th</sup>, 2023

**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 2023 ended as of September 30, 2023, 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		%
	2023	2023	2022	YoY	QoQ	2023	2022	
Revenue from sales and services	1,811.21	2,200.24	1,306.80	38.60%	-17.68%	6,032.06	5,764.92	4.63%
Cost of sales and services	1,791.36	2,161.56	1,420.50	26.11%	-17.13%	5,955.42	5,689.40	4.68%
Gross profit	19.85	38.68	(113.70)	117.46%	-48.68%	76.64	75.52	1.48%
Other income	1.31	2.29	1.24	5.99%	-42.89%	5.48	4.46	22.95%
Selling and administrative expenses	26.12	30.13	26.26	-0.54%	-13.31%	85.96	76.77	11.97%
Profit from operations	(4.98)	10.59	(138.73)	96.41%	-147.03%	(4.10)	3.05	-234.37%
EBITDA	29.00	44.16	(85.40)	133.96%	-34.33%	81.06	137.79	-41.17%
Finance cost and tax income	0.00	0.01	(4.23)	100.00%	-100.00%	0.02	3.02	-99.37%
Net profit	(4.97)	10.83	(142.80)	96.52%	-145.89%	(3.86)	22.79	-116.93%
Basic earnings per share (Baht per share)	(0.0036)	0.0080	(0.1085)	96.69%	-145.03%	(0.0028)	0.0173	-116.39%

### Net Profit

For 3<sup>rd</sup> quarter of 2023 (July 1 - September 30, 2023), the Company and subsidiaries (Consolidated) realized net loss of Baht 4.97 million, net loss decreased by Baht 137.83 million or 96.52% as compared to the same period of last year which incurred the realized net loss of Baht 142.80 million, net profit decreased by Baht 15.80 million or 145.89% as compared to the 2<sup>nd</sup> quarter of 2023 (April 1 - June 30, 2023), which incurred the realized net profit of Baht 10.83 million. For the nine-month period ended September 30, 2023, the Company and subsidiaries (Consolidated) realized net loss of Baht 3.86 million, net profit decreased by Baht 26.64 million or 116.93% as compared to the same period of last year which incurred net profit of Baht 22.79 million. However, for 3<sup>rd</sup> quarter of 2023 the Company reported profit EBITDA in amounting of Baht 29.00 million, increased by Baht 114.40 million or 133.96 % as compared to the same period of last year, which incurred loss EBITDA of Baht 85.40 million, and profit EBITDA decrease by Baht 15.16 million or 34.33% as compared to the 2<sup>nd</sup> quarter of 2023 which incurred profit EBITDA of Baht 44.16 million. For the nine-



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month period ended September 30, 2023, the Company reported profit EBITDA in amounting of Baht 81.06 million, decreased by Baht 56.73 million or 41.17% as compared to the same period of last year which incurred profit EBITDA of Baht 137.79 million. The decrease in operating results was mainly due to the price of raw materials has decreased according to the foreign market price, and still fluctuate within a tight range for an extended period (sideway). The company still manages the turnover of inventories for maximum efficiency.

## **Revenue**

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

For 3<sup>rd</sup> quarter of 2023, the Company and subsidiaries realized the revenue of Baht 1,811.21 million, increased by Baht 504.41 million or 38.60% as compared to the same period of last year which incurred revenue of Baht 1,306.80 million and decreased by Baht 389.02 million or 17.68% as compared to the 2<sup>nd</sup> quarter of 2023, which realized revenue of Baht 2,200.24 million. For the nine-month period ended September 30, 2023, the Company and subsidiaries realized the revenue of Baht 6,032.06 million, increased by Baht 267.14 million or 4.63% as compared to the same period of last year which realized revenue of Baht 5,764.92 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 2023, the revenue from Biodiesel business decreased by Baht 235.44 million or 15.58% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023 the revenue from Biodiesel business increased by Baht 872.41 million or 26.87% as compared to the same period of last year. The main reason is due to the government's policy to adjust the biodiesel mandatory increased from B5 to B7, effective from October 10, 2022 onwards. For the selling price in 3<sup>rd</sup> quarter of 2023, the average selling price of biodiesel was continued to decline in accordance to the price of CPO. This reduction was due to the price of Malaysian CPO falling in line with the price of soybean oil. In which the price condition is in a state of sideway together with the global economic recession, causing demand in the market to decrease. As a result, the price of CPO has decreased. The price of raw materials in the 3<sup>rd</sup> quarter of 2023, has decreased from the same period of last year by 12.50% (Ref: DIT).
- For 3<sup>rd</sup> quarter of 2023, the revenue from Edible Oil business increased by Baht 28.81 million, or 124.74% as compared to the same period of last year, and the revenue increased by Baht 39.52 million or 318.89% as compared to the 2<sup>nd</sup> quarter of 2023, for the nine-month period ended September 30, 2023, the revenue increased by Baht 45.89 million, or 91.92%, because of acquiring new industrial customers therefore sales volume increased. The Company has emphasized on industrial customers, which likely enter short-term contract 1-3 months with specific quantities and delivery term (Made to Order), so that the cost of sales is manageable.



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- For 3<sup>rd</sup> quarter of 2023, the revenue from Refined Glycerine business decreased by Baht 4.05 million or 5.87% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023, the revenue decreased by Baht 137.04 million or 38.96%, the main factors from the selling price are decreased by 58.31% as compared to the same period of last year, the decline in selling price of Refined Glycerine was due to supply exceed global demand, which Indonesia increases its biodiesel blending mandate to B35. Therefore, the selling price of Refined Glycerine continued to decrease.
- For 3<sup>rd</sup> quarter of 2023, the revenue from raw material and by-product increased by Baht 19.55 million, or 4.98% as compared to the same period of last year, and the revenue decreased by Baht 189.86 million or 31.54% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023, the revenue decreased by Baht 502.19 million or 24.12% as compared to the same period of last year, from sales of raw materials to the customer in oleochemical industry and exporting during profitable periods. However, the Company will only sell by-products that excess the need of its biodiesel and refined glycerine productions.

## 1.2 Revenue from Production Services

For 3<sup>rd</sup> quarter of 2023, the revenue from production services increased by Baht 1.89 million or 42.33% as compared to the same period of last year. As compared to the 2<sup>nd</sup> quarter of 2023, the revenue from production services decreased by Baht 189.86 million or 31.54%. For nine-month ended September 30, 2023, the revenue from production services decreased by Baht 11.90 million or 33.78% as compared to the same period of last year. Due to the Refined Glycerine production services has decreased. However, the Company is considering to provide production service to utilized excess capacity under appropriated situation.

## 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 2023, the Company and its subsidiaries had revenue from other income of Baht 1.31 million, increased by Baht 0.07 million, or 5.99% as compared to the same period of last year, and other income decreased by Baht 0.98 million or 42.89% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023 increased by Baht 1.02 million, or 22.95% as compared to the same period of last year which incurred Baht 4.46 million from providing oil storage service.

## Cost of Sales and Services

For 3<sup>rd</sup> quarter of 2023, the Company and subsidiaries' cost of sales and services was Baht 1,791.36 million, decreased by Baht 370.20 million or 17.13% as compared to the 2<sup>nd</sup> quarter of 2023 which incurred cost of sales and service of Baht 2,161.56 million.



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For the nine-month period ended September 30, 2023, the Company and subsidiaries realized cost of sales and service of Baht 5,955.42 million, increased by Baht 307.96 million or 5.45% as compared to the same period of last year which incurred cost of sales and service of Baht 5,647.46 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 2023, the Company's cost of sales to total revenue ratio was decreased by 9.80% as compared to the same period of last year and increased by 0.66% as compared to the 2<sup>nd</sup> quarter of 2023 and for the nine-month period ended September 30, 2023, the Company's cost of sales to total revenue ratio was increased by 0.77% as compared to the same period of last year, according to the fluctuation of CPO price over time. Although, the Company 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 2023, the Biodiesel's ratio of cost of sales to total revenue was increased by 0.84% or 0.86% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023, the Biodiesel's ratio of cost of sales to total revenue was decreased by 1.17% as compared to the same period of last year, due to the price of raw materials that fluctuate over time. However, the Company has emphasised on controlling production yield and managing inventory turnover rate by keeping it in between 15-25 days to mitigate the risk from the raw material prices' fluctuation, which is an important factor of the Company's profitability.
- For 3<sup>rd</sup> quarter of 2023, the edible oil's ratio of cost of sales to total revenue was increased by 2.09% or 2.21% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023, the edible oil's ratio of cost of sales to total revenue was decreased by 2.14 % or 2.22% as compared to the same period of last year. However, the Company was possible to generate profit from this business unit since there were Made to Order, which is allowed the Company maintaining profitable sales. But the storage of CPO cannot be stored separately. As a result, the production cost fluctuates according to the CPO price during the changing period.
- For 3<sup>rd</sup> quarter of 2023, Refined Glycerine's ratio of cost of sales to total revenue was increased by 11.94% or 12.80% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023, the ratio of cost of sales to total revenue was increased by 25.61% or 41.03% as compared to the same period of last year, due to the decreased in the selling price.
- For 3<sup>rd</sup> quarter of 2023, the raw material and by-products' ratio of cost of sales was decreased by 0.66% or 0.65% as compared to the 2<sup>nd</sup> quarter of 2023, and for the nine-month period ended September 30, 2023, the ratio of cost of sales was decreased by 0.49% or 0.48% as compared to the same period of last year. However, the Company still determines the cost of sales of by-products according to the market price of the products expected to be sold.



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## 2. Cost of Services

For 3<sup>rd</sup> quarter of 2023, the ratio of cost from production services decreased by 9.80% or 9.01% as compared to the same period of last year, and was increased by 0.66% or 0.67% as compared to the 2<sup>nd</sup> quarter of 2023, and nine-month ended September 30, 2023 was increased by 0.77% or 0.78% as compared to the same period of last year, from the production services for edible oil in the nine-month period of year 2023 and the production services for Refined glycerine in the same period of 2022.

### Selling Expenses

For 3<sup>rd</sup> quarter of 2023, the Company and its subsidiaries' selling expenses were Baht 8.24 million, increased by Baht 0.62 million or 8.19% as compared to the same period of last year and decreased by Baht 2.31 million or 21.90% as compared to the 2<sup>nd</sup> quarter of 2023, the main factor is the decline in exporting expenses. For the nine-month period ended September 30, 2023, the Company and its subsidiaries' selling expenses were Baht 29.14 million, increased by Baht 11.43 million or 64.54% as compared to the same period of last year due to the transportation expenses were increased according to the terms of delivery agreed.

### Administration Expenses

For 3<sup>rd</sup> quarter of 2023, the Company and subsidiaries' administration expenses were Baht 17.87 million, decreased by Baht 0.77 million or 4.13% as compared to the same period of last year which incurred Baht 18.64 million which decreased by Baht 1.70 million or 8.68% as compared to the 2<sup>nd</sup> quarter of 2023. For the nine-month period ended September 30, 2023, the Company and its subsidiaries' selling expenses were Baht 56.82 million, decreased by Baht 2.24 million or 3.78% as compared to the same period of last year were Baht 59.05 million from the decline in employee welfare and consulting expenses.

### Financial Cost and Income Tax Expense

For 3<sup>rd</sup> quarter of 2023, the Company and subsidiaries incurred financial cost of Baht 0.003 million, decreased by 40.00% as compared to the same period of last year of Baht 0.01 million, and decreased by Baht 0.007 million or 75.00% as compared to the 2<sup>nd</sup> quarter of 2023 of Baht 0.01 million, and for the nine-month period ended September 30, 2023 incurred financial cost of Baht 0.02 million, decreased by Baht 0.15 million or 88.69% as compared to the same period of last year.

For 3<sup>rd</sup> quarter of 2023, the Company and subsidiaries' (income) tax income has decreased by Baht 4.23 million or 100% as compared to the same period, and for the nine-month period ended September 30, 2023 the Company and subsidiaries' (income) tax income was decreased by Baht 2.85 million or 100% as compared to the same period of last year.



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**Statement of Financial Position**

Consolidated	September 30, 2023	December 31, 2022	Unit : Million Baht	
			Increase (Decrease)	%
Cash and cash equivalents	226.36	102.34	124.03	121.19%
Short-term investments	2.60	2.84	(0.24)	-8.51%
Trade and other receivables	419.50	538.16	(118.66)	-22.05%
Inventories	382.91	426.30	(43.40)	-10.18%
Other current assets	6.89	6.60	0.29	4.43%
<b>Total current assets</b>	<b>1,038.26</b>	<b>1,076.24</b>	<b>(37.98)</b>	<b>-3.53%</b>
Restricted bank deposits	64.09	56.40	7.69	13.64%
Property, plant and equipment	1,280.07	1,346.28	(66.21)	-4.92%
Other non-current assets	3.84	2.33	1.51	64.65%
<b>Total assets</b>	<b>2,386.26</b>	<b>2,481.25</b>	<b>(94.99)</b>	<b>-3.83%</b>
Trade and other payables	283.43	417.33	(133.90)	-32.09%
Other current liabilities	32.17	48.59	(16.42)	-33.79%
Other non-current liabilities	12.44	10.64	1.79	16.83%
<b>Total liabilities</b>	<b>328.03</b>	<b>476.56</b>	<b>(148.53)</b>	<b>-31.17%</b>
Shareholder's equity	2,058.24	2,004.69	53.54	2.67%
<b>Total liabilities and shareholder's equity</b>	<b>2,386.26</b>	<b>2,481.25</b>	<b>(94.99)</b>	<b>-3.83%</b>

**Assets**

As of September 30, 2023, the Company and subsidiaries had total assets of Baht 2,386.26 million, decreased by Baht 94.99 million or 3.83% from December 31, 2022, due to the decreased in trade receivables of Baht 118.66 million, and inventories of Baht 43.40 million. Due to the price of CPO being declined. The Company has emphasized on managing raw materials and inventories for to mitigate impact from devaluation of inventories

**Liabilities**

As of September 30, 2023, the Company and subsidiaries had total liabilities of Baht 328.03 million, decreased by Baht 148.53 million or 31.17%, which were caused by the decreased in raw material prices and managed the inventories turnover by controlling the minimum stock of raw materials resulting the decreased in trade payables.



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**Shareholders' equity**

As of September 30, 2023, the Company and subsidiaries had total shareholders' equity of Baht 2,058.24 million, increased from the year ended 2022 by Baht 53.54 million or 2.67%. The main reason was the exercised of rights of AIE-W2 in May 2023 for Baht 57.40 million, which are allocated to the existing shareholders and had realized a net loss from operations as of September 30, 2023 for Baht 3.86 million.

Please be informed according

Yours Sincerely,

AI Energy Public Company Limited

Miss Pimwan Thareratanavibool

Managing Director

Corporate Secretary Tel: 034-877-485-8 Ext. 500 Email: [ir@aienergy.co.th](mailto:ir@aienergy.co.th)