



บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE 175/2021

November 12, 2021

**Subject:** Management's Discussion and Analysis for 3<sup>rd</sup> quarter ended as of September 30, 2021

**Attention:** President

The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to submit the financial statement for 3<sup>rd</sup> quarter ended as of September 30, 2021, (1 July - 30 September), which details are as following;

Results	3 <sup>rd</sup> quarter 2021		3 <sup>rd</sup> quarter 2020		YoY		2 <sup>nd</sup> quarter 2021		QoQ	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Sale	1,514.32	100.00%	1,030.23	100.00%	484.09	46.99%	1,404.30	100.00%	110.02	7.83%
Cost of Goods Sold	(1,405.95)	(92.84%)	(948.15)	(92.03%)	457.80	48.28%	(1,283.14)	(91.37%)	122.82	9.57%
NRV	0.00	0.00%	2.55	0.25%	(2.55)	(100.00%)	0.00	0.00%	0.00	0.00%
Gross Profit (Loss)	108.37	7.16%	84.63	8.21%	23.74	28.05%	121.17	8.63%	(12.80)	(10.56%)
Other Income	1.05	0.07%	1.06	0.10%	(0.01)	(1.13%)	1.40	0.10%	(0.36)	(25.28%)
SG&A	(27.04)	(1.79%)	(29.96)	(2.91%)	(2.93)	(9.76%)	(50.37)	(3.59%)	23.33	46.32%
Tax Expense	0.03	0.002%	(0.75)	(0.07%)	(0.77)	(103.62%)	4.36	0.31%	4.33	(99.38%)
Net Profit (Loss)	82.41	5.44%	54.98	5.34%	27.42	49.88%	76.56	5.45%	5.85	7.64%
Earnings per share (Baht per share)	0.016		0.011		0.005	45.45%	0.015		0.00	6.67%
Net Profit (Loss) After adjusted	111.89	7.39%	87.32	8.48%	24.58	28.15%	124.66	8.88%	(12.77)	(10.24%)
EBITDA										

### Net Profit (Loss)

The Company and subsidiaries (Consolidated) realized net profit of 82.41 million Baht in the 3<sup>rd</sup> quarter of 2021, and net profit of 54.98 million Baht in the 3<sup>rd</sup> quarter of 2020. The Company's net profit has increased by 27.42 million Baht or 49.88 % from the previous year. When compared the 3<sup>rd</sup> quarter of 2021 to the net profit of 76.56 million Baht in the 2<sup>nd</sup> quarter of 2021, the net profit increased by 5.85 million Baht or increased 7.64%. In the 3<sup>rd</sup>



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quarter of 2021, the Company realized the after adjusted EBIDA of 111.89 million Baht, which increased from the 3<sup>rd</sup> quarter of 2020 by 24.58 million Baht or 28.15%. To compare with the 2<sup>nd</sup> quarter of 2021, which had the after adjusted EBITDA of 124.66 million Baht, decreased by 12.77 million Baht or 10.24%.

In the 3<sup>rd</sup> quarter of 2021, The Company (Separate) has realized net profit of 86.13 million Baht compared to net profit of 57.48 million Baht in the 3<sup>rd</sup> quarter of 2020. The Company's net profit has increased by 28.64 million Baht or 49.83%. Overall, the Company's biodiesel sales volume has decreased, when compared to those in the 3<sup>rd</sup> quarter of 2020. This is due to the demand for diesel in logistic sector has been dropped, which affected by the COVID-19 pandemic causing the government to extend the period of the emergency decree further, together with entering the rainy season. Moreover, the demand for biodiesel consumption is under the expectation after the announcement of biodiesel blending mandatory changed from B7 to B10. However, the average biodiesel selling price is significantly increased, which tracked the Crude Palm Oil (CPO) price in the 3<sup>rd</sup> quarter of 2021 (Source: DIT) was 36.00-37.50 baht/kg, an increase from the same quarter of the previous year at 12.00 - 15.00 baht/kg, or 70.00% - 75.00%, mainly due to the decline in the CPO stock from the level of 400,000 tons in the 3<sup>rd</sup> quarter of 2020 into the level of 200,000 tons at the end of 3<sup>rd</sup> quarter of 2021 caused by lower crop in the harvest season and CPO was exporting new time high because the global price is higher than domestic. In addition, the price of raw materials abroad is higher than in local. However, the Company aware of the price fluctuation risks, has set the policy determined especially in raw material procurement procedures. The Company attempt to maintain a faster inventory turnover, where raw material (CPO) and product (Biodiesel) were stocked during 15-20 days. Besides, the Company emphasis on efficiently control production yield.

Subsidiaries realized net loss of 3.72 million Baht in the 3<sup>rd</sup> quarter of 2021 and net loss of 2.50 million Baht in the 3<sup>rd</sup> quarter of 2020, which both subsidiaries company's operations are ceased. One of the subsidiaries; AI Logistics Company Limited (“AIL”) had already registered its dissolution with the Department of Business Development Ministry of Commerce on July 7, 2021 and currently in its liquidation process.

### **Gross Profit (Loss)**

The Company has a gross profit from sales of goods and services in the 3<sup>rd</sup> quarter of 2021 of 108.37 million Baht, increased by 23.74 million Baht, or 28.06%, where comparing to the 3<sup>rd</sup> quarter of 2020, which realized gross profit of 84.62 million Baht.

The subsidiaries' operations are ceased.



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as follows;

The result of the 3 <sup>rd</sup> quarter of 2021 (Unit: Million Baht)	Biodiesel /Edible oil	Other	Total
	Refined glycerine /Raw material & Byproduct	income	revenues
Revenues from sales and services	1,514.32	1.40	1,515.72
Cost of sales and services	(1,405.95)	0.00	(1,405.95)
Allowance for devaluation of inventories	0.00		0.00
Gross profit (loss) by segment	108.37	1.40	109.77
Segment income (%)	99.93	0.09	100.02
Sales to Cost of Sales (%)	92.84	0.00	92.76

  

The result of the 3 <sup>rd</sup> quarter of 2020 (Unit: Million Baht)	Biodiesel /Edible oil	Other	Total
	Refined glycerine /Raw material & Byproduct	income	revenues
Revenues from sales and services	1,030.23	1.06	1,031.29
Cost of sales and services	(948.15)	0.00	(948.15)
Allowance for devaluation of inventories	2.55	0.00	2.55
Gross profit (loss) by segment	84.63	1.06	85.69
Segment income (%)	99.90	0.10	100.00
Sales to Cost of Sales (%)	91.79	0.00	91.69

  

Compare the results of the operation	Biodiesel /Edible oil	Other	Total
	Refined glycerine /Raw material & Byproduct	income	revenues
Segment revenue variance (million baht)	484.09	0.34	484.43
The difference of rates revenue (%)	46.99	32.08	46.97
Sales cost variance (million Baht)	460.35	0.00	460.35
The rate of sales cost variance as (%)	48.55	0.00	48.55
The difference of cost rates (sales, Upselling %)	1.06	0.00	1.07



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## Revenue from Sales and Services

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

The Company and subsidiaries realized the revenue as of the 3<sup>rd</sup> quarter of 2021 for 1,514.32 million Baht which increased by 484.09 million Baht or 46.99 % from the 3<sup>rd</sup> quarter of 2020, which realized the revenue of 1,030.23 million Baht, where the reasons are summarized as follows;

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

The Company's revenue from sales of biodiesel, edible oil, refined glycerine and by-products in the 3<sup>rd</sup> quarter of 2021 was increased by 484.09 million Baht or 46.99% from the 3<sup>rd</sup> quarter of 2020 due to the increased in price per unit sold.

The Company's products were sold in the 3<sup>rd</sup> quarter of 2021 less those than in the 3<sup>rd</sup> quarter of 2020 by 13.91% but the average selling price per unit of product was increased by 70.74% as the following reasons.

- Biodiesel's quantity sold in the 3<sup>rd</sup> quarter of 2021 was decreased by 31.90% and the average selling price was increased by 62.26% when compared to the 3<sup>rd</sup> quarter of 2020, where the price of CPO in the 3<sup>rd</sup> quarter of 2021 has an average price of 36,000 Baht/ton, which is higher than the average price in the 3<sup>rd</sup> quarter of 2020 by 12,500 Baht/ton from 23,500 Baht/ton (Source: DIT). Therefore, the selling price of biodiesel increased in line with the increased in CPO price compared with the previous year. Due to the nation's stock of CPO had fell from 488,771 tons in the 3<sup>rd</sup> quarter of 2020 to 287,069 tons in the 3<sup>rd</sup> quarter of 2021 since lower crop in the harvest season and the exporting has absorbed CPO from the stock because domestic price was lower than global market.
- Edible Oil's Quantity sold in the 3<sup>rd</sup> quarter of 2021 was increased by 9.68% when compared to the 3<sup>rd</sup> quarter of 2020, and the average selling price was increased by 42.06% and total sales of Edible oil increased by 55.81% from 3<sup>rd</sup> quarter of 2020. Currently, Company only sells to some industrial customers and chained restaurants who were affected from COVID-19 pandemic and were forced to close their dine-in services by the government orders. 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.



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- Refined Glycerine, in the 3<sup>rd</sup> quarter of 2021 had revenue increased from the 3<sup>rd</sup> quarter of 2020 by 134.96% from an increase in Refined Glycerine selling price by 121.87% and increased in sales volume by 5.90% due to the underproduction worldwide and higher demand internationally and domestically.
- Raw material and By-product's total sales in the 3<sup>rd</sup> quarter of 2021 was increased by 1,152.43% and quantity sold was increased by 169.55 % compared to the 3<sup>rd</sup> quarter of 2020, which resulted from sell raw materials and by-products to a customer in the related industry.

## 1.2 Revenue from Refining Service

The Company had no refining service revenue since the 2<sup>nd</sup> quarter of 2019 because there was not enough capacity to services. However, the Company is in the process of re-considering manufacturing services.

## 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. The Company and its subsidiaries had revenue from Other Income in the 3<sup>rd</sup> quarter of 2021 and the 3<sup>rd</sup> quarter of 2020 for 1.04 million Baht and 1.03 million Baht.

The Company and its subsidiaries have financial income such as interest on deposits for the 3<sup>rd</sup> quarter of 2021 to 0.01 million Baht and for the 3<sup>rd</sup> quarter of 2020 to 0.03 million Baht.

## Cost of Sales and Services

The Company and subsidiaries' cost of sales and services in the 3<sup>rd</sup> quarter of 2021 was 1,405.95 million Baht and the ratio of cost of sales over total revenue was 92.84 %, in the 3<sup>rd</sup> quarter of 2020 was 945.60 million Baht with the ratio of 91.79%, which increased by 1.15%. There is no allowance for diminishing value of inventories (NRV) as of September 30, 2021. But, in the 3<sup>rd</sup> quarter of 2020, there was a reversal of the allowance for diminishing value of inventories from the previous quarter by 2.55 million Baht Summary according to the following segments;



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

The Company's ratio of cost of sales to total revenue in the 3<sup>rd</sup> quarter of 2021 has decreased from the 3<sup>rd</sup> quarter of 2020 by 1.15%. However, the Company still maintain inventories turnover to maximize efficiency.

- In the 3<sup>rd</sup> quarter of 2021, the Biodiesel's ratio of cost of sales to total revenue was decreased from the 3<sup>rd</sup> quarter of 2020 to 0.28% or decreased by 0.31%. The Company has achievably controlled the production's loss in order to compensate the increased in the fixed costs and emphasised on managing raw materials and inventory to have a faster turnover rate and keep the inventories between 15-20 days in order to avoid the risk from the fluctuation of palm oil prices, which is an important factor of the Company's profitability. There is no allowance for diminishing value of inventories (NRV) as of September 30, 2021.
- In the 3<sup>rd</sup> quarter of 2021, the Edible Oil's ratio of cost of sales increased from the 3<sup>rd</sup> quarter of 2020 to 10.98% or increased by 13.53%. The Company participated in the pre-bid price of CPO lower than CPO price at the time of delivery. As a result, the difference in raw material prices to the sales price at the date of manufacture and delivery of product to decrease. However, the Company possible to generate profit from this business unit since there were Made to Order so that the Company can control margin and CPO's price fluctuation. But, unfortunately the storage of CPO cannot separate, the production costs are still volatile according to the price of the raw material during the changed period.
- In the 3<sup>rd</sup> quarter of 2021, Refined Glycerine's ratio of cost of sold was decrease from the 3<sup>rd</sup> quarter of 2020 by 21.99% or decrease by 26.28%. Due to the epidemic of the COVID-19 around the world, there is a shortage of refined glycerine in the market. The market leaders and largest refined glycerine producers' countries were lock down, 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. Therefore, the selling price of refined glycerine remains continued to have high prices and margins.
- In the 3<sup>rd</sup> quarter of 2021, the Raw material and By-products' ratio of cost of sold was increased from in the 3<sup>rd</sup> quarter of 2020 to 13.26% or increased by 15.17%. In the 3<sup>rd</sup> quarter of 2021, the Company



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sold a refined palm kernel oil at cost plus margin and its by product that has determined the cost of by-products according to the market selling prices.

## **2. Cost of Refining Service**

There was no Refining Service transaction since 2<sup>nd</sup> quarter of 2019, the Company's capacity was fully occupied, no capacity left to fulfil this segment. The refining service's volumes also share the Company's overhead costs, which help to maintain production cost as low as possible. The Company is considering providing the manufacturing service to biodiesel producer customer again.

### **Selling Expenses**

The Company and its subsidiaries' selling expense mostly consists of domestic freight (In-land). In the 3<sup>rd</sup> quarter of 2021 was 6.94 million Baht, which decreased by 1.0 million Baht from 7.94 million Baht in the 3<sup>rd</sup> quarter of 2020. The ratio to revenues from the sale of 0.46% and 0.77% respectively. Due to the decreased in quantities sold and the terms of delivery agreed.

### **Administration Expenses**

The Company and subsidiaries' administration expenses in the 3<sup>rd</sup> quarter of 2021 was 21.34 million Baht and the amount of 22.02 million Baht in the 3<sup>rd</sup> quarter of 2020, a ratio to revenues from the sale of 1.41% and 2.14 %, respectively.

In the 3<sup>rd</sup> quarter of 2021, the Company had reversed expected credit losses from the allowance for doubtful accounts of a debtor of the biodiesel product of 1.24 million baht

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

The Company and subsidiaries have financial cost in the 3<sup>rd</sup> quarter of 2021 and in the 3<sup>rd</sup> quarter of 2020 of 0.02 million Baht and 0.99 million Baht, respectively. The Company and its Subsidiaries loan from related parties to use as working capital.

In the 3<sup>rd</sup> quarter of 2021, the Company and subsidiaries had tax income of 0.05 million Baht and tax expense of 0.25 million Baht in the 3<sup>rd</sup> quarter of 2020.



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Please be informed accordingly

Yours Sincerely,

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