



บริษัท เอไอ เอนเนอร์จี จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE 124/2022

August 11, 2022

Subject: Management's Discussion and Analysis for 2nd quarter of 2022 ended as of June 30, 2022

Attention: President

The Stock Exchange of Thailand

AI Energy Public Company Limited ("the Company") would like to submit the financial statement for 2nd quarter of 2022 ended as of June 30, 2022, which details are as following ;

Operating results (Consolidated)	Unit : Million Baht							
	2 nd quarter	1 st quarter	2 nd quarter	% Increase (Decrease)		Six-month period		%
	2022	2022	2021	YoY	QoQ	2022	2021	
Revenue from sales and services	2,106.71	2,351.40	1,404.30	50.02%	(10.41%)	4,458.11	2,859.55	55.90%
Cost of sales and services	2,060.70	2,208.18	1,283.13	60.60%	(6.68%)	4,268.88	2,602.14	64.05%
Gross profit	46.01	143.22	121.17	(62.03%)	(67.87%)	189.23	257.41	(26.49%)
Other income	0.61	2.61	1.40	(56.43%)	(76.63%)	3.21	2.34	37.18%
Selling and administrative expenses	2.36	25.71	50.37	(95.31%)	(90.98%)	28.07	77.16	(63.62%)
Profit from operations	44.26	120.12	72.20	(38.70%)	(63.15%)	164.37	182.59	(9.98%)
EBITDA	94.66	150.59	124.66	(24.07%)	(37.14%)	244.94	265.25	(7.66%)
Finance cost and tax income	(1.82)	0.61	(4.36)	(58.26%)	(403.33%)	(1.21)	(4.61)	(73.75%)
Net profit	46.08	119.51	76.56	(39.81%)	(61.44%)	165.58	187.20	(11.55%)
Basic earnings per share (Baht per share)	0.0350	0.0914	0.0585	(40.17%)	(61.67%)	0.1262	0.1431	(11.81%)

Net Profit

For 2nd quarter of 2022 ended as of June 30, 2022, the Company and subsidiaries (Consolidated) realized net profit of Baht 46.08 million, decreased by Baht 30.48 million or 39.81% as compared to the same period of last year which incurred the realized net profit of Baht 76.56 million, decreased by Baht 73.43 million or 61.44% as compared to the 1st quarter of 2022 ended as of March 31, 2022 which incurred the realized net profit of Baht 119.51 million. For the six-month period ended June 30, 2022, the Company and subsidiaries (Consolidated) realized net profit of Baht 165.58 million, decreased by Baht 21.62 million or 11.55% as compared to the same period of last year which incurred the realized net profit of Baht 187.20 million. However, the Company reported EBITDA in amounting of Baht 94.66 million, decreased by Baht 30.00 million or 24.07% as compared to the same period of last year which incurred at Baht 124.66 million, decrease by Baht 55.92 million or 37.14% as compared to the 1st quarter of 2022 ended as of March 31, 2022 which incurred the realized net profit of Baht 150.58 million. For the six-month period ended June 30, 2022, the Company reported EBITDA in amounting of Baht 244.94 million, decreased by Baht 20.31 million or 7.66% as compared to the same period of last year which incurred at Baht 265.25 million. The main cause is the sale volume decreased from the government's policy to adjust the biodiesel



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mandatory. Moreover, the price of main raw material which increased in accordance to the global market price, as a result, the cost rate is increasing accordingly. However, in late May, the government of Indonesia reversed a ban on its export, causing higher output in the world market and fear of recessions, as a result, the palm oil prices slumped in late June. However, the Company had to recognized loss from diminution in value of inventories amounting of Baht 42 million.

Revenue

1. Revenue from Sales and Services

For 2nd quarter of 2022, the Company and subsidiaries realized the revenue of Baht 2,106.71 million, increase by Baht 702.41 million or 50.02% as compared to the same period of last year which incurred the realized revenue of Baht 1,404.30 million and decrease by Baht 244.69 million or 10.41% as compared to the 1st quarter of 2022 ended as of March 31, 2022 which incurred the realized revenue of Baht 2,351.40 million. For the six-month period ended June 30, 2022, the Company and subsidiaries realized the revenue of Baht 4,458.11 million, increase by Baht 1,598.56 million or 55.90% as compared to the same period of last year which incurred the realized revenue of Baht 2,859.55 million, where the reasons are summarized as follows;

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

- For 2nd quarter of 2022, the revenue from Biodiesel business decrease by Baht 3.93 million, or 0.32% as compared to the same period of last year and the revenue from Biodiesel business decrease by Baht 46.87 million or 3.73% as compared to the 1st quarter of 2022 and for the six-month period ended June 30, 2022 the revenue from Biodiesel business decrease by Baht 100.04 million, or 3.89% as compared to the same period of last year, the main factors are the existing customers have reduced their minimum order due to in February 2022, the Committee on Energy Policy Administration (CEPA) has a resolution for adjusting the proportion of biodiesel mandatory from B7 to B5 to mitigate the impact of rising diesel prices, as the aforementioned measures, the demand for biodiesel and the production capacity was decreased. For the price in 2nd quarter of 2022, the average selling price of biodiesel was increase in accordance to the price of crude palm oil as the main raw material, the palm oil was increase from Indonesia, the world's top palm oil producer had ban exports in late April. However, in late May, the government of Indonesia reversed a ban on its export, causing higher output in the world market and fear of recessions, as a result, the palm oil prices slumped in late June and Biodiesel slumped likewise.
- For 2nd quarter of 2022, the revenue from Edible Oil business decrease by Baht 50.15 million, or 78.62% as compared to the same period of last year and for the six-month period ended June 30, 2022, the revenue from Edible Oil business decrease by Baht 90.11 million, or 77.06%, 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.



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- For 2nd quarter of 2022, the revenue from Refined Glycerine business decreased by Baht 7.09 million or 6.54% as compared to the same period of last year and the revenue from Refined Glycerine business decrease by Baht 39.33 million or 27.95% as compared to the 1st quarter of 2022, the main factors from the volume of production was decreased cause of the volume of order from customers was decrease too. For the six-month period ended June 30, 2022, the revenue from Refined Glycerine business increased by Baht 85.68 million or 54.77%, the main factors from the price are increase 119.25% as compared to the same period of last year, due to the epidemic of the COVID-19 around the world, there is a shortage of refined glycerine in the market, 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. However, during in June, the selling prices in the world market is reduce, as a result, a purchaser decelerate purchasing.
- For 2nd quarter of 2022, the revenue from raw material and By-product increased by Baht 737.29 of 4,357.51% as compared to the same period of last year and for the six-month period ended June 30, 2022, the revenue from raw material and By-product increased by Baht 1,672.27 or 9,883.39%, from sales of raw materials for a produce biodiesel to the customers in the same industry. However, the Company will only sell by-products that excess the need of its biodiesel and refined glycerine productions. The revenue from raw material and By-product decreased by Baht 180.77 million or 19.33% as compared to the 1st quarter of 2022, the main factors from the volume of order from customers was decrease. In addition, the average selling price was decrease in accordance to the main raw material.

1.2 Revenue from Services

For 2nd quarter of 2022 and six-month ended June 30, 2022, the revenue from production to order increased by 100% due to the Company was enough capacity to services. However, the Company is considering to provide service that are suitable situation of the Company.

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 2nd quarter of 2022, the Company and its subsidiaries had revenue from other income by Baht 0.61 million, decrease by Baht 0.79 million, or 56.43% as compared to the same period of last year, the main factor from the Company cancelled to provide oil storage service and other income decrease by Baht 2.00 million or 76.63% as compared to the 1st quarter of 2022, the main factors from the Company cancelled to provide oil storage service and the Department of Employment did not provide the subsidies. For the six-month period ended June 30, 2022 the Company and its subsidiaries had revenue from other income by Baht 3.21 million, increase by Baht 0.87 million, or 37.18% as compared to the same period of last year which incurred at Baht 2.34 million, the main cause was receiving subsidies from the Department of Employment.



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Cost of Sales and Services

For 2nd quarter of 2022, the Company and subsidiaries' cost of sales and services was Baht 2,018.70 million and recognized loss from diminution in value of inventories amounting of Baht 42 million, totally by Baht 2,060.70 million, increased by Baht 777.57 million, or 60.60% as compared to the same period of last year which incurred cost of sales and service of Baht 1,283.13 million, the Company and subsidiaries' cost of sales and services decrease by Baht 147.49 million or 6.68% as compared to the 1st quarter of 2022 which incurred cost of sales and service of Baht 2,208.19 million. For the six-month period ended June 30, 2022, the Company and subsidiaries realized cost of sales and service of Baht 4,268.88 million, increase by Baht 1,666.74 million or 64.05% as compared to the same period of last year which incurred cost of sales and service of Baht 2,602.14 million, where the reasons are summarized as follows;

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

For 2nd quarter of 2022, the Company's cost of sales to total revenue ratio was increased by 4.64% as compared to the same period of last year and increased by 2.19% as compared to the 1st quarter of 2022 and for the six-month period ended June 30, 2022, the Company's cost of sales to total revenue ratio was increased by 2.05% as compared to the same period of last year, according to the raise the price of domestic palm oil. Although, the Company still maintains a policy to manage the inventories' optimization efficiently which can be classified by product groups as follows;

- For 2nd quarter of 2022, the Biodiesel's ratio of cost of sales to total revenue was increased by 1.96% or 2.08 % as compared to the same period of last year and the Biodiesel's ratio of cost of sales to total revenue was increased by 3.28% or 3.53% as compared to the 1st quarter of 2022 and for the six-month period ended June 30, 2022, the Biodiesel's ratio of cost of sales to total revenue was increased by 1.67% or 1.80% as compared to the same period of last year due to the increased sales price of raw material. 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.
- For 2nd quarter of 2022, the edible oil's ratio of cost of sales to total revenue was decreased by 0.34 % or 0.35% as compared to the same period of last year, which was a slightly decrease. For the six-month period ended June 30, 2022, the edible oil's ratio of cost of sales to total revenue was increased by 3.56 % or 3.92% as compared to the same period of last year due to the increased sales price of raw material. However, the Company was possible to generate profit from this business unit since there were Made to Order. Which is managing the raw material used to produce edible oil to be profitable. But the storage of crude palm oil cannot be stored separately. As a result, the production cost fluctuates according to the raw material price during the changing period.
- For 2nd quarter of 2022, Refined Glycerine's ratio of cost of sales to total revenue was decreased by 1.50 % or 2.66% as compared to the same period of last year and Refined Glycerine's ratio of cost of sales to total revenue was decreased by 7.52 % or 12.04% as compared to the 1st quarter of 2022 and for the six-month period ended June 30, 2022, Refined



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Glycerine's ratio of cost of sales to total revenue was decreased by 1.03 % or 1.71% as compared to the same period of last year, due to the increased sales price of Refined Glycerine.

- For 2nd quarter of 2022, the raw material and by-products' ratio of cost of sales to total revenue was increased by 4.31% or 4.44% as compared to the same period of last year and the raw material and by-products' ratio of cost of sales to total revenue was increased by 1.16% or 1.16% as compared to the 1st quarter of 2022 and for the six-month period ended June 30, 2022, the raw material and by-products' ratio of cost of sales to total revenue was increased by 3.66% or 3.78% as compared to the same period of last year, due to the Company sold raw material for a produce biodiesel to the customers in the same industry.

2. Cost of Services

For 2nd quarter of 2022 and six-month ended June 30,2022, the cost from production to order increased by 100% as compared to the same period of last year, which incurred of Glycerine production to order due to the Company was enough capacity to services.

Selling Expenses

For 2nd quarter of 2022, the Company and its subsidiaries' selling expenses were Baht 4.54 million, decrease by Baht 4.39 million or 49.22% as compared to the same period of last year and decrease by Baht 1.03 million or 18.48% as compared to the 1st quarter of 2022 and for the six-month period ended June 30, 2022, the Company and its subsidiaries' selling expenses were Baht 10.10 million, decrease by Baht 6.55 million or 39.34% as compared to the same period of last year due to the transportation expenses were decreased in quantities sold and the terms of delivery agreed.

Administration Expenses

For 2nd quarter of 2022 and six-month ended June 30, 2022, the Company and subsidiaries' administration expenses were decreased by Baht 43.61 million and Baht 42.54 million or 105.25 % and 70.30% as compared to the same period of last year which incurred the administration expenses of Baht 41.44 million and Baht 60.51 million respectively. The main reason is increased from personnel expense and reversal of expected credit loss amounting Baht 22.44 million.

The Company and subsidiaries' administration expenses were decreased by Baht 22.32 million or 110.80% as compared to the 1st quarter of 2022 the main reason is decreased from reversal of expected credit loss in the during period.

Financial Cost and Income Tax Expense

For 2nd quarter of 2022, the Company and subsidiaries were financial cost of Baht 0.16 million, increased by 248.25% as compared to the same period and for the six-month period ended June 30, 2022, increased by Baht 0.16 million or 262.87% as compared to the same period.



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For 2nd quarter of 2022, the Company and subsidiaries were income tax income of Baht 1.98 million, decreased by Baht 2.43 million or 55.10% as compared to the same period which incurred income tax income of Baht 4.40 million and for the six-month period ended June 30, 2022 the Company and subsidiaries were income tax income of Baht 1.38 million, decrease by Baht 3.27 million or 70.38% as compared to the same period which incurred income tax income of Baht 4.65 million.

Statement of Financial Position

Consolidated	Unit : Million Baht			
	June 30, 2022	December 31, 2021	Increase (Decrease)	%
Cash and cash equivalents	196.75	286.70	(89.95)	(31.37%)
Short-term investments	2.83	52.87	(50.04)	(94.65%)
Trade and other receivables	512.48	611.39	(98.91)	(16.18%)
Inventories	456.61	567.48	(110.87)	(19.54%)
Other current assets	3.49	4.00	(0.51)	(12.75%)
Total current assets	1,172.16	1,522.44	(350.28)	(23.01%)
Restricted bank deposits	56.40	56.40	-	-
Property, plant and equipment	1,343.67	1,376.73	(33.06)	(2.40%)
Other non-current assets	6.16	3.04	3.12	102.63%
Total assets	2,578.39	2,958.61	(380.22)	(12.85%)
Trade and other payables	340.82	554.33	213.51	(38.52%)
Other current liabilities	46.03	59.63	(13.60)	(22.81%)
Other non-current liabilities	9.51	9.36	0.15	1.60%
Total liabilities	396.36	623.32	(226.96)	(36.41%)
Shareholder's equity	2,182.03	2,335.29	(153.26)	(6.56%)
Total liabilities and shareholder's equity	2,578.39	2,958.61	(380.22)	(12.85%)

Assets

As of June 30, 2022, the Company and subsidiaries had total assets of Baht 2,578.39 million, decreased by Baht 380.22 million or 12.85 % from December 31, 2021, the mainly cause from decreased of cash and cash equivalents due to from operational profits and decreased from inventories due to decrease in raw materials prices in late quarter, as a resulted, the Company had to recognized loss from diminution in value of inventories during the period.



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Liabilities

As of June 30, 2022, the Company and subsidiaries had total liabilities of Baht 396.36 million, decreased by Baht 226.96 million or 36.41 %, the mainly cause from paid to trade account payable during the period.

Shareholders' equity

As of June 30, 2022, the Company and subsidiaries had total shareholders' equity of Baht 2,182.03 million, decreased by Baht 153.26 million or 5.56%, the mainly cause from recognize the operating result during the period.

Please be informed according

Yours Sincerely,

AI Energy Public Company Limited

Miss Arunrat Sanprasertsuk

Chief Financial Officer

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