

August 10, 2022

Subject: Explanation of operating results for the three-month period ended June 30, 2022

To: The President  
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for three-month period ended June 30, 2022 as follows:

**Summary of Quarterly Operation**

Operating Performance

| Volume Sales | Quarter 2/2022 |               | Quarter 2/2021 |               | Quarter 1/2022 |               | YoY            | QoQ            |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|----------------|
|              | Thousand Tons  | %             | Thousand Tons  | %             | Thousand Tons  | %             | %              | %              |
| Domestics    | 112.60         | 84.93         | 112.45         | 74.11         | 137.80         | 80.75         | 0.13           | (18.29)        |
| Overseas     | 19.98          | 15.07         | 39.28          | 25.89         | 32.84          | 19.25         | (49.13)        | (39.16)        |
| <b>Total</b> | <b>132.58</b>  | <b>100.00</b> | <b>151.73</b>  | <b>100.00</b> | <b>170.64</b>  | <b>100.00</b> | <b>(12.62)</b> | <b>(22.30)</b> |

Biomass total sales volume in Q2/2022 was 132.58 thousand tons decreased 12.62% from Q2/2021 and 22.30% from Q1/2022 mainly from a drop in demand volume and lack of supply especially woodchip.

**Domestic sales volume**

Domestic sales volume in Q2/2022 was 112.60 thousand tons in which slightly increased from Q2/2021. While decrease 18.29% compared to the previous quarter, mainly from a drop in demand volume and lack of supply.

**Overseas sales volume**

Overseas sales volume was 19.98 thousand tons in Q2/2022 decreased by 49.13% from Q2/2021 especially wood chips since last year the company was the main exporter while this year there are more competitors enter into the market. However, the company remains the main exporter of the products. And compared with the previous quarter, it decline 39.16 %, mainly from a drop in demand volume and lack of supply especially woodchip.

Financial Performance

Operating Results

| Income Statement                                 | Quarter 2/2022  |                | Quarter 2/2021  |                | Quarter 1/2022  |                | YoY           | QoQ           |
|--|-----------------|----------------|-----------------|----------------|-----------------|----------------|---------------|---------------|
|  | MB              | %              | MB              | %              | MB              | %              | %             | %             |
| <b>Revenues</b>                                  |                 |                |                 |                |                 |                |               |               |
| Revenue from sales and services                  | 567.54          | 99.82          | 482.49          | 99.19          | 610.07          | 99.54          | 17.63         | (6.97)        |
| Other incomes                                    | 1.04            | 0.18           | 3.93            | 0.81           | 2.82            | 0.46           | (73.54)       | (63.12)       |
| <b>Total Revenues</b>                            | <b>568.58</b>   | <b>100.00</b>  | <b>486.42</b>   | <b>100.00</b>  | <b>612.89</b>   | <b>100.00</b>  | <b>16.89</b>  | <b>(7.23)</b> |
| <b>Expenses</b>                                  |                 |                |                 |                |                 |                |               |               |
| Cost of sales and services                       | (478.97)        | (84.24)        | (405.72)        | (83.41)        | (531.74)        | (86.76)        | 18.05         | (9.92)        |
| Distribution costs                               | (50.71)         | (8.92)         | (55.87)         | (11.49)        | (49.93)         | (8.15)         | (9.24)        | 1.56          |
| Administrative expenses                          | (24.58)         | (4.32)         | (17.96)         | (3.69)         | (18.98)         | (3.10)         | 36.86         | 29.50         |
| <b>Total Expenses</b>                            | <b>(554.26)</b> | <b>(97.48)</b> | <b>(479.55)</b> | <b>(98.59)</b> | <b>(600.65)</b> | <b>(98.01)</b> | <b>15.58</b>  | <b>(7.72)</b> |
| <b>Profit before interest and tax</b>            | <b>14.32</b>    | <b>2.52</b>    | <b>6.87</b>     | <b>1.41</b>    | <b>12.24</b>    | <b>1.99</b>    | <b>108.44</b> | <b>16.99</b>  |
| Financial costs                                  | (4.07)          | (0.72)         | (3.10)          | (0.64)         | (3.64)          | (0.59)         | 31.29         | 11.81         |
| <b>Profit before income tax</b>                  | <b>10.25</b>    | <b>1.80</b>    | <b>3.77</b>     | <b>0.77</b>    | <b>8.60</b>     | <b>1.40</b>    | <b>171.88</b> | <b>19.19</b>  |
| Income tax expenses (revenues)                   | (1.99)          | (0.35)         | (1.08)          | (0.22)         | (2.23)          | (0.36)         | 84.26         | (10.76)       |
| <b>Net Profit</b>                                | <b>8.26</b>     | <b>1.45</b>    | <b>2.69</b>     | <b>0.55</b>    | <b>6.37</b>     | <b>1.04</b>    | <b>207.06</b> | <b>29.67</b>  |
| <b>Net Profit attributable to equity holders</b> | <b>8.36</b>     | <b>1.47</b>    | <b>3.14</b>     | <b>0.65</b>    | <b>6.75</b>     | <b>1.10</b>    | <b>166.24</b> | <b>23.85</b>  |

The operating results are presented as follow;

**Revenue from sales and services**

Revenue from sales and services in Q2/2022 was 567.54 million baht increased by 17.63% from Q2/2021 in line with sales volume. In addition, the selling price has increased, especially for palm shell products. While decrease by 6.97% from Q1/2022 due to the export volume decrease.

**Other incomes**

Other incomes in Q2/2022 were 1.04 million baht decreased by 73.54% from Q2/2021 and decrease from Q1/2022 due to in Q2/2021 company received compensation from supplier and bad debt recovery.

### **Cost of sales and services**

Cost of sales and services in Q2/2022 was 478.97 increased by 18.05% from Q2/2021, While decrease from Q1/2022 in line with revenue from sales and services.

Gross profit margin of the company was 15.61% in Q2/2022 slight decreased when compared with Q2/2021 which had gross profit margin 15.91% , Whereas increase from previous quarter as a result of the average price increase due to higher demand.

### **Distribution costs**

Distribution costs were 50.71 million baht decreased by 9.24% from Q2/2021 the main distribution costs are transportation costs for export sale. Therefore decreased in relation to the decrease in export sales.

### **Administrative expenses**

The company's administrative expenses in Q2/2022 were 24.58 million baht inclined by 36.86% from Q2/2021 and 29.5% from Q1/2022 from increasing manpower in response to the company's strategic plans.

As a result, in Q2/2022, the net profit attributable to equity holders of the company was 8.36 million baht increase from Q2/2021 had net profit was 3.14 million baht

Financial Position

Assets

| Financial Position                 | Jun 30, 2022    |               | Dec 31, 2021    |               | Change        |              |
|------------------------------------|-----------------|---------------|-----------------|---------------|---------------|--------------|
|                                    | MB              | %             | MB              | %             | MB            | %            |
| Cash                               | 20.36           | 1.62          | 25.43           | 2.46          | (5.07)        | (19.94)      |
| Account Receivable and others      | 286.41          | 22.82         | 229.44          | 22.23         | 56.97         | 24.83        |
| Inventory                          | 378.09          | 30.12         | 238.62          | 23.11         | 139.47        | 58.45        |
| Advance payment for goods          | 41.68           | 3.32          | 29.94           | 2.90          | 11.74         | 39.21        |
| Other current asset                | -               | 0.00          | 0.10            | 0.01          | (0.10)        | (100.00)     |
| <b>Total current asset</b>         | <b>726.54</b>   | <b>57.88</b>  | <b>523.53</b>   | <b>50.71</b>  | <b>203.01</b> | <b>38.78</b> |
| Bank deposit pledged as collateral | 50.00           | 3.98          | 40.10           | 3.89          | 9.90          | 24.69        |
| Property plants and equipments     | 477.97          | 38.08         | 467.97          | 45.33         | 10.00         | 2.14         |
| Other non-current asset            | 0.75            | 0.06          | 0.75            | 0.07          | -             | 0.00         |
| <b>Non-current asset</b>           | <b>528.72</b>   | <b>42.12</b>  | <b>508.82</b>   | <b>49.29</b>  | <b>19.90</b>  | <b>3.91</b>  |
| <b>Total asset</b>                 | <b>1,255.26</b> | <b>100.00</b> | <b>1,032.35</b> | <b>100.00</b> | <b>222.91</b> | <b>21.59</b> |

As of June 30, 2022, the company's total assets on increased by 21.59%. This was a result of a 24.83% increase in Account Receivable and 58.45% increase in inventories due to a significantly increase in sales and the number of import goods.

Liabilities and Equities

| Financial Position                    | Jun 30, 2022    |               | Dec 31, 2021    |               | Change        |               |
|---------------------------------------|-----------------|---------------|-----------------|---------------|---------------|---------------|
|                                       | MB              | %             | MB              | %             | MB            | %             |
| Short-term loans                      | 712.15          | 56.73         | 522.96          | 50.66         | 189.19        | 36.18         |
| Account payable and others            | 69.13           | 5.51          | 48.94           | 4.74          | 20.20         | 41.28         |
| Other current liabilities             | 6.36            | 0.51          | 4.83            | 0.47          | 1.53          | 31.68         |
| <b>Current liabilities</b>            | <b>787.65</b>   | <b>62.75</b>  | <b>576.73</b>   | <b>55.87</b>  | <b>210.92</b> | <b>36.57</b>  |
| Long term loans and financial leases  | 80.58           | 6.42          | 84.48           | 8.18          | (3.90)        | (4.62)        |
| Other non-current liabilities         | 12.47           | 0.99          | 13.50           | 1.31          | (1.03)        | (7.63)        |
| <b>Non-current liabilities</b>        | <b>93.05</b>    | <b>7.41</b>   | <b>97.98</b>    | <b>9.49</b>   | <b>(4.93)</b> | <b>(5.03)</b> |
| <b>Total Liabilities</b>              | <b>880.70</b>   | <b>70.16</b>  | <b>674.71</b>   | <b>65.36</b>  | <b>205.99</b> | <b>30.53</b>  |
| Equities                              | 374.56          | 29.84         | 357.64          | 34.64         | 16.92         | 4.73          |
| <b>Total Liabilities and Equities</b> | <b>1,255.26</b> | <b>100.00</b> | <b>1,032.35</b> | <b>100.00</b> | <b>222.91</b> | <b>21.59</b>  |

Total liabilities and equities in June 30, 2022 increased by 21.59% from the end of last year mainly from arising the credit loan for purchases of goods.

| Cash flow                                    | Jan-Jun/2022  | Jan-Jun/2022   |
|--|---------------|----------------|
|  | Million baht  |                |
| Net cash from (used in) operating activities | (158.87)      | 15.16          |
| Net cash (used in) investing activities      | (31.47)       | (3.72)         |
| Net cash from (used in) financing activities | 185.29        | (34.77)        |
| <b>Net (decrease) in cash</b>                | <b>(5.05)</b> | <b>(23.33)</b> |

The statement of cash flows for the six-month period ended June 30, 2022

**Net cash from (used in) operating activities:** the cash flow received from operating activities consisted of profit after adjustment of items affecting the profit of 39.06 million baht, Inventories increased by 138.67 million baht. Also the increased in Trade accounts receivable and advance payments increased by 68.70 million baht, resulting in net cash received used in operating activities of 158.87 million baht.

**Net cash used in investing activities:** the company had net cash used in investing activities of 31.47 million baht from invested in Rayong warehouse.

**Net cash from (used in) financing activities:** the company had cash from financing activities of 185.29 million baht from credit for goods purchases

This is submitted for your information.

Sincerely yours,

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(Pongtham Danwungderm)  
Deputy Managing Director  
And Chief of Financial Officer (CFO)