

February 24, 2023

Subject: Explanation of operating results for the year then ended December 31, 2022

To: The President
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for the year then ended December 31, 2022 as follows:

Summary of yearly Operation

Operating Performance

Sales Volume	Ended December 31,					
	2023		2022		Change	
	kton	%	kton	%	kton	%
Domestics	491.06	77.34	418.93	73.78	72.13	17.22
Overseas	143.84	22.66	148.86	26.22	(5.02)	(3.37)
Total	634.90	100.00	567.79	100.00	67.11	11.82

Biomass total sales volume in 2022 was 634.90 thousand tons increased 11.82% from 2021 from the increase in biomass was from sales overseas.

Domestic sales volume

Domestic sales volume in 2022 was 491.06 thousand tons, which increased 17.22% from 2021, domestic revenue increased mainly from palm kernel shells, wood chips and wood pellets because the market's interest in biomass fuel products has increased according to government policies that support businesses related to carbon credits.

Overseas sales volume

Overseas sales volume in 2022 was 143.84 thousand tons decreased by 3.37% from 2021. This was a result of lower wood chip exports than the target at the beginning of the year. but can expand the market in the last quarter of the year.

Financial Performance

Operating Results

Income Statement	Ended December 31					
	2022		2021		Change Increased(decreased)	
	MB	%	MB	%	MB	%
<i>Revenues</i>						
Revenue from sales and services	2,704.30	99.58	1,907.82	98.95	796.48	41.75
Other incomes	11.39	0.42	20.28	1.05	(8.89)	(43.84)
Total Revenues	2,715.69	100.00	1,928.10	100.00	787.59	40.85
<i>Expenses</i>						
Cost of sales and services	(2,329.08)	(85.76)	(1,596.46)	(82.80)	(732.62)	(45.89)
Distribution costs	(216.45)	(7.97)	(215.25)	(11.16)	(1.20)	(0.56)
Administrative expenses	(103.30)	(3.80)	(72.33)	(3.75)	(30.97)	(42.82)
Total Expenses	(2,648.83)	(97.54)	(1,884.04)	(97.71)	(764.79)	(40.59)
Share of loss from investments in associated	(0.03)	-	-	-	0.03	100.00
Profit before interest and tax	66.85	2.46	44.06	2.29	22.79	51.72
Financial costs	(19.96)	(0.73)	(13.29)	(0.69)	(6.67)	50.19
Profit before income tax	46.89	1.73	30.77	1.60	16.12	52.39
Income tax expenses	(11.94)	(0.44)	(8.59)	(0.45)	(3.35)	39.00
Net Profit	34.95	1.29	22.18	1.15	12.77	57.57
Net Profit attributable to equity holders	35.89	1.32	26.80	1.39	9.09	33.92

The operating results are presented as follow;

Revenue from sales and services

Revenue from sales and services in 2022 was 2,704.30 million Baht increased 41.75% from 2021, in accordance with the sales volume and higher product prices as a result of high prices of other fuel products and public policies that tend to reduce the use of carbon-containing fuels. Therefore, the market tends to turn more attention to biomass.

Cost of sales and services

Cost of sales and services in 2022 was 2,329.08 million Baht increased by 45.89% from 2021. Cost of sales and services increased in line with increase in revenue from sales and services but increased by a higher ratio due to higher product cost and increased shipping costs.

For this reason, gross profit margin of the company was 13.88% in 2022 decreased when compared with 2021, which was 16.32% as a result of higher cost. In addition, last year focused on direct sales that made product costs lower.

Distribution costs

Distribution costs in 2022 was 216.45 million Baht decreased by 0.56% from 2021 because of higher fuel costs for transportation.

Administrative expenses

The company's administrative expenses in 2022 were 103.30 million Baht that increase by 42.82% from 2021 due to the increasing number of employees to be consistent with the company's strategy.

As a result, in 2022, the net profit attributable to equity holders of the company was 35.89 million Baht compared with 2021, had net profit about 26.80 million Baht.

Financial Position

Assets

Financial Position	As at 31 December					
	2022		2021		% Change	
	MB	%	MB	%	MB	%
Cash	30.45	2.39	25.43	2.46	5.02	19.74
Account Receivable and other	381.92	29.93	229.43	22.22	152.48	66.46
Inventory	291.77	22.86	238.63	23.12	53.15	22.27
Advance	15.29	1.20	29.94	2.90	(14.65)	(48.93)
ST-loan to related party	11.25	0.88	0.00	0.00	11.25	100.00
Other current asset	2.30	0.18	0.10	0.01	2.20	2200.00
Total current asset	732.98	57.43	523.53	50.71	209.45	40.01
Bank deposits pledged as collateral	50.00	3.92	40.10	3.88	9.90	24.69
Investment in associated	1.77	0.14	0.00	0.00	1.77	100.00
Fixed asset	490.72	38.45	467.97	45.33	22.75	4.86
Other non-current asset	0.77	0.06	0.75	0.07	0.02	2.67
Total non-current asset	543.26	42.57	508.82	49.29	34.44	6.77
Total asset	1,276.24	100.00	1,032.35	100.00	243.89	23.62

As of December 31, 2022, the company's total assets on increased by 23.62% from last year, due to the significant changes as follows:

Cash and cash equivalents increased by 19.74% due to reserve for purchases due early in the next quarter.

Trade accounts receivable and other receivables increased by 66.46% in relation to sales during the last month of the year added from last year. However, the credit is in normal terms.

Inventories increased 22.27% due to sufficient supplies according to the sales plan for the next year. In addition, the market price of products is higher, especially palm kernel shells and wood chipped.

Fixed assets increased by 4.86% due to increasing the efficiency of machinery at Rayong plant.

Liabilities and Equities

Financial Position Liabilities and Equities	As at 31 December					
	2022		2021		% Change	
	MB	%	MB	%	MB	%
Short-term loans	533.03	41.77	522.96	50.66	10.07	1.93
Account payable	71.40	5.59	48.94	4.74	22.46	45.89
Other current liabilities	5.15	0.40	4.83	0.47	0.32	6.63
Current liabilities	609.58	47.76	576.73	55.87	32.85	5.70
Long term loans and financial leases	74.90	5.87	84.48	8.18	(9.58)	(11.34)
Other non-current liabilities	18.20	1.43	13.50	1.31	4.70	34.81
Non-current liabilities	93.10	7.20	97.98	9.49	(4.88)	(4.98)
Liabilities	702.68	55.06	674.71	65.36	27.97	4.15
Equities	573.56	44.94	357.64	34.64	215.92	60.37
Liabilities and Equities	1,276.24	100.00	1,032.35	100.00	243.89	23.62

Total liabilities and equities on December 31, 2022 increased 243.89 million Baht by 23.62% from the end of last year as a result of

Current liabilities increased 5.70% compared to the end of last year from the increase in short-term loans which is related to the increase in inventory and receivables.

and the increase in the shareholders' equity from operating profit during the year and the capital increase during the year, 100 million shares, amounting to 180 million Baht also profit in this year.

The statement of cash flow

Cash flow	2022	2021
	Million Baht	
Net cash used in operating activities	(104.26)	(49.34)
Net cash used in investing activities	(60.25)	(7.01)
Net cash provided by financing activities	169.38	30.35
Net increase (decrease) in cash	4.87	(26.00)

The statement of cash flows for the year ended December 31, 2022

Net cash used in operating activities: the cash flow received from operating activities consisted of profit after adjustment of items affecting the profit of 86.34 million Baht from cash flows paid for trade and other receivables amounted to 167.72 million Baht, inventories amounted to 52.21 million Baht, trade and other payables amount to 23.29 million Baht, resulting in the company's net cash used in operating activities of 104.26 million Baht.

Net cash used in investing activities: the company had net cash used in investing activities of 60.25 million Baht from an increase in equipment for the production segment and investment in associate.

Net cash provided by financing activities: the company had cash used in financing activities of 169.38 million Baht due to capital increase 100 million shares in amount of 180 million Baht during the year.

Upcoming Projects

The company plans to invest in the quality of productions on the international standard.

1. The company has investment plan to continually increase logistics efficiency include increasing transportation vehicles and increasing the warehouse.
 - 1.1. In 2023, the company expanding production capacity by investing in wood chipped business in the Northeast region.
 - 1.2. In 2023, the company invest in transport vehicles for business operation.

The company has signed the purchase of Acacia species agreement in order to guarantee continuity of goods on the company supply chain and also to prevent the products shortage risk in the future by agreeing to purchase woods from the forest member of the Forest Industry Organization Southern region with approximately 3,000 rai expected 30,000 tons of woods and expected to get the output in 2023.

This is submitted for your information.

Sincerely yours,

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