

Management's Discussion and Analysis
For the three-month period ended 31 March 2023

Operating result

Unit: in Million Baht

	Three-month period			% Increase (Decrease)	
	Q1'2022	Q4'2022	Q1'2023	YoY	QoQ
Revenues					
Revenue from rendering of services	30.82	33.65	40.94	32.84%	21.66%
Revenue from sales of goods	74.91	88.68	100.71	34.44%	13.57%
Revenue from leases	4.25	2.46	2.40	(43.53%)	(2.44%)
Other income	2.96	0.68	0.76	(74.32%)	11.76%
Total revenue	112.94	125.47	144.81	28.22%	15.41%
Expenses					
Costs of rendering of services	18.52	21.65	23.58	27.32%	8.91%
Cost of sales of goods	60.41	71.41	90.50	49.81%	26.73%
Selling and Administrative expenses	26.64	35.45	41.85	57.09%	18.05%
Finance costs	12.29	7.95	9.05	(26.36%)	13.84%
Tax expense (income)	(0.83)	(0.13)	4.04	586.75%	3207.69%
Total expenses	117.03	136.33	169.02	44.42%	23.98%
Loss for the period	(4.09)	(10.86)	(24.21)	(491.93%)	(122.93%)
Loss attributable to non-controlling interests	(1.67)	(0.91)	(3.28)	(96.41%)	(260.44%)
Loss attributable to owners of the parent	(2.42)	(9.95)	(20.93)	(764.88%)	(110.35%)



Revenues

Unit: in Million Baht

	Three-month period					
	Q1'2022		Q4'2022		Q1'2023	
	Amount	%	Amount	%	Amount	%
Revenues						
Revenue from rendering of services	30.82	27.29%	33.65	26.82%	40.94	28.27%
Revenue from sales of goods	74.91	66.33%	88.68	70.68%	100.71	69.55%
Revenue from leases	4.25	3.76%	2.46	1.96%	2.40	1.66%
Other income	2.96	2.62%	0.68	0.54%	0.76	0.52%
Total revenue	112.94	100%	125.47	100%	144.81	100%

Significant changes can be summarized as follows:

Revenue from rendering of services

For the three-month period ended 31 March 2023, revenue from rendering of services amounted to Baht 40.94 million was comprised of revenue from NGV natural gas compression to PTT Public Company Limited (PTT) of Baht 33.25 million, revenue from the treatment of waste of Baht 3.38 million and revenue from purchase and sale of Refuse Derived Fuel (RDF) of Baht 4.31 million. The Group's service revenue increased compared to the same period of last year. The changes resulted from the following reasons:

Revenue from NGV compression to PTT for the three-month period ended 31 March 2023 increased by Baht 8.05 million or 31.9% from the same period of last year. This was due to the increase in NGV consumption in the country due to the increase in public travel from the previous year.

Revenue from the treatment of waste for the three-month period ended 31 March 2023 decreased by Baht 0.45 million or 11.8% from the same period of last year. This was in line with the decrease of the amount of waste in industrial estate.

Revenue from purchase and sale of RDF the three-month period ended 31 March 2023 increased from the same period of last year by Baht 2.52 million or 140.8%. This varied according to the demand for RDF of customers in each period.





Revenue from sales of goods

For the three-month period ended 31 March 2023, revenue from sales of goods of Baht 100.71 million which was comprised of revenue from generating and distribution of electricity of Baht 61.38 million and revenue from sales of RDF of Baht 39.33 million. The Group's revenue from sales of goods increased compared to the same period of last year. The changes resulted from the following reasons:

Revenue from generating and distribution of electricity sale to the Provincial Electricity Authority for the three-month period ended 31 March 2023 decreased by Baht 2.74 million or 4.3% from the same period of last year. This was as a result of the increase in shutdown hours for repair and maintenance compared to the previous year.

Revenue from sales of RDF for the three-month period ended 31 March 2023 increased from the same period of last year by Baht 28.54 million or 264.5%. This was due to an increase in the volume of RDF compared to the previous year and the commencement of sale of RDF from a new plant in Saraburi Province during the commissioning of the machine.

Revenue from leases

For the three-month period ended 31 March 2023, the Company recognized revenue from leases of Baht 2.40 million or 1.7% of total revenue, decreased from the same period of last year due to the Company entered into an agreement to terminate of the natural gas compression contract by private mother station (Ban Na-Kaeng Khoi) in Saraburi Province which ended on 1 April 2022.

Other income

Other income was comprised of 1) revenue from rendering utility services to lessees, 2) interest income, 3) revenue from solar rooftop equipment rental, and 4) gain on disposal of assets.

For the three-month period ended 31 March 2023, other income amounted to Baht 0.76 million, decreased from the same period of last year by Baht 2.20 million or 74.3%. Other income in the first quarter of 2022 was mainly due to the recognition of gain on disposal of assets of Baht 1.40 million.




Expenses

Unit: in Million Baht

	Three-month period					
	Q1'2022		Q4'2022		Q1'2023	
	Amount	%	Amount	%	Amount	%
<u>Expenses</u>						
Costs of rendering of services	18.52	15.83%	21.65	15.88%	23.58	13.95%
Cost of sales of goods	60.41	51.62%	71.41	52.39%	90.50	53.55%
Selling and Administrative expenses	26.64	22.76%	35.45	26.00%	41.85	24.76%
Finance costs	12.29	10.50%	7.95	5.83%	9.05	5.35%
Tax expense (income)	(0.83)	(0.71%)	(0.13)	(0.10%)	4.04	2.39%
Total expenses	117.03	100%	136.33	100%	169.02	100%

Significant changes can be summarized as follows:

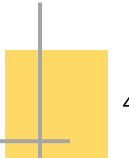
Costs of rendering of services

For the three-month period ended 31 March 2023, cost of rendering of services amounted to Baht 23.58 million, which was comprised of cost of NGV compression to PTT of Baht 18.58 million, cost of the treatment of wastes of Baht 4.84 million and cost of securities trading of Baht 0.16 million. The Group's cost of rendering of services increased compared to the same period of last year. The changes resulted from the following reasons:

The cost of NGV compression to PTT for the three-month period ended 31 March 2023 increased by Baht 3.44 million or 22.7% from the same period of last year, which was in line with the revenue from rendering of services.

The cost of the treatment of wastes for the three-month period ended 31 March 2023 increased from the same period of last year by Baht 1.46 million or 43.2%. This was mainly due to electricity, transportation, and fuel costs.

Cost of securities trading for the three-month period ended 31 March 2023 increased from the same period of last year by Baht 0.16 million, due to software for securities trading development cost of a subsidiary acquired by the Company in the second quarter of 2022.





Costs of sales of goods

For the three-month period ended 31 March 2023, cost of sales of goods amounted to Baht 90.50 million, which was comprised of cost of generating and distribution of electricity of Baht 53.97 million and cost of production and distribution of RDF of Baht 36.53 million. The Group's cost of sales of goods increased compared to the same period of last year. The changes resulted from the following reasons:

The cost of generating and distribution of electricity trading for the three-month period ended 31 March 2023 increased by Baht 0.60 million or 1.1% from the same period of last year. This was mainly due to expenses related to repair and maintenance.

The cost of production and distribution of RDF for the three-month period ended 31 March 2023 increased from the same period of last year by Baht 29.49 million or 418.9%, a greater increase than the increase in revenue from sales of RDF. This was mainly due to the increase in the costs of wastes from purchasing wastes from the previous year due to a decrease in the amount of wasted received from the waste treatment service, and the amount of wastes used in the new RDF plant in Saraburi Province that is under the process of machine commissioning. In addition, transportation and electricity costs have risen from the previous year.

Selling and administrative expenses

For the three-month period ended 31 March 2023, the Group incurred selling and administrative expenses of Baht 41.85 million, an increase from the same period of last year by Baht 15.21 million or 57.1%. This was mainly due to depreciation from the recognition of plants and equipment related to the termination of the natural gas compression by private mother station (Ban Na-Kaeng Khoi) contract in Saraburi Province, employee expenses, loss on sale and leaseback of machinery, and selling and administrative expenses from the development of securities trading software business which the Company acquired in April 2022.

The Group's selling and administrative expenses are primarily comprised of employee expenses, depreciation and amortization, transportation, other service fees, and other administrative expenses.





Finance costs

For the three-month period ended 31 March 2023, the Group incurred finance costs of Baht 9.05 million, a decrease from the same period of last year by Baht 3.24 million or 26.4%. Finance costs in the first quarter of 2022 were mainly due to financing fees for refinancing of a long-term loan from a financial institution of a subsidiary. Meanwhile finance costs in the first quarter of 2023 were mainly due to financing costs of debentures and long-term loan from a financial institution of a subsidiary.

Tax expense (income)

For the three-month period ended 31 March 2023, the Group had tax expense of Baht 4.04 million, mainly due to deferred tax on machinery lease agreement of a subsidiary and recognition of borrowing costs as cost of assets. Meanwhile in the first quarter of 2022, the Company had tax income of Baht 0.83 million.

Gross profit and net loss for the period

1. Gross profit*

For the three-month period ended 31 March 2023, gross profit of the Group was Baht 27.57 million, an increase by Baht 0.77 million or 2.9% compared to the same period of last year. Gross profit margin for the three-month period ended 31 March 2023 and 2022 was 19.46% and 25.35%, respectively, with lower gross profit from the same period of last year due to higher production costs of the generating and distribution of electricity of Mae Krating biomass power plant business and RDF production and distribution business.

Remark: Gross profit * = (Revenue from rendering of services + Revenue from sale of goods) – (Cost of rendering of services + Cost of sales of goods)

Gross profit margin = Gross profit / (Revenue from rendering of services + Revenue from sale of goods)

2) Net loss for the period

For the three-month period ended 31 March 2023, the Group had a loss for the period of Baht 24.21 million, an increase from the same period of last year of Baht 20.12 million or 491.9%. This was primarily due to loss from RDF production and distribution business at the new RDF plant in Saraburi Province which is under the process of commissioning of the machine in the first quarter of 2023.

Financial Position

Unit: in Million Baht

	As at 31 March 2023	As at 31 December 2022	Increase (Decrease)	%
Total assets	1,952.30	1,904.56	47.74	2.51%
Total liabilities	864.66	792.71	71.95	9.08%
Total equity	1,087.64	1,111.85	(24.21)	(2.18%)

Total assets

Total assets of the Group mainly consist of trade accounts receivable, lease receivables, property, plant and equipment, investment properties, and intangible assets. As of 31 March 2023 and 31 December 2022, total assets of the Group amounted to Baht 1,952.30 million and Baht 1,904.56 million, respectively. Total assets increased by Baht 47.74 million or 2.5% was mainly due to the investment in plants and equipment of the new RDF plant in Saraburi Province and an increase in cash and cash equivalents.

Total liabilities

Total liabilities of the Group are mainly comprised of loans from financial institutions, debentures, and lease liabilities. As of 31 March 2023 and 31 December 2022, total liabilities of the Group amounted to Baht 864.66 million and Baht 792.71 million, respectively. Total liabilities increased by Baht 71.95 million or 9.1% was mainly due to long-term loans from a financial institution and lease liabilities for machinery of a subsidiary. However, liabilities of the Group decreased due to repayment of short-term loans from financial institutions of the Company.

Equity

As of 31 March 2023 and 31 December 2022, equity of the Group were Baht 1,087.64 million and Baht 1,111.85 million, respectively. Equity decreased by Baht 24.21 million or 2.2% which was as a result of a net loss for the three-month period ended 31 March 2023.