

May 11, 2023

Subject: Explanation of operating results for 3-month period then ended March 31, 2023

To: The President  
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for 3-month period then ended March 31, 2023 as follows:

## Summary of Quarterly Operation

### Operating Performance

Sales Volume	Quarter 1/2023		Quarter 4/2022		Quarter 1/2022		YoY	QoQ
	Thousand tons	%	Thousand tons	%	Thousand tons	%	%	
<b>Domestics</b>	110.69	82.46	118.09	67.25	137.80	80.75	(19.68)	(6.27)
<b>Overseas</b>	23.54	17.54	57.52	32.75	32.84	19.25	(28.32)	(59.08)
<b>Total</b>	<b>134.22</b>	<b>100.00</b>	<b>175.61</b>	<b>100.00</b>	<b>170.64</b>	<b>100.00</b>	<b>(21.34)</b>	<b>(23.57)</b>

The company's overall biomass fuel sales volume in Q1/2023 was 134.22 thousand tons, a decrease of 23.57% compared to the same quarter of the previous year and 21.34% compared to the previous quarter due to the decrease in biomass fuel sales volume, down both domestics and Overseas as a result of product prices that have dropped dramatically causing some customers to use other comparable substitutes.

## **Domestic sales volume**

Domestic sales volume in Q1/2023 was 110.69 thousand tons, a decrease of 19.68% compared to the same quarter of the previous year. due to the market slowdown at the beginning of the year from the price of other substitute products has decreased.

## **Overseas sales volume**

Overseas sales volume in Q1/2023 was 23.54 thousand tons, a decrease of 28.32% compared to the same quarter last year as a result of lower wood chip exports than target at the beginning of the year. due to lower selling prices therefore delayed to study market trends.

## Financial Performance

### Operating Results

Income Statement	Q1/2023		Q1/2022		Q4/2022		YoY	QoQ
	MB	%	MB	%	MB	%	%	%
<b>Revenues</b>								
Revenue from sales and services	506.07	99.47	610.07	99.54	820.20	99.33	(17.05)	(62.07)
Other incomes	2.72	0.53	2.82	0.46	5.55	0.67	(3.55)	(104.04)
<b>Total Revenues</b>	<b>508.79</b>	<b>100.00</b>	<b>612.89</b>	<b>100.00</b>	<b>825.75</b>	<b>100.00</b>	<b>(16.99)</b>	<b>(62.30)</b>
<b>Expenses</b>								
Cost of sales and services	(452.72)	(88.98)	(531.74)	(86.76)	(717.72)	(86.92)	(14.86)	(58.53)
Distribution costs	(59.17)	(11.63)	(49.93)	(8.15)	(60.25)	(7.30)	18.51	1.82
Administrative expenses	(31.77)	(6.24)	(18.98)	(3.10)	(25.13)	(3.04)	67.39	20.92
<b>Total Expenses</b>	<b>(543.66)</b>	<b>(106.85)</b>	<b>(600.65)</b>	<b>(98.00)</b>	<b>(803.09)</b>	<b>(97.25)</b>	<b>(9.49)</b>	<b>(47.72)</b>
Share of loss from investments in associated	0.02	-	-	-	(0.03)	-	-	-
<b>Profit before interest and tax</b>	<b>(34.85)</b>	<b>(34.85)</b>	<b>12.24</b>	<b>2.00</b>	<b>22.67</b>	<b>2.75</b>	<b>(384.72)</b>	<b>(165.04)</b>
Financial costs	(5.06)	(0.99)	(3.64)	(0.59)	(6.12)	(0.74)	(39.01)	(20.89)
<b>Profit before income tax</b>	<b>(39.91)</b>	<b>(7.84)</b>	<b>8.60</b>	<b>1.40</b>	<b>16.55</b>	<b>2.00</b>	<b>(564.07)</b>	<b>(141.74)</b>
Income tax expenses	7.55	1.48	(2.23)	(0.36)	(5.25)	(0.64)	438.57	(169.50)
<b>Net Profit</b>	<b>(32.36)</b>	<b>(6.36)</b>	<b>6.37</b>	<b>1.04</b>	<b>11.30</b>	<b>1.37</b>	<b>(608.01)</b>	<b>(134.93)</b>
<b>Net Profit attributable to equity holders</b>	<b>(32.40)</b>	<b>(6.37)</b>	<b>6.75</b>	<b>1.10</b>	<b>11.65</b>	<b>1.41</b>	<b>(580.00)</b>	<b>(135.94)</b>

The operating results are presented as follows;

### **Revenue from sales and services**

Revenue from sales of goods and services in Q1/2023 was 506.07 million baht, a decrease of 17.05% compared to the same quarter of the previous year in line with the sales volume, and lower product prices, especially palm kernel shells and wood chips for export due to reduced market demand. In addition, the price of other substitution products has decreased.

### **Cost of sales of goods and cost of services**

The cost of sales of goods and the cost of providing services in Q1/2023 was 452.72 million baht, a decrease of 14.86% compared to the same quarter of the previous year, in the same direction as the decrease in revenue from sales of goods and services.

The company's gross profit margin was 10.54 percent in Q1/2023, a decrease compared to the same period of last year at 12.83%, as a result of lower product prices from highly competitive market conditions, while costs are reduced at a lower rate.

### **Distribution costs**

Distribution costs in Q1/2023 were 59.17 million baht, an increase of 1.82% compared to the same quarter of the previous year, because it focuses on direct sales. Transportation costs are therefore included as selling expenses.

### **Administrative expenses**

Administrative expenses in Q1/2023 were 31.77 million baht, an increase of 20.92% compared to the same quarter of the previous year due to an increase in the number of employees align with business expansion and increased production capacity.

In summary, the company had a net loss attributable to owners of the parent company in Q1/2023 at 32.40 million baht, compared to the same period of the same quarter last year with a net profit of 6.75 million baht.

## Financial Position

### Assets

Financial Position	As at 31 March					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Cash	54.91	4.57	30.45	2.39	24.46	80.32
Account Receivable and other	197.36	16.43	381.92	29.93	(184.56)	(48.32)
Inventory	330.7	27.53	291.77	22.86	38.93	13.34
Advance	25.4	2.11	15.29	1.20	10.11	66.14
ST-loan to related party	6.3	0.52	11.25	0.88	(4.95)	(44.00)
Other current asset	0.12	0.01	2.30	0.18	(2.18)	(94.79)
<b>Total current asset</b>	<b>614.79</b>	<b>51.17</b>	<b>732.98</b>	<b>57.43</b>	<b>(118.19)</b>	<b>(16.12)</b>
Bank deposits pledged as collateral	51.7	4.3	50.00	3.92	1.7	3.4
Investment in associated	1.8	0.14	1.77	0.14	0.03	1.7
Fixed asset	532.37	44.31	490.72	38.45	41.65	8.49
Other non-current asset	0.77	0.06	0.77	0.06	0.00	(0.14)
<b>Total non-current asset</b>	<b>586.64</b>	<b>48.83</b>	<b>543.26</b>	<b>42.57</b>	<b>43.38</b>	<b>7.99</b>
<b>Total asset</b>	<b>1,201.42</b>	<b>100.00</b>	<b>1,276.24</b>	<b>100.00</b>	<b>(74.81)</b>	<b>(5.86)</b>

As of March 31, 2023, the company's total assets decreased by 5.86% compared to the end of the previous year. The major changes are as follows.

Cash and cash equivalents increased by 80.32% due to reserve payment from customers near the end of the period.

Trade and other receivables decreased by 48.32% due to higher export sales at the end of last year, resulting in a higher-than-normal debtor balance.

Inventories increased by 13.34% to prepare for export in the second quarter, especially products of palm kernel shells and wood chips.

Fixed assets increased by 8.49% due to the acquisition of business and assets of the wood chip factory in Amnat-Charoen Province.

## Liabilities and Equities

Financial Position	As at 31 March					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Short-term loans	505.43	41.77	533.03	41.77	(27.60)	(5.18)
Account payable	64.85	5.59	71.40	5.59	(6.55)	(9.17)
Other current liabilities	5.25	0.4	5.15	0.40	0.10	2.00
<b>Current liabilities</b>	<b>575.53</b>	<b>47.76</b>	<b>609.58</b>	<b>47.76</b>	<b>(34.05)</b>	<b>(5.59)</b>
Long term loans and financial leases	68.62	5.87	74.09	5.7	(6.28)	(8.39)
Other non-current liabilities	11.82	1.43	18.20	1.43	(6.38)	(35.05)
<b>Non-current liabilities</b>	<b>80.44</b>	<b>7.3</b>	<b>93.10</b>	<b>7.20</b>	<b>(12.66)</b>	<b>(13.60)</b>
<b>Liabilities</b>	<b>655.97</b>	<b>55.06</b>	<b>702.68</b>	<b>55.06</b>	<b>(46.71)</b>	<b>(6.65)</b>
Equities	545.46	44.94	573.56	44.94	(28.10)	(4.90)
<b>Liabilities and Equities</b>	<b>1,201.43</b>	<b>100.00</b>	<b>1,276.24</b>	<b>100.00</b>	<b>(74.81)</b>	<b>(5.86)</b>

Total liabilities and equities on March 31, 2023 decreased 74.81 million Baht by 5.86% from the end of last year as a result of

Current liabilities decreased 5.59% compared to the end of last year from repayment of short-term loans as normal business.

The stockholders' equity has decreased. from operating losses during the period.

## The statement of cash flow

Cash flow	Q1/2023	Q1/2022
	Million Baht	
Net cash provided by operating activities	98.06	96.82
Net cash used in investing activities	(38.31)	(8.25)
Net cash used in financing activities	(35.09)	(88.37)
<b>Net increase in cash</b>	<b>24.66</b>	<b>0.20</b>

The statement of cash flows for 3-month period ended March 31, 2023

**Net cash used in operating activities:** consisted of loss after adjusting items affecting profit in the amount of 14.07 million baht. The company had cash inflow from trade and other receivables in the amount of 183.93 million baht. Cash outflow for inventories increased in the amount of 49.79 million baht. Advance payment for goods increased in the amount of 10.11 million Baht, paid interest in the amount of 6.90 million baht, resulting in the company's net cash used in operating activities in the amount of 98.06 million baht.

**Net cash used in investing activities:** The Company had cash outflows for investing activities of 38.31 million baht from an increase in property, buildings, and equipment for production of 42.54 million baht and cash received from loans to related companies of approximately 5 million baht.

**Net cash provided by financing activities:** The company's cash flows used in financing activities amounted to 35.09 million baht, which were repayments of both short-term and long-term loans in regular installments.

## 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 warehouse.
2. In 2023, the company expanding production capacity by investing in wood chipped business in the Northeast region.
3. 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,

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(Pongtham Danwungderm)

Deputy Managing Director

And Chief of Financial Officer (CFO)