

August 10th, 2023

Subject: Explanation of operating results for 3-month and 6-month period then ended June 30th, 2023

To: The President  
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for 3-month period and 6-month period then ended June 30, 2023 as follows:

## Summary of Quarterly Operation

### Operating Performance

Sales Volume	Quarter 2/2023		Quarter 1/2023		Quarter 2/2022		YoY	QoQ
	Thousand tons	%	Thousand tons	%	Thousand tons	%	%	
<b>Domestics</b>	129.25	72.44	110.69	82.46	112.60	84.93	14.78	16.77
<b>Overseas</b>	49.17	27.56	23.54	17.54	19.98	15.07	146.10	108.90
<b>Total</b>	<b>178.42</b>	<b>100.00</b>	<b>134.22</b>	<b>100.00</b>	<b>132.58</b>	<b>100.00</b>	<b>34.57</b>	<b>32.93</b>

The company's overall biomass fuel sales volume in Q2/2023 was 178.42 thousand tons, a increase of 34.57% compared to the same quarter of the previous year and 32.93% compared to the previous quarter due to increased in export sales of Palm kernel Shell and wood chipped.

## **Domestic sales volume**

Domestic sales volume in Q2/2023 was 129.25 thousand tons, a increase of 14.78% compared to the same quarter of the previous year due to market demand starting to return to customers in the eastern region and power plants

## **Overseas sales volume**

Overseas sales volume in Q2/2023 was 49.17 thousand tons, a increase 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	Q2/2023		Q2/2022		Q1/2023		YoY	QoQ
	MB	%	MB	%	MB	%	%	%
<b>Revenues</b>								
Revenue from sales and services	623.49	99.79	567.54	99.82	506.07	99.47	9.86	18.83
Other incomes	1.29	0.21	1.04	0.18	2.72	0.53	24.04	(110.85)
<b>Total Revenues</b>	<b>624.78</b>	<b>100.00</b>	<b>568.58</b>	<b>100.00</b>	<b>508.79</b>	<b>100.00</b>	<b>9.88</b>	<b>18.56</b>
<b>Expenses</b>								
Cost of sales and services	(554.44)	(88.74)	(478.97)	(84.24)	(452.72)	(88.98)	15.76	18.35
Distribution costs	(65.99)	(10.56)	(50.71)	(8.92)	(59.17)	(11.63)	30.13	10.33
Administrative expenses	(26.48)	(4.24)	(24.58)	(4.32)	(31.77)	(6.24)	7.73	(19.98)
<b>Total Expenses</b>	<b>(646.91)</b>	<b>(103.54)</b>	<b>(554.26)</b>	<b>(97.48)</b>	<b>(543.66)</b>	<b>(106.85)</b>	<b>16.72</b>	<b>15.96</b>
Share of loss from investments in associated	0.36	0.06	-	-	0.02	-	-	94.44
<b>Profit before interest and tax</b>	<b>(21.77)</b>	<b>(3.48)</b>	<b>14.32</b>	<b>2.52</b>	<b>(34.85)</b>	<b>(34.85)</b>	<b>(252.03)</b>	<b>(60.08)</b>
Financial costs	(6.36)	(1.02)	(4.07)	(0.72)	(5.06)	(0.99)	56.27	20.44
<b>Profit before income tax</b>	<b>(28.13)</b>	<b>(4.50)</b>	<b>10.25</b>	<b>1.80</b>	<b>(39.91)</b>	<b>(7.84)</b>	<b>(374.44)</b>	<b>(41.88)</b>
Income tax expenses	5.37	0.86	(1.99)	(0.35)	7.55	1.48	(369.85)	(40.60)
<b>Net Profit</b>	<b>(22.76)</b>	<b>(3.64)</b>	<b>8.26</b>	<b>1.45</b>	<b>(32.36)</b>	<b>(6.36)</b>	<b>(375.54)</b>	<b>(42.18)</b>
<b>Net Profit attributable to equity holders</b>	<b>(22.53)</b>	<b>(3.61)</b>	<b>8.36</b>	<b>1.47</b>	<b>(32.40)</b>	<b>(6.37)</b>	<b>(369.37)</b>	<b>(43.81)</b>

The operating results are presented as follows;

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

Revenue from sales of goods and services in Q2/2023 was 623.49 million baht, a increase of 9.86% compared to the same quarter of the previous and an increase of 18.83% compared to the previous quarter. This was in line with the increase in export sales, especially palm kernel shells, and wood chips for export.

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

The cost of sales of goods and the cost of providing services in Q2/2023 was 554.44 million baht, an increase of 15.76% compared to the same quarter of the previous year. An increase of 18.35% compared to the same quarter of the previous year in line with the increase in revenue from sales of goods and services.

The company's gross profit margin was 11.07 % in Q2/2023, a decrease compared to the same period of last year at 15.61% as a result of product selling prices unable to increase in line with higher costs from the highly competitive market conditions but improved when compared to the previous quarter with a gross profit margin of 10.54% due to better market situation..

### **distribution costs**

Distribution costs in Q2/2023 were 65.99 million baht, an increase of 30.13% compared to the same quarter of the previous year, and an increase of 10.3 % compared to the previous quarter due to increased exports and higher promotion expenses.

### **administrative expenses**

Administrative expenses in Q2/2023 were 26.48 million baht, an increase of 7.73% compared to the same quarter of the previous year due to the increase in the number of employees, from business expansion and increased production capacity while a decrease of 19.98 % compared to the previous quarter. Because the previous quarter had a bad debt reserve of approximately 10 million baht.

In summary, the company had a net loss attributable to owners of the parent company in Q2/2023 at 22.53 million baht, compared to the same period of the last year with a net profit of 8.36 million baht, but improved compared to the previous quarter which there was a net loss of 32.40 million baht.

Income Statement	HY/2023		HY/2022		YoY
	MB	%	MB	%	%
<b>Revenues</b>					
Revenue from sales and services	1,129.56	99.65	1,177.61	99.77	(4.08)
Other incomes	4.01	0.35	2.69	0.23	49.07
<b>Total Revenues</b>	<b>1,133.57</b>	<b>100.00</b>	<b>1,180.30</b>	<b>100.00</b>	<b>(3.96)</b>
<b>Expenses</b>					
Cost of sales and services	(1,007.16)	(88.85)	(1,010.71)	(85.63)	(0.35)
Distribution costs	(125.16)	(11.04)	(100.64)	(8.53)	24.36
Administrative expenses	(58.25)	(5.14)	(42.40)	(3.59)	37.38
<b>Total Expenses</b>	<b>(1,190.57)</b>	<b>(105.03)</b>	<b>(1,068.95)</b>	<b>(97.75)</b>	<b>3.19</b>
Share of loss from investments in associated	0.38	0.03	0.00	0.00	100.00
<b>Profit before interest and tax</b>	<b>(56.62)</b>	<b>(4.99)</b>	<b>26.56</b>	<b>2.25</b>	<b>(313.26)</b>
Financial costs	(11.42)	(1.01)	(7.71)	(0.65)	48.12
<b>Profit before income tax</b>	<b>(68.04)</b>	<b>(6.00)</b>	<b>18.85</b>	<b>1.60</b>	<b>(461.15)</b>
Income tax expenses	12.92	1.14	(4.21)	(0.36)	(406.89)
<b>Net Profit</b>	<b>(55.12)</b>	<b>(4.86)</b>	<b>14.63</b>	<b>1.24</b>	<b>(476.76)</b>
<b>Net Profit attributable to equity holders</b>	<b>(54.93)</b>	<b>(4.85)</b>	<b>15.11</b>	<b>1.28</b>	<b>(463.44)</b>

The operating results are presented as follows;

### Revenue from sales of goods and services

Revenue from sales of goods and services in HY/2023 was 1,129.56 million baht, a decrease of 4.08% compared to the same period last year. because the average product price is lower than last year.

### Other income

Other income in HY/2023 was 4.01 million baht, an increase of 49.07% compared to the same period last year. due to the profit from the sale of trucks and gain on exchange rate.

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

The cost of sales of goods and the cost of providing services in HY/2023 was 1,007.16 million baht, a decrease of 0.35 % compared to the same period last year in line with decrease in revenue from sales of goods and services.

The company's gross profit margin was 10.84 % in HY/2023, a decrease compared to the same period of last year at 14.17 % 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 HY/2023 were 125.16 million baht, an increase of 24.36% compared to the same period last year. Because this year there are more exports sales than the same period last year, and increased in promotion costs causing higher distribution costs.

## **Administrative expenses**

Administrative expenses in HY/2023 were 58.25 million baht, an increase of 37.38% compared to the same period last year, due to the increasing number of employees from business expansion and increased production capacity.

## **Financial cost**

Finance costs in HY/2023 were 11.42 million baht, an increase of 48.12% compared to the same period last year, due to the continuous increase in interest rates according to the market rate and borrowing for working capital in purchases of goods and business operations. The Company is in the process of arranging an appropriate capital structure.

In summary, the company had a net loss attributable to the parent company in HY/2023 at 54.93 million baht. The net profit was 15.11 million baht.

## Financial Position

### Assets

Financial Position	As at 30 June					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Cash	45.60	3.64	30.45	2.39	15.15	49.75
Account Receivable and other	221.81	17.69	381.92	29.93	(160.11)	(41.92)
Inventory	279.37	22.28	291.77	22.86	(12.40)	(4.25)
Advance	25.07	2.00	15.29	1.20	9.78	63.98
ST-loan to related party	6.30	0.50	11.25	0.88	(4.95)	(44.00)
Other current asset	6.98	0.56	2.30	0.18	4.68	203.10
<b>Total current asset</b>	<b>585.13</b>	<b>46.67</b>	<b>732.98</b>	<b>57.43</b>	<b>(147.85)</b>	<b>(20.17)</b>
Bank deposits pledged as collateral	51.70	4.12	50.00	3.92	1.70	3.40
Investment in associated	2.15	0.17	1.77	0.14	0.38	21.54
Fixed asset	613.54	48.93	490.72	38.45	122.82	25.03
Other non-current asset	1.33	0.11	0.77	0.06	0.56	72.48
<b>Total non-current asset</b>	<b>668.72</b>	<b>53.33</b>	<b>543.26</b>	<b>42.57</b>	<b>125.46</b>	<b>23.09</b>
<b>Total asset</b>	<b>1,235.85</b>	<b>100.00</b>	<b>1,276.24</b>	<b>100.00</b>	<b>(22.39)</b>	<b>(1.75)</b>

As of June 30, 2023, the company's total assets decreased by 1.75% compared to the end of the previous year. The major changes are as follows.

Cash and cash equivalents increased by 49.75% due to reserve payment from customers near the end of the period.

Trade and other receivables decreased by 41.92% due to at the end of last year, the sales near the end of the period were higher than usual, resulting in a higher than normal balance.

Fixed assets increased by 25.03% due to the acquisition of business and assets of 2 wood chip factories in the northeastern region. and improve the Rayong warehouse.

## Liabilities and Equities

Financial Position	As at 30 June					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Short-term loans	540.43	43.10	533.03	41.77	7.40	1.39
Account payable	95.10	7.58	71.40	5.59	23.70	33.19
Other current liabilities	1.25	0.11	5.15	0.40	(3.90)	(75.71)
<b>Current liabilities</b>	<b>636.78</b>	<b>50.79</b>	<b>609.58</b>	<b>47.76</b>	<b>27.20</b>	<b>4.46</b>
Long term loans and financial leases	83.43	6.65	74.90	5.87	8.53	11.39
Other non-current liabilities	7.36	0.59	18.20	1.43	(10.84)	(59.56)
<b>Non-current liabilities</b>	<b>90.79</b>	<b>7.24</b>	<b>93.10</b>	<b>7.30</b>	<b>(2.31)</b>	<b>(2.48)</b>
<b>Liabilities</b>	<b>727.57</b>	<b>58.03</b>	<b>702.68</b>	<b>55.06</b>	<b>24.89</b>	<b>3.54</b>
Equities	526.28	41.97	573.56	44.94	(47.28)	(8.24)
<b>Liabilities and Equities</b>	<b>1,235.85</b>	<b>100.00</b>	<b>1,276.24</b>	<b>100.00</b>	<b>(22.39)</b>	<b>(1.75)</b>

Total liabilities and equities on June 30, 2023 decreased 22.39 million Baht by 1.75% from the end of last year as a result of the stockholders' equity has decreased from operating losses during the period.

Liabilities increased 3.54% compared to the end of the previous year from an increase in trade and other payables and long-term borrowing, which is a liability from truck leasing.



## The statement of cash flow

Cash flow	HY/2023	HY/2022
	Million Baht	
Net cash provided by (used in) operating activities	125.20	(158.88)
Net cash used in investing activities	(97.87)	(31.47)
Net cash provided by (used in) financing activities	(11.94)	185.29
<b>Net increase (decrease) in cash</b>	<b>15.40</b>	<b>(5.05)</b>

The statement of cash flows for 6-month period ended June 30, 2023

**Net cash provided by operating activities:** consisted of loss after adjusting items affecting profit in the amount of 30.64 million baht. the company had cash inflow from trade and other receivables decreased by 159.03 million baht, inventories decreased by 2.93 million baht, and cash flow paid for advance payment for goods increased by 9.78 million baht, paying interest by 13.25 million baht. Net cash received from operating activities amounted to 125.20 million baht.

**Net cash used in investing activities:** The Company had cash outflows for investing activities of 97.87 million baht from an increase in property, buildings, and equipment for production of 98.24 million baht.

**Net cash provided by financing activities:** The company's cash flows used in financing activities amounted to 11.94 million baht, mainly from repayment of 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)