



บริษัท โปรเฟสชันเนล เวสต์ เทคโนโลยี (1999) จำกัด (มหาชน)
PROFESSIONAL WASTE TECHNOLOGY (1999) PUBLIC COMPANY LIMITED

Translation

AT PW-064 CS 2023

November 14, 2023

Subject : Management Discussion and Analysis for the 3rd Quarter of 2023 ended September 30, 2023

To : President

The Stock Exchange of Thailand

Professional Waste Technology (1999) Public Company Limited and its Subsidiaries has submitted the financial statements and the reports of the certified public accountant's report for the periods for the 9-month ended September 30, 2023 and 2022, In 2023, there were operating results of the company and its subsidiaries for the 9-month period of the 3rd quarter of 2023 (consolidated financial statements) with a total comprehensive loss for the period of 102.34 million baht, compared to the same period of the previous year with a profit of 16.79 million baht. Results Operating losses increased from the previous year in the amount of 119.13 million baht or 709.53 %

Impact on operations from the order of the Department of Industrial Works, the details are summarized as follows.

- 1) To suspend any act that violates or perform properly in compliance with section 39 paragraph 1 of the Factory Act B.E. 2535

Landfill capping hazardous L3

- On 30 September 2022, the Department of Industrial Works agreed that the Company has to stop operating in compliance with section 39 paragraph 1 of the Factory Act B.E. as follows: 1) to bring aluminium dross, which was landfilled around hazardous waste landfill area L3 without stabilization, to destructive action by stabilization before landfill and 2) to prepare a project plan according to the Environmental Impact Assessment (EIA) report together with surveying the boundaries of every landfill which is certified by the relevant government agencies to be completed by 30 October 2022, the Company sent a letter to request an extension of the period of 90 days for the remedial action. (The order to allow the extension to end on 31 January 2023).
- Later on 13 December 2022, the Company informed the Director General of the Department of Industrial Works that the Company performed completely the stabilization process, preparing project layout plan according to the EIA report together with the land boundary survey of all landfill holes (L1 to L8) and certified by relevant government agencies including requesting to terminate the order under section 39 paragraph 1 of the Factory Act B.E. 2535.

- On 11 January 2023, the Department of Industrial Works considered the evidence submitted by the Company in the above matter. It appeared that, some of layouts of landfill area and the layout of total projects were incorrect and inconsistent with the layouts of landfill area and the layout of total projects as reported in the EIA report, which was considered an important fact that must be taken into account in order to terminate the above order. Therefore, there has been an order to extend the period according to the order until 31 May 2023 and extend the period according to the order until 1 December 2023, and there has been an additional order for the Company to submit documents for examination of incorrect and inconsistencies of landfill area.
- Subsequently, on 10 February 2023, the Company filed an appeal against the order to submit additional documents and extend the period for compliance with the order of Section 39 paragraph 1 of the Factory Act B.E. 2535, to the Minister of Industry. Until 15 August 2023, the result of the appeal has not been known. In addition, on 8 March 2023, the Company submitted a letter to request the justice to the Minister of Industry to terminate such order and allow the Company to continue to operate normally. Until 13 November 2023, the result of requesting justice has not been known.

Landfill capping hazardous L4

- On 24 November 2022, Department of Industrial Works issued an order “Amendment to the order according to the letter of the Department of Industrial Works dated 18 April 2022”. The order has forced the Company to stop operating the factory only at the hazardous waste landfill in the L4 area and to fix the L4’ s landfill according to the EIA report as approval within 20 February 2023, which determined the condition in the report of compliance with the Department of Industrial Works orders, will not be allowed to bring sewage or unused materials that are hazardous wastes will be treated or disposed of in the L4’s landfill until all orders are complied with and is permitted to open a factory business.
 - On 17 February 2023, the Company issued a letter for an extension of the time to comply with the said order by 90 days. Subsequently, the Department of Industrial Works granted permission to extend the period for improving the factory under Section 39, paragraph 1, until 21 May 2023 and extend the period until 22 November 2023.
- 2) To suspend any act that violates or perform properly in compliance with Section 37, paragraph 1, of the Factory Act B.E. 2535 as follows:
- On 30 March 2023, the Sakaeo Provincial Industrial Office ordered the factory operators to improve according to Section 37, paragraph 1, of the Factory Act, B.E. 2535, to proceed as follows: 1) improving the soil embankment in the buffer area around the factory and planting perennials around, 2) installing a contaminated rainwater collection system and improving the waste water collection system from landfills including preparing preventive measures in case of leakage of the wastewater treatment system and 3) installing an emergency overflow protection system in a wastewater treatment tank and store leachate waste from landfills in a closed tank or well. These have to be completed by 15 May 2023. Subsequently, the Department of Industrial Works granted

the permission to extend the period for improving the factory until 15 November 2023 and extend the period until 29 December 2023.

- Subsequently, on 28 September 2023, the Sakaeo Provincial Industrial Office considered to add the details of the implementation of the order, Section 37, paragraph 1, of the Factory Act, B.E. 2535 as follows: 1) preparing a plan to restore groundwater to conform with the groundwater quality standards as announced by the Ministry of Industry as a letter to the Sakaeo Provincial Industry Office within 31 October 2023, which the Company already completed, and 2) restoring the groundwater to conform with the groundwater quality standards as announced by the Ministry of Industry and reporting the results of groundwater inspection and restoration as a letter to the Sakaeo Provincial Industrial Office by 29 December 2023.

From the above, as a result, the company has been unable to treat hazardous industrial waste until now for approximately 1 year and 6 months, causing the company to lack income from treating hazardous industrial waste. The company can accept only non-hazardous industrial waste. As a result, the income from receiving industrial waste decreased greatly.

The company would like to summarize the operating results of the group of companies that have changed significantly. It can be summarized as follows.

1. Total revenues

The company had a total income of 55.79 million baht, compared to the same period last year with an income of 175.47 million baht which decreased in the amount of 119.68 million baht, accounting for 68.21 %. The details of the income are as follows.

1.1 Total Revenues from sales and services are 55.25 million baht included:

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| Revenue from the sale of aluminum in the amount | to 24.23 million baht. |
| Income from disposal of industrial waste and landfill amounted | to 15.55 million baht. |
| Revenue from transportation and other service fees amounted | to 8.27 million baht. |
| Income from sales of scrap and sorted scrap amounted | to 7.20 million baht. |

1.2 Other income of 0.54 million baht, consisting of income from GSB lottery prizes of 0.18 million baht, land rental income of 0.16 million baht and other income of 0.20 million baht

2. Total cost of sales and services

In 3rd Quarter of 2023, the cost of sales and service costs amounted to 94.22 million baht, accounting for 170.53% of the main revenue. Compared to the same period of the previous year amounted to 129.50 million baht or 74.38% of the main revenue, decreased from the previous year by 35.28 million baht, accounting for 27.24 % which corresponds to decreased sales.

3. Gross Profit (loss)

In 3rd Quarter of 2023, the gross loss was 38.97 million baht, or 70.53 % of the gross loss. Compared to the same period last year, the gross profit was 44.61 million baht or 25.62 %. In 2023, there was a gross loss because the Department of Industrial Works ordered the company to stop receiving hazardous waste which is the company's main income. In addition, the company still has fixed expenses such as employee expenses, depreciation of buildings and equipment Including rental fees for various tools and equipment, etc.

4. Cost of distribution, administrative expenses and other expenses

Cost of distribution and administrative expenses were 35.97 million baht or 65.10 % of the major revenues.

5. Other expenses

Other expenses in the amount of 13.46 million baht include fines and compensation for damage from non-compliance with the contract in the amount of 0.30 million baht and estimated liabilities according to the compromise agreement in the report of the proceedings on 12 June 2023 in the amount of 13.13 million baht (please see the details in the notes to the financial statements, item 24 of the interim financial statements)

6. Total comprehensive income (loss) for the period

In 3rd Quarter of 2023, the company had a loss of 102.34 million baht compared to the same period last year with a profit of 16.79 million baht with a profit decreasing of 119.13 million baht, accounting for 709.53 % .

Kindly be informed accordingly

Sincerely yours,

Miiss Karaveag Chokmaneeench

Director and Acting Chief Executive Officer