

No. SKE-SET-009/66

10 November 2023

**Management's Discussion and Analysis**  
**For the nine-month period ended 30 September 2023**

Operating result

Unit: in Million Baht

	Three-month period			% Increase (Decrease)		Nine-month period		Increase	%
	Q3'2022	Q2'2023	Q3'2023	YoY	QoQ	2022	2023	(decrease)	
<b>Revenues</b>									
Revenue from rendering of services	33.32	34.38*	28.23	(15.28%)	(17.89%)	95.72	100.39	4.67	4.88%
Revenue from sales of goods	84.86	113.48*	83.23	(1.92%)	(26.66%)	251.75	300.58	48.83	19.40%
Revenue from leases	1.88	2.34	2.66	41.49%	13.68%	8.05	7.40	(0.65)	(8.07%)
Other income	0.26	0.25	0.53	103.85%	112.00%	16.43	1.54	(14.89)	(90.63%)
<b>Total revenue</b>	<b>120.32</b>	<b>150.45</b>	<b>114.65</b>	<b>(4.71%)</b>	<b>(23.80%)</b>	<b>371.95</b>	<b>409.91</b>	<b>37.96</b>	<b>10.21%</b>
<b>Expenses</b>									
Costs of rendering of services	17.81	20.55	17.59	(1.24%)	(14.40%)	55.07	58.85	3.78	6.86%
Cost of sales of goods	70.45	99.35	102.03	44.83%	2.70%	193.12	294.75	101.63	52.63%
Selling and Administrative expenses	30.14	43.78	38.88	29.00%	(11.19%)	90.22	124.51	34.29	38.01%
Finance costs	7.22	11.98	12.48	72.85%	4.17%	30.40	33.51	3.11	10.23%
Tax expense (income)	(0.27)	(0.23)	(0.27)	0.00%	(17.39%)	(9.41)	3.54	12.95	137.62%
<b>Total expenses</b>	<b>125.35</b>	<b>175.43</b>	<b>170.71</b>	<b>36.19%</b>	<b>(2.69%)</b>	<b>359.40</b>	<b>515.16</b>	<b>155.76</b>	<b>43.34%</b>
<b>Profit (Loss) for the period</b>	<b>(5.03)</b>	<b>(24.98)</b>	<b>(56.06)</b>	<b>(1014.51%)</b>	<b>(124.42%)</b>	<b>12.55</b>	<b>(105.25)</b>	<b>(117.80)</b>	<b>(938.65%)</b>
Profit (Loss) attributable to non-controlling interests	(1.35)	(0.40)	(7.02)	(420.00%)	(1655.00%)	0.31	(10.70)	(11.01)	(3551.61%)
<b>Profit (Loss) attributable to owners of the parent</b>	<b>(3.68)</b>	<b>(24.58)</b>	<b>(49.04)</b>	<b>(1232.61%)</b>	<b>(99.51%)</b>	<b>12.24</b>	<b>(94.55)</b>	<b>(106.79)</b>	<b>(872.47%)</b>

**Remark** \*There is a reclassification in the third quarter of 2023.

**Revenues**

Unit: in Million Baht

	Three-month period						Nine-month period			
	Q3'2022		Q2'2023		Q3'2023		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenues</b>										
Revenue from rendering of services	33.32	27.69%	34.38*	22.85%	28.23	24.62%	95.72	25.73%	100.39	24.49%
Revenue from sales of goods	84.86	70.54%	113.48*	75.42%	83.23	72.60%	251.75	67.69%	300.58	73.32%
Revenue from leases	1.88	1.56%	2.34	1.56%	2.66	2.32%	8.05	2.16%	7.40	1.81%
Other income	0.26	0.22%	0.25	0.17%	0.53	0.46%	16.43	4.42%	1.54	0.38%
<b>Total revenue</b>	<b>120.32</b>	<b>100%</b>	<b>150.45</b>	<b>100%</b>	<b>114.65</b>	<b>100%</b>	<b>371.95</b>	<b>100%</b>	<b>409.91</b>	<b>100%</b>

**Remark** \*There is a reclassification in the third quarter of 2023.

Significant changes can be summarized as follows:

**Revenue from rendering of services**

For the three-month period ended 30 September 2023, revenue from rendering of services amounted to Baht 28.23 million was comprised of revenue from NGV natural gas compression to PTT Public Company Limited (PTT) of Baht 25.66 million, revenue from the treatment of wastes of Baht 3.05 million and revenue from purchase and sale of Refuse Derived Fuel (RDF) of Baht (0.48) million. The Group's service revenue for the three-month period decreased compared to the same period of last year. And for the nine-month period ended 30 September 2023, revenue from rendering of services amounted to Baht 100.39 million was comprised of revenue from the NGV natural gas compression to PTT of Baht 90.16 million, revenue from the treatment of wastes of Baht 9.43 million and revenue from purchase and sale of RDF of Baht 0.80 million. The Group's service revenue for the nine-month period increased compared to the same period of last year. The changes resulted from the following reasons:

Revenue from compression of NGV to PTT for the three-month period ended 30 September 2023 decreased from the same period of last year amounted to Baht 3.42 million or 11.8% due to the increase in NGV retail prices caused by the NGV price cap measure ended on 15 June 2023. And for the nine-month period ended 30 September 2023, revenue from compression of NGV to PTT increased from the same period of last year amounted to Baht 8.52 million or 10.4% due to the increase in NGV consumption in the country because of the increase in public travel from the previous year.

Revenue from the treatment of wastes for the three-month and nine-month periods ended 30 September 2023 decreased from the same periods of last year amounted to Baht 0.92 million or 23.2% and Baht 1.85 million or 16.4%, respectively. This was in line with the decrease of the amount of waste in industrial estate.



Revenue from purchase and sale of RDF for the three-month and nine-month periods ended 30 September 2023 decreased from the same periods of last year amounted to Baht 0.75 million or 277.8% and Baht 2 million or 71.4%, respectively. This varied according to the demand for RDF of customers in each period, including the issuance of credit notes in the third quarter of 2023.

#### Revenue from sale of goods

For the three-month period ended 30 September 2023, revenue from sales of goods of Baht 83.23 million was comprised of revenue from generating and distribution of electricity of Baht 52.36 million and revenue from sales of RDF of Baht 30.87 million. The Group's revenue from sales of goods for the three-month period decreased compared to the same period of last year. And for the nine-month period ended 30 September 2023, revenue from sales of goods of Baht 300.58 million was comprised of revenue from generating and distribution of electricity of Baht 190.28 million and revenue from sales of RDF of Baht 110.30 million. The Group's revenue from sales of goods for the nine-month period 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 (PEA) for the three-month and nine-month periods ended 30 September 2023 decreased from the same periods of last year amounted to Baht 18.76 million or 26.4% and Baht 21.69 million or 10.2%, respectively. This was due to shut down in the third quarter of 2023 for major overhaul and maintenance.

Revenue from sales of RDF for the three-month and nine-month periods ended 30 September 2023 increased from the same periods of last year amounted to Baht 17.13 million or 124.7% and Baht 74.72 million or 210%, respectively. This was due to an increase in the sales volume of RDF from the previous year and the commencement of sale of RDF from a new plant in Saraburi Province.

Revenue from sales of Source Code (Code Program) for the three-month and nine-month periods ended 30 September 2023 decreased from the same periods of last year amounted to Baht 4.20 million since the subsidiary sold the code program in the second quarter of 2022.

#### Revenue from leases

For the three-month period ended 30 September 2023, the Group recognized revenue from leases of Baht 2.66 million or 2.3% of total revenue, increased from the same period of last year because RDF production and distribution business has generated revenue from machinery leases. For the nine-month period ended 30 September 2023, the Group recognized revenue from leases of Baht 7.40 million or 1.8% of total revenue, decrease from the

same period of last year since 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 on 1 April 2022.

#### Other income

The Group's other income is primarily 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 30 September 2023, other income was Baht 0.53 million, an increase by Baht 0.27 million or 103.9% compared from the same period of last year and for the nine-month period ended 30 September 2023, other income was Baht 1.54 million, a decrease by Baht 14.89 million or 90.6% compared from the same period of last year. Other income in the third quarter of 2022 was mainly due to the recognition gain from the termination of the natural gas compression contract by private mother station (Ban Na-Kaeng Khoi) in Saraburi Province of Baht 13.91 million and gain on disposal of assets of Baht 1 million.

#### Expenses

Unit: in Million Baht

	Three-month period						Nine-month period				
	Q3'2022		Q2'2023		Q3'2023		2022		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Expenses</b>											
Costs of rendering of services	17.81	14.21%	20.55	11.71%	17.59	10.30%	55.07	15.32%	58.85	11.42%	
Cost of sales of goods	70.45	56.21%	99.35	56.63%	102.03	59.77%	193.12	53.74%	294.75	57.23%	
Selling and Administrative expenses	30.14	24.04%	43.78	24.96%	38.88	22.78%	90.22	25.10%	124.51	24.17%	
Finance costs	7.22	5.76%	11.98	6.83%	12.48	7.31%	30.40	8.46%	33.51	6.50%	
Tax expense (income)	(0.27)	(0.22%)	(0.23)	(0.13%)	(0.27)	(0.16%)	(9.41)	(2.62%)	3.54	0.69%	
<b>Total expenses</b>	<b>125.35</b>	<b>100%</b>	<b>175.43</b>	<b>100%</b>	<b>170.71</b>	<b>100%</b>	<b>359.40</b>	<b>100%</b>	<b>515.16</b>	<b>100%</b>	

#### Costs of rendering of services

For the three-month period ended 30 September 2023, cost of rendering of services amounted to Baht 17.59 million, was comprised of cost of compression of NGV to PTT of Baht 14.62 million, cost of the treatment of wastes of Baht 2.76 million and cost of securities trading of Baht 0.21 million. The Group's cost of rendering of services for the three-month period decreased compared to the same period of last year. And for the nine-month period ended 30 September 2023, cost of rendering of services amounted to Baht 58.85 million, was comprised of cost of compression of NGV to PTT of Baht 51.23 million, cost of the treatment of wastes of Baht 7.19 million and cost of securities trading of Baht 0.43 million. The Group's cost of rendering of services for the nine-month period increased compared to the same period of last year. The changes resulted from the following reasons:



Cost of compression of NGV to PTT for the three-month period ended 30 September 2023 decreased from the same period of last year amounted to Baht 1.75 million or 10.7%. And for the nine-month period ended 30 September 2023 costs increased from the same period of last year by Baht 4.39 million or 9.4%. The costs were proportional to the revenue from rendering of services.

Cost of the treatment of wastes for the three-month period ended 30 September 2023 increased from the same period of last year amounted to Baht 1.55 million or 128.1%, mainly due to the increase in electricity, and transportation costs. And cost of the treatment of wastes for the nine-month period ended 30 September 2023 decreased from the same period of last year amounted to Baht 0.50 million or 6.5% from the decrease in revenue from the treatment of wastes.

Cost of securities trading for the three-month and nine-month periods ended 30 September 2023 decreased from the same periods of last year amounted to Baht 0.02 million or 8.7% and Baht 0.11 million or 20.4%, respectively.

#### Costs of sales of goods

For the three-month period ended 30 September 2023, cost of sales of goods amounted to Baht 102.03 million, was comprised of cost of generating and distribution of electricity of Baht 64.30 million and cost of production and distribution of RDF of Baht 37.73 million. And for the nine-month period ended 30 September 2023, cost of sales of goods amounted to Baht 294.75 million, was comprised of cost of generating and distribution of electricity of Baht 175.01 million and cost of production and distribution of RDF of Baht 119.74 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:

Cost of generating and distribution of electricity for the three-month and nine-month periods ended 30 September 2023 increased from the same periods of last year amounted to Baht 4.13 million or 6.9% and Baht 5.64 million or 3.3%, respectively. This was mainly due to the major overhaul and maintenance costs.

Cost of production and distribution of RDF for the three-month and nine-month periods ended 30 September 2023 increased from the same periods of last year amounted to Baht 27.45 million or 267% and Baht 95.99 million or 404.2%, respectively, a greater proportion 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 because of 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 commissioned the machinery in the first quarter of 2023. In addition, transportation, electricity costs, and depreciation have risen from the previous year.



### Selling and administrative expenses

For the three-month period ended 30 September 2023, the Group incurred selling and administrative expenses amounted to Baht 38.88 million, an increase from the same period of last year of Baht 8.74 million or 29%. And for the nine-month period ended 30 September 2023, the Group incurred selling and administrative expenses amounted to Baht 124.51 million, an increase from the same period of last year of Baht 34.29 million or 38%. This was mainly due to depreciation from the recognition of plant and equipment related to the termination of the natural gas compression by private mother station (Ban Na-Kaeng Khoi) in Saraburi Province contract, employee expenses, transportation expenses, loss on sale and leaseback of machinery, loss on disposal of assets, and administrative expenses of the new RDF plant in Saraburi.

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 30 September 2023, the Group incurred finance costs of Baht 12.48 million, an increase from the same period of last year of Baht 5.26 million or 72.9%. And for the nine-month period ended 30 September 2023, the Group incurred finance costs of Baht 33.51 million, an increase from the same period of last year of Baht 3.11 million or 10.2%. This was mainly due to finance costs of debentures and long-term loan from a financial institution of subsidiaries.

### Tax expense (income)

For the three-month period ended 30 September 2023, the Group incurred tax income of Baht 0.27 million, which is equal to the same period of last year. And for the nine-month period ended 30 September 2023, the Group incurred tax expense of Baht 3.54 million, due to deferred tax on machinery lease agreement of a subsidiary and recognition of borrowing costs as cost of assets. Meanwhile in the same period of last year, the Group had tax income of Baht 9.41 million, from the termination of the natural gas compression contract by private mother station (Ban Na-Kaeng Khoi) in Saraburi Province.



## Gross profit (loss) and net profit (loss) for the period

1. Gross profit (loss)\*

For the three-month period ended 30 September 2023, gross loss of the Group was Baht 8.16 million. Loss increased by Baht 38.08 million or 127.3% compared to the same period of last year. Gross profit (loss) margin for the three-month period ended 30 September 2023 and 2022 were (7.3%) and 25.3%, respectively. The gross loss mainly resulted from higher production costs of RDF production and distribution business and discontinuation operation for major overhaul and maintenance of the generating and distribution of electricity of Mae Krating biomass power plant business.

For the nine-month period ended 30 September 2023, gross profit of the Group was Baht 47.37 million, a decrease by Baht 51.91 million or 52.3% compared to the same period of last year. Gross profit margin for the nine-month period ended 30 September 2023 and 2022 were 11.8% and 28.6%, respectively. A decrease in gross profit mainly resulted from higher production costs and repair and maintenance 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 profit (loss) for the period

For the three-month period ended 30 September 2023, the Group had a loss for the period of Baht 56.06 million and loss increased by Baht 51.03 million or 1014.5% compared to the same period of last year. And for the nine-month period ended 30 September 2023, the Group had a loss for the period of Baht 105.25 million and loss increase by Baht 117.80 million or 938.7% compared to the same period of last year. This was primarily due to the loss of the RDF production and distribution business at the new RDF plant in Saraburi Province which was commissioned the machinery in the first quarter of 2023 and the cessation of production for major overhaul and maintenance of the generating and distribution of electricity of Mae Krating biomass power plant business. In addition, in the third quarter of 2022, the Group had tax income.

**Financial Position**

Unit: in Million Baht

	As at 30 September 2023	As at 31 December 2022	Increase (Decrease)	%
Total assets	1,921.01	1,904.56	16.45	0.86%
Total liabilities	914.41	792.71	121.70	15.35%
Total equity	1,006.60	1,111.85	(105.25)	(9.47%)

**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 30 September 2023 and 31 December 2022, total assets of the Group amounted to Baht 1,921.01 million and Baht 1,904.56 million, respectively. Total assets increased by Baht 16.45 million or 0.9%. This was mainly due to the investment in plant and equipment of the new RDF plant in Saraburi Province and an increase in cash and cash equivalents. However, the assets of the Group decreased due to depreciation and amortization during the period.

**Total liabilities**

Total liabilities of the Group are mainly comprised of loans from financial institutions, debentures, and lease liabilities. As of 30 September 2023 and 31 December 2022, total liabilities of the Group amounted to Baht 914.41 million and Baht 792.71 million, respectively. Total liabilities increased by Baht 121.70 million or 15.4% 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 repayments of short-term loans from financial institutions of the Company and payment for machinery of the new RDF plant in Saraburi Province.

**Equity**

As of 30 September 2023 and 31 December 2022, equity of the Group were Baht 1,006.60 million and Baht 1,111.85 million, respectively. Equity decreased by Baht 105.25 million or 9.5% which was the result of a net loss for the nine-month period ended 30 September 2023.