

November 14th, 2023

Subject: Explanation of operating results for 3-month and 9-month period then ended September 30th, 2023

To: The President
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for 3-month period and 9-month period then ended September 30, 2023 as follows:

Summary of Quarterly Operation

Operating Performance

Sales Volume	Quarter 3/2023		Quarter 2/2023		Quarter 3/2022		YoY	QoQ
	Thousand tons	%	Thousand tons	%	Thousand tons	%	%	
Domestics	135.68	69.92	129.25	72.44	122.57	78.53	5.45	4.98
Overseas	58.36	30.08	49.17	27.56	33.50	21.47	46.76	18.69
Total	194.05	100.00	178.42	100.00	156.07	100.00	14.32	8.76

The company's overall biomass fuel sales volume in Q3/2023 was 194.05 thousand tons, a increase of 14.32% compared to the same quarter of the previous year and 8.76% compared to the previous quarter due to increase in export sales of Palm kernel Shell and woodchip.

Domestic sales volume

Domestic sales volume in Q3/2023 was 135.68 thousand tons, a increase of 5.45% compared to the same quarter of the previous year due to market demand return from customers in the eastern region and power plants.

Overseas sales volume

Overseas sales volume in Q3/2023 was 58.36 thousand tons, a increase of 46.76% compared to the same quarter last year and 18.69% compared to the previous quarter as a result of export palm kernel shell product group and woodchip.

Financial Performance

Operating Results

Income Statement	Q3/2023		Q2/2023		Q3/2022		YoY	QoQ
	MB	%	MB	%	MB	%	%	%
Revenues								
Revenue from sales and services	735.58	99.71	706.49	99.72	623.49	99.79	4.12	17.98
Other incomes	2.12	0.29	1.98	0.28	1.29	0.21	(72.22)	(57.36)
Total Revenues	737.70	100.00	708.47	100.00	624.78	100.00	4.13	18.07
Expenses								
Cost of sales and services	(631.94)	(89.20)	(600.65)	(84.78)	(554.44)	(88.74)	5.21	13.98
Distribution costs	(74.29)	(10.49)	(55.56)	(7.84)	(65.99)	(10.56)	33.71	12.58
Administrative expenses	(26.55)	(3.60)	(34.61)	(4.89)	(26.48)	(4.24)	(23.29)	0.26
Total Expenses	(732.78)	(99.33)	(690.82)	(97.51)	(646.91)	(103.54)	6.07	13.27
Share of gain from investments in associated	0.11	0.01	-	-	0.36	0.06	-	(69.44)
Profit (loss) before interest and tax	5.03	0.68	17.65	2.49	(21.77)	(3.48)	(71.50)	(123.11)
Financial costs	(7.41)	(1.00)	(6.13)	(0.87)	(6.36)	(1.02)	20.88	16.51
Profit (loss) before income tax	(2.38)	(0.32)	11.52	1.63	(28.13)	(4.50)	(120.66)	(91.54)
Income tax expenses	(0.63)	(0.09)	(2.47)	(0.35)	5.37	0.86	(74.49)	(111.73)
Net Profit (loss)	(3.01)	(0.41)	9.05	1.28	(22.76)	(3.64)	(133.26)	(86.78)
Net Profit (loss) attributable to equity holders	(2.40)	(0.33)	9.13	1.29	(22.53)	(3.61)	(126.29)	(89.35)

The operating results are presented as follows;

Revenue from sales and services

Revenue from sales of goods and services in Q3/2023 was 735.58 million baht, a increase of 4.12% compared to the same quarter of the previous and an increase of 17.98% compared to the previous quarter. This was in line with the increase in export sales, especially palm kernel shells. and woodchips for export

Cost of sales of goods and cost of services

The cost of sales of goods and the cost of providing services in Q3/2023 was 631.94 million baht, an increase of 5.21% compared to the same quarter of the previous year. An increase of 13.98% 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 14.09% in the Q3/2023, decreased compared to the same period last year at 14.98%, as a result of lower prices due to highly competitive market situation and fluctuation prices but improved compared to the previous quarter. with a gross profit margin of 11.07% due to better compatible price and the proportion of sales of high-margin products increases.

distribution costs

Distribution costs in Q3/2023 were 74.29 million baht, an increase of 33.71% compared to the same quarter of the previous year. and an increase of 12.58% compared to the previous quarter due to increase in exports sales and higher promotion expenses.

administrative expenses

Administrative expenses in Q3/2023 were 26.55 million baht, an decrease of 23.29% compared to the same quarter of the previous year due to the previous year there was a provision for bad debts of approximately 12 million baht.

In summary, the company had a net loss attributable to owners of the parent company in Q3/2023 at 2.40 million baht, compared to the same period of the last year with a net profit of 9.13 million baht, but improved compared to the previous quarter which there was a net loss of 22.53 million baht.

Income Statement	9M/2023		9M/2022		YoY
	MB	%	MB	%	%
Revenues					
Revenue from sales and services	1,865.14	99.76	1,884.10	99.69	(1.01)
Other incomes	6.13	0.33	5.84	0.31	4.97
Total Revenues	1,871.27	100.00	1,889.94	100.00	(0.99)
Expenses					
Cost of sales and services	(1,639.10)	(87.67)	(1,611.36)	(85.26)	1.72
Distribution costs	(199.45)	(10.67)	(156.20)	(8.26)	27.69
Administrative expenses	(84.80)	(4.53)	(78.17)	(4.14)	8.48
Total Expenses	(1,923.35)	(102.78)	(1,845.73)	(97.66)	4.21
Share of gain from investments in associated	0.49	0.03	0.00	0.00	-
Profit (loss) before interest and tax	(51.59)	(2.76)	44.21	(97.66)	(216.69)
Financial costs	(18.83)	(1.01)	(13.84)	(0.73)	36.05
Profit (loss) before income tax	(70.42)	(3.77)	30.37	1.61	(331.87)
Income tax expenses	12.29	0.66	(6.69)	(0.35)	(283.71)
Net Profit (loss)	(58.13)	(3.11)	23.68	1.25	(345.48)
Net Profit (loss) attributable to equity holders	(57.33)	(3.07)	24.24	1.28	(336.47)

The operating results are presented as follows;

Revenue from sales of goods and services

Revenue from sales of goods and services in 9M/2023 was 1,865.14 million baht, a decrease of 1.01% compared to the same period last year. because the average product price is lower than last year.

Cost of sales of goods and cost of services

The cost of sales of goods and the cost of providing services in 9M/2023 was 1,639.10 million baht, a increase of 1.72 % compared to the same period last year

The company's gross profit margin was 12.12 % in 9M/2023, a decrease compared to the same period of last year at 14.48% 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 9M/2023 were 199.45 million baht, an increase of 27.69% 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 9M/2023 were 84.80 million baht, an increase of 8.48% 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 9M/2023 were 18.83 million baht, an increase of 36.05% 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 9M/2023 at 57.33 million baht. The net profit was 24.24 million baht.

Financial Position

Assets

Financial Position	As at 30 September					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Cash	30.75	2.32	30.45	2.39	0.30	0.98
Account Receivable and other	274.49	20.68	381.92	29.93	(107.43)	(28.13)
Inventory	305.80	23.03	291.77	22.86	14.03	4.81
Advance	23.87	1.80	15.29	1.20	8.58	56.13
ST-loan to related party	17.55	1.32	11.25	0.88	6.30	56.00
Other current asset	0.04	0.00	2.30	0.18	(2.26)	(98.26)
Total current asset	652.50	49.15	732.98	57.43	(80.48)	(10.98)
Bank deposits pledged as collateral	51.70	3.89	50.00	3.92	1.70	3.40
Investment in associated	2.26	0.17	1.77	0.14	0.38	26.48
Fixed asset	620.64	46.75	490.72	38.45	122.82	27.76
Other non-current asset	0.54	0.04	0.77	0.06	(0.23)	(29.97)
Total non-current asset	675.14	50.85	543.26	42.57	131.88	24.28
Total asset	1,327.64	100.00	1,276.24	100.00	51.40	4.03

As of September 30, 2023, the company's total assets increased by 4.03% compared to the end of the previous year. The major changes are as follows.

Trade and other receivables decreased by 28.13% 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.

Advance payment for goods increased by 56.13% due to collecting the goods during the harvest season and advance for plantation project with The forest member of the Forest Industry Organization Southern region.

ST-loan to related party increased by 56.00% due to provide financial support to related companies.

Fixed assets increased by 27.76% 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 September					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Short-term loans	562.16	42.34	533.03	41.77	29.13	5.46
Account payable	94.50	7.12	71.40	5.59	23.10	32.35
Other current liabilities	1.23	0.09	5.15	0.40	(3.92)	(76.18)
Current liabilities	657.89	49.55	609.58	47.76	48.31	7.93
Long term loans and financial leases	137.79	10.38	74.90	5.87	62.89	83.96
Other non-current liabilities	7.89	0.59	18.20	1.43	(10.31)	(56.65)
Non-current liabilities	145.68	10.97	93.10	7.30	52.58	56.48
Liabilities	803.57	60.53	702.68	55.06	100.89	14.36
Equities	524.07	39.47	573.56	44.94	(49.49)	(8.63)
Liabilities and Equities	1,327.64	100.00	1,276.24	100.00	51.40	4.03

Total liabilities and equities on September 30, 2023 increased 51.40 million Baht by 4.03% from the end of last year as a result of an increase in long-term and short-term loans for investment in woodchip plants. Even though shareholders' equity decreased from operating losses during the period.

Liabilities increased 14.36% compared to the end of the previous year from a long-term loan to expand the woodchip plant business and debt from leasing to improve the efficiency of the transportation business.

The statement of cash flow

Cash flow	9M/2023	9M/2022
	Million Baht	
Net cash provided by (used in) operating activities	57.48	(281.08)
Net cash used in investing activities	(112.25)	(38.00)
Net cash provided by financing activities	54.51	322.71
Net increase (decrease) in cash	(0.26)	3.63

The statement of cash flows for 9-month period ended September 30, 2023

Net cash provided by operating activities: consisted of loss after adjusting items affecting profit in the amount of 10.81 million baht. the company had cash inflow from trade and other receivables decreased by 105.36 million baht, inventories increased by 25.50 million baht, and cash flow paid for advance payment for goods increased by 8.58 million baht. Net cash received from operating activities amounted to 57.48 million baht.

Net cash used in investing activities: The Company had cash outflows for investing activities of 112.25 million baht from an increase in property, buildings, and equipment for production of 106.30 million baht and loan to related party.

Net cash provided by financing activities: The company's cash flows used in financing activities amounted to 54.41 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,

(Pongtham Danwungderm)

Deputy Managing Director

And Chief of Financial Officer (CFO)