

February 23<sup>rd</sup>, 2024

Subject: Explanation of operating results for the year then ended December 31<sup>st</sup>, 2023

To: The President  
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for the year then ended December 31<sup>st</sup>, 2023 as follows:

### Summary of Operating Performance

#### Operating Performance

Sales Volume	For the year then ended December 31 <sup>st</sup>				
	Y2023		Y2022		YoY
	Thousand tons	%	Thousand tons	%	%
Domestics	516.75	78.03	491.06	77.34	5.23
Overseas	145.49	21.97	143.84	22.66	1.15
<b>Total</b>	<b>662.24</b>	<b>100.00</b>	<b>634.90</b>	<b>100.00</b>	<b>4.31</b>

The Company's overall biomass fuel sales volume in Y2023 was 662.24 thousand tons, an increase of 4.30% compared to Y2022 due to increase in export sales of Palm kernel Shell and increase in domestic sales of woodchip.

## **Domestic sales volume**

Domestic sales volume in Y2023 was 516.75 thousand tons, an increase of 5.23% compared to Y2022 due to market demand return from customers in the eastern region and power plants.

## **Overseas sales volume**

Overseas sales volume in Y2023 was 145.49 thousand tons, an increase of 1.14% compared to the last year as a result of increase in export palm kernel shell product group and woodchip.

### Financial Performance

#### Operating Results

Comprehensive Income Statement	For the year then ended December 31 <sup>st</sup>				
	Y2023		Y2022		YoY
	MB	%	MB	%	%
<b>Revenues</b>					
Revenue from sales and services	2,377.26	99.75	2,704.30	99.58	(12.09)
Other incomes	6.07	0.25	11.39	0.42	(46.71)
<b>Total Revenues</b>	<b>2,383.33</b>	<b>100.00</b>	<b>2,715.69</b>	<b>100.00</b>	<b>(12.24)</b>
<b>Expenses</b>					
Cost of sales and services	(2,085.63)	(87.51)	(2,329.08)	(85.76)	(10.45)
Distribution costs	(257.90)	(10.82)	(216.45)	(7.97)	19.15
Administrative expenses	(102.80)	(4.31)	(103.30)	(3.80)	(0.48)
<b>Total Expenses</b>	<b>(2,446.33)</b>	<b>(102.64)</b>	<b>(2,648.83)</b>	<b>(97.54)</b>	<b>(7.64)</b>
Share of gain from investments in associated	0.89	0.04	(0.03)	0.00	3,066.67
<b>Profit (loss) before interest and tax</b>	<b>(62.11)</b>	<b>(2.61)</b>	<b>66.83</b>	<b>2.46</b>	<b>(192.94)</b>
Financial costs	(26.82)	(1.13)	(19.95)	(0.73)	34.44
<b>Profit (loss) before income tax</b>	<b>(88.93)</b>	<b>(3.73)</b>	<b>46.88</b>	<b>1.73</b>	<b>(289.70)</b>
Income tax expenses	12.09	0.51	(11.93)	(0.44)	(201.34)
<b>Net Profit (loss)</b>	<b>(76.84)</b>	<b>(3.22)</b>	<b>34.95</b>	<b>1.29</b>	<b>(319.86)</b>
<b>Net Profit (loss) attributable to equity holders</b>	<b>(76.84)</b>	<b>(3.22)</b>	<b>35.89</b>	<b>1.32</b>	<b>(314.10)</b>

The operating results are presented as follows;

#### Revenue from sales of goods and services

Revenue from sales of goods and services in Y2023 was 2,377.26 million Baht, a decrease of 12.09% compared to the same period last year because the average product price is lower than last year result of change in sales mix.

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

The cost of sales of goods and the cost of providing services in Y2023 was 2,085.63 million Baht, a decrease of 10.45 % compared to the same period last year.

The Company's gross profit margin was 12.27 % in Y2023, a decrease compared to the same period of last year at 13.87%. This is a result of a decrease in product prices due to a highly competitive market. while costs are falling at a lower rate.

## **Distribution costs**

Distribution costs in Y2023 were 257.90 million Baht, an increase of 19.15% 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 Y2023 were 102.80 million Baht, a decrease of 0.48% compared to the same period last year.

## **Financial cost**

Finance costs in Y2023 were 26.82 million Baht, an increase of 34.44% compared to the same period last year. due to the continuous increase in interest rates according to the market rate and borrowing long term loan for investment.

In summary, the Company had a net loss attributable to the parent Company in Y2023 at 76.84 million Baht. While the last year had a net profit was 35.89 million Baht.

## Financial Position

### Assets

Financial Position	As of December 31 <sup>st</sup> ,					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Cash	30.08	2.16	30.45	2.39	(0.37)	(1.22)
Account Receivable and other	238.63	17.14	381.92	29.93	(143.29)	(37.52)
Inventories	408.16	29.31	291.77	22.86	116.39	39.89
Advance	16.70	1.20	15.29	1.20	1.41	9.22
ST-loan to related parties	17.55	1.26	11.25	0.88	6.30	56.00
Other current asset	0.05	0.00	2.30	0.18	(2.25)	(97.83)
<b>Total current asset</b>	<b>711.17</b>	<b>51.07</b>	<b>732.98</b>	<b>57.43</b>	<b>(21.81)</b>	<b>(2.98)</b>
Bank deposits pledged as collateral	52.47	3.77	50.00	3.92	2.47	4.94
Investment in associated	2.66	0.19	1.77	0.14	0.89	50.28
Property Plant and Equipment	625.41	44.91	490.72	38.45	134.69	27.45
Other non-current asset	0.73	0.05	0.77	0.06	(0.04)	(5.19)
<b>Total non-current asset</b>	<b>681.27</b>	<b>48.93</b>	<b>543.26</b>	<b>42.57</b>	<b>138.01</b>	<b>25.40</b>
<b>Total asset</b>	<b>1,392.44</b>	<b>100.00</b>	<b>1,276.24</b>	<b>100.00</b>	<b>116.20</b>	<b>9.10</b>

As of December 31<sup>st</sup>, 2023, the Company's total assets increased by 9.10% compared to the end of the previous year. The major changes are as follows.

**Trade and other receivables** decreased by 37.52% due to at the end of last year, the export sales near the end of the period were higher than usual, resulting in a higher-than-normal balance.

**Inventories** increased by 39.89% due to collecting the goods at low prices to stockpile for sale in 2024, so it imported more than 15,000 tons in Q4.

**ST-loan to related parties** increased by 56.00% to provide financial support to associated companies in proportion to the Company's shareholding.

**Property Plant and equipment** increased by 27.45% 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 of December 31 <sup>st</sup> ,					
	2023		2022		% Change	
	MB	%	MB	%	MB	%
Liabilities and Equities						
Short-term loans	659.35	47.35	533.03	41.77	126.32	23.70
Account payable	89.30	6.41	71.40	5.59	17.90	25.07
Other current liabilities	0.99	0.07	5.15	0.40	(4.16)	(80.78)
<b>Current liabilities</b>	<b>749.64</b>	<b>53.84</b>	<b>609.58</b>	<b>47.76</b>	<b>140.06</b>	<b>22.98</b>
Long term loans and financial leases	129.05	9.27	74.90	5.87	54.15	72.30
Other non-current liabilities	8.43	0.61	18.20	1.43	(9.77)	(53.68)
<b>Non-current liabilities</b>	<b>137.48</b>	<b>9.87</b>	<b>93.10</b>	<b>7.30</b>	<b>44.38</b>	<b>47.67</b>
<b>Liabilities</b>	<b>887.12</b>	<b>63.71</b>	<b>702.68</b>	<b>55.06</b>	<b>184.44</b>	<b>26.25</b>
Equities	505.32	36.29	573.56	44.94	(68.24)	(11.90)
<b>Liabilities and Equities</b>	<b>1,392.44</b>	<b>100.00</b>	<b>1,276.24</b>	<b>100.00</b>	<b>116.20</b>	<b>9.10</b>

Total liabilities and equities on December 31<sup>st</sup>, 2023, increased 116.20 million Baht by 9.10% from the end of last year as a result of an increase in long-term and short-term loans for investment in woodchip plants. Whereas shareholders' equity decreased from operating losses during the period.

Liabilities increased 26.25% compared to the end of the previous year from a short-term loan for buying goods which is related to increased inventories, 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	Y2023	Y2022
	Million Baht	
Net cash used in operating activities	(19.10)	(104.26)
Net cash used in investing activities	(119.72)	(60.25)
Net cash provided by financing activities	138.01	169.38
<b>Net increase (decrease) in cash</b>	<b>(0.81)</b>	<b>4.87</b>

The statement of cash flows for the year ended December 31<sup>st</sup>, 2023

**Net cash used in operating activities:** consisted of loss after adjusting items affecting profit in the amount of 22.30 million Baht. the Company had cash inflow from trade and other receivables by 139.69 million Baht, inventories by 119.45 million Baht, and cash flow paid for trade and other payables by 7.14 million Baht. And payment for interest and income tax in amount of 3.65 and 5.50 million Baht respectively. Net cash used in operating activities amounted to 19.10 million Baht.

**Net cash used in investing activities:** The Company had cash outflows for investing activities of 119.72 million Baht from an increase in property, buildings, and equipment for production of 113.39 million Baht and loan to related party of 6.30 million Baht.

**Net cash provided by financing activities:** The Company's cash flows provided by financing activities amounted to 138.01 million Baht, mainly from long-term loans for investing in woodchipped plants.

## Upcoming Projects

The Company plans to invest in the quality of production on the international standard.

1. The Company has investment plan to continually increase logistics efficiency include increasing transportation vehicles and warehouse.
2. In 2023-2024, the Company expanding its 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's 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 2024.

This is submitted for your information.

Sincerely yours,

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(Pongtham Danwungderm)

Deputy Managing Director

And Chief of Financial Officer (CFO)