



No. SKE-SET-007/67

15 May 2024

**Management's Discussion and Analysis**

**For the three-month period ended 31 March 2024**

Operating result

Unit: in Million Baht

	Three-month period			% Increase (Decrease)	
	Q1'2023	Q4'2023	Q1'2024	YoY	QoQ
<b>Revenues</b>					
Revenue from rendering of services	37.78*	26.85	26.62	(29.54%)	(0.86%)
Revenue from sales of goods	103.87*	108.23	89.18	(14.14%)	(17.60%)
Revenue from leases	2.40	2.34	2.26	(5.83%)	(3.42%)
Other income	0.76	0.10	3.73	390.79%	3630.00%
<b>Total revenue</b>	<b>144.81</b>	<b>137.52</b>	<b>121.79</b>	<b>(15.90%)</b>	<b>(11.44%)</b>
<b>Expenses</b>					
Costs of rendering of services	19.53*	9.64	14.23	(27.14%)	47.61%
Cost of sales of goods	94.55*	106.06	82.78	(12.45%)	(21.95%)
Selling and Administrative expenses	41.85	34.09	33.27	(20.50%)	(2.41%)
Finance costs	9.05	12.50	12.34	36.35%	(1.28%)
Tax expense (income)	4.04	(0.39)	(0.52)	(112.87%)	(33.33%)
<b>Total expenses</b>	<b>169.02</b>	<b>161.90</b>	<b>142.10</b>	<b>(15.93%)</b>	<b>(12.23%)</b>
<b>Loss for the period</b>	<b>(24.21)</b>	<b>(24.38)</b>	<b>(20.31)</b>	<b>16.11%</b>	<b>16.69%</b>
Loss attributable to non-controlling interests	(3.28)	(2.24)	(1.77)	46.04%	20.98%
<b>Loss attributable to owners of the parent</b>	<b>(20.93)</b>	<b>(22.14)</b>	<b>(18.54)</b>	<b>11.42%</b>	<b>16.26%</b>

**Remark** \*There is a reclassification to conform to the financial statements for the first quarter of 2024.





Revenues

Unit: in Million Baht

	Three-month period					
	Q1'2023		Q4'2023		Q1'2024	
	Amount	%	Amount	%	Amount	%
<b>Revenues</b>						
Revenue from rendering of services	37.78*	26.09%	26.85	19.52%	26.62	21.86%
Revenue from sales of goods	103.87*	71.73%	108.23	78.71%	89.18	73.22%
Revenue from leases	2.40	1.66%	2.34	1.70%	2.26	1.86%
Other income	0.76	0.52%	0.10	0.07%	3.73	3.06%
<b>Total revenue</b>	<b>144.81</b>	<b>100%</b>	<b>137.52</b>	<b>100%</b>	<b>121.79</b>	<b>100%</b>

**Remark** \*There is a reclassification to conform to the financial statements for the first quarter of 2024.

Significant changes can be summarized as follows:

**Revenue from rendering of services**

For the three-month period ended 31 March 2024, revenue from rendering of services amounted to Baht 26.62 million was comprised of revenue from NGV natural gas compression to PTT Public Company Limited (PTT) of Baht 23.67 million, revenue from the treatment of waste of Baht 2.80 million and revenue from purchase and sale of Refuse Derived Fuel (RDF) of Baht 0.15 million. The Group's service revenue decreased compared to the same period of last year. The changes resulted from the following reasons:

Revenue from NGV compression to PTT for the three-month period ended 31 March 2024 decreased by Baht 9.58 million or 28.8% from the same period of last year. This was due to a decrease in the NGV consumption of the country and from an increase in NGV retail price.

Revenue from the treatment of waste for the three-month period ended 31 March 2024 decreased by Baht 0.58 million or 17.2% from the same period of last year. This was in line with the decrease of the amount of waste in industrial estate.

Revenue from purchase and sale of RDF the three-month period ended 31 March 2024 decreased from the same period of last year by Baht 1 million or 87%. This varied according to the demand for RDF of customers in each period.



### Revenue from sales of goods

For the three-month period ended 31 March 2024, revenue from sales of goods of Baht 89.18 million which was comprised of revenue from generating and distribution of electricity of Baht 72.35 million and revenue from sales of RDF of Baht 16.83 million. The Group's revenue from sales of goods decreased 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 for the three-month period ended 31 March 2024 increased by Baht 10.97 million or 17.9% from the same period of last year. This was due to a decrease in production downtime for repair and maintenance compared to the previous year.

Revenue from sales of RDF for the three-month period ended 31 March 2024 decreased from the same period of last year by Baht 25.66 million or 60.4%. This was due to a decrease in the sales volume of RDF from last year in proportion to the demand for RDF of customers in each period, and the cessation of production line improvement and construction of a new dust collector building of the RDF plant in Saraburi province in the first quarter of 2024.

### Revenue from leases

For the three-month period ended 31 March 2024, the Company recognized revenue from leases of Baht 2.26 million or 1.9% of total revenue, similar to the same period of last year.

### Other income

Other income was 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 31 March 2024, other income amounted to Baht 3.73 million, increased from the same period of last year by Baht 2.97 million or 390.8%. Other income in the first quarter of 2024 was mainly due to the refund of import duty on machinery of the RDF plant at Saraburi province in the amount of Baht 3.51 million



Expenses

Unit: in Million Baht

	Three-month period					
	Q1'2023		Q4'2023		Q1'2024	
	Amount	%	Amount	%	Amount	%
<u>Expenses</u>						
Costs of rendering of services	19.53*	11.55%	9.64	5.95%	14.23	10.01%
Cost of sales of goods	94.55*	55.95%	106.06	65.51%	82.78	58.26%
Selling and Administrative expenses	41.85	24.76%	34.09	21.06%	33.27	23.41%
Finance costs	9.05	5.35%	12.50	7.72%	12.34	8.68%
Tax expense (income)	4.04	2.39%	(0.39)	(0.24%)	(0.52)	(0.36%)
<b>Total expenses</b>	<b>169.02</b>	<b>100%</b>	<b>161.90</b>	<b>100%</b>	<b>142.10</b>	<b>100%</b>

**Remark** \*There is a reclassification to conform to the financial statements for the first quarter of 2024.

Significant changes can be summarized as follows:

#### Costs of rendering of services

For the three-month period ended 31 March 2024, cost of rendering of services amounted to Baht 14.23 million, which was comprised of cost of NGV compression to PTT of Baht 12.77 million, cost of the treatment of wastes of Baht 1 million and cost of securities trading of Baht 0.46 million. The Group's cost of rendering of services decreased compared to the same period of last year. The changes resulted from the following reasons:

The cost of NGV compression to PTT for the three-month period ended 31 March 2024 decreased by Baht 5.87 million or 31.5% from the same period of last year, which was in line with the revenue from rendering of services.

The cost of the treatment of waste for the three-month period ended 31 March 2024 increased from the same period of last year by Baht 0.2 million or 25%. This was mainly due to the increase in transportation cost.

Cost of securities trading business for the three-month period ended 31 March 2024 increased from the same period of last year by Baht 0.37 million. This was mainly due to the increase in cost of developing software for securities trading from last year.



### Costs of sales of goods

For the three-month period ended 31 March 2024, cost of sales of goods amounted to Baht 82.78 million, which was comprised of cost of generating and distribution of electricity of Baht 56.43 million and cost of production and distribution of RDF of Baht 26.35 million. The Group's cost of sales of goods decreased compared to the same period of last year. The changes resulted from the following reasons:

The cost of generating and distribution of electricity trading for the three-month period ended 31 March 2024 increased by Baht 2.45 million or 4.5%. This increased in a smaller proportion than the increase in revenue from sales of generating and distribution of electricity. This was mainly due to lower fuel consumption and lower repair and maintenance costs from the same period of last year.

The cost of production and distribution of RDF for the three-month period ended 31 March 2024 decreased from the same period of last year by Baht 14.22 million or 35.1%. The decrease was due to a decrease in the volume of waste received from the waste treatment service compared to the same period of last year as well as an increase in the costs of RDF production plant in Saraburi province which started depreciating on buildings and equipment from April 2023 and repair costs for improving production lines in the first quarter of 2024.

### Selling and administrative expenses

For the three-month period ended 31 March 2024, the Group incurred selling and administrative expenses of Baht 33.27 million, decrease from the same period of last year by Baht 8.58 million or 20.5%. This was mainly because last year the subsidiary recognized loss on sale and leaseback of machinery, as well as a decrease in transportation cost to customers due to the sale of RDF at a more ex-works price.

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 31 March 2024, the Group incurred finance costs of Baht 12.34 million, an increase from the same period of last year by Baht 3.29 million or 36.4%. This was mainly due to the finance costs of loans from a financial institution of a subsidiary and the cessation of capitalized borrowing costs as the cost of assets of RDF plant in Saraburi province in April 2023.



### Tax expense (income)

For the three-month period ended 31 March 2024, the Group had tax income of Baht 0.52 million, mainly due to deferred tax on difference in revenue recognition for accounting and taxation purposes of revenue from lease. Meanwhile in the first quarter of 2023, the Group had tax expense of Baht 4.04 million, mainly due to the deferred tax on machinery lease agreement of a subsidiary and the recognition of capitalized borrowing costs as the cost of assets.

### Gross profit and net loss for the period

#### 1. Gross profit\*

For the three-month period ended 31 March 2024, gross profit of the Group was Baht 18.79 million, a decrease by Baht 8.78 million or 31.8% compared to the same period of last year. Gross profit margin for the three-month period ended 31 March 2024 and 2023 was 16.23% and 19.46%, respectively. Gross profit decreased from the same period of last year due to higher production costs of the 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 loss for the period

For the three-month period ended 31 March 2024, the Group had a loss for the period of Baht 20.31 million, a decrease from the same period of last year of Baht 3.9 million or 16.1%. Most of the losses were due to the RDF production and distribution business, although the RDF production plant in Saraburi province has been operating but it has not yet reached full production capacity, and the cessation of production lines and construction of a new dust collector building. Meanwhile, the Mae Krating biomass power plant resumed power generation and distribution to the Provincial Electricity Authority after it ceased operations for major overhaul in the third quarter of 2023. This includes an increase in energy payment rates from NGV natural gas compression services to PTT, resulting in a decrease in the loss of the Group from the same period of last year.



Financial Position

Unit: in Million Baht

	As at 31 March 2024	As at 31 December 2023	Increase (Decrease)	%
Total assets	1,863.92	1,893.85	(29.93)	(1.58%)
Total liabilities	904.09	913.71	(9.62)	(1.05%)
Total equity	959.83	980.14	(20.31)	(2.07%)

**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 31 March 2024 and 31 December 2023, total assets of the Group amounted to Baht 1,863.92 million and Baht 1,893.85 million, respectively. Total assets decreased by Baht 29.93 million or 1.6% was mainly 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 31 March 2024 and 31 December 2023, total liabilities of the Group amounted to Baht 904.09 million and Baht 913.71 million, respectively. Total liabilities decreased by Baht 9.62 million or 1.1% was mainly due to repayment of loans from financial institutions and leasing companies according to the installment due.

**Equity**

As of 31 March 2024 and 31 December 2023, equity of the Group were Baht 959.83 million and Baht 980.14 million, respectively. Equity decreased by Baht 20.31 million or 2.1% which was as a net loss for three-month period ended 31 March 2024.

