

May 13, 2024

Subject: Explanation of operating results for 3-month period then ended March 31, 2024

To: The President
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for 3-month period then ended March 31, 2024 as follows:

Summary of Quarterly Operation

Operating Performance

Sales Volume	Quarter 1/2024		Quarter 4/2023		Quarter 1/2023		YoY	QoQ
	Thousand tons	%	Thousand tons	%	Thousand tons	%		
Domestics	143.76	73.22	110.69	82.46	137.80	80.75	29.88	1.86
Overseas	52.57	26.78	23.54	17.54	32.84	19.25	123.34	60.08
Total	196.33	100.00	134.22	100.00	170.64	100.00	46.27	15.06

The company's overall biomass fuel sales volume in Q1/2024 was 196.33 thousand tons, an increase of 46.27% compared to the same quarter of the previous year and 15.06% compared to the previous quarter. This is because the sales volume of biomass fuel has increased both domestic and export. Especially the wood chip product group where demand increases.

Domestic sales volume

Domestic sales volume in Q1/2024 was 143.67 thousand tons, an increase of 29.98% compared to the same quarter of the previous year due to this year the demand for wood chip products has greatly increased. In addition, there is a market for palm shell products. There is still a continuous increase.

Overseas sales volume

Overseas sales volume in Q1/2024 was 23.54 thousand tons, increased 2 times compared to the same quarter of the previous year as a result of increased exports of wood chip products from increased demand in the market compared to the previous year.

Financial Performance

Operating Results

Income Statement	Q1/2024		Q1/2023		Q4/2023		YoY	QoQ
	MB	%	MB	%	MB	%	%	%
Revenues								
Revenue from sales and services	646.28	99.64	506.07	99.47	512.13	100.01	27.71	26.19
Other incomes	2.34	0.36	2.72	0.53	(0.06)	(0.01)	(13.97)	(4,000.00)
Total Revenues	648.62	100.00	508.79	100.00	512.07	100.00	27.48	26.67
Expenses								
Cost of sales and services	(550.60)	(84.89)	(452.72)	(88.98)	(446.54)	(87.20)	21.62	23.30
Distribution costs	(72.60)	(11.19)	(59.17)	(11.63)	(58.45)	(11.41)	22.70	24.21
Administrative expenses	(24.34)	(3.75)	(31.77)	(6.24)	(18.00)	(3.52)	(23.39)	35.22
Total Expenses	(647.54)	(99.83)	(543.66)	(106.85)	(522.99)	(102.13)	19.11	23.81
Share of loss from investments in associated	0.56	0.09	0.02	-	0.40	0.08	2,700.00	40.00
Profit (Loss) before interest and tax	1.64	0.25	(34.85)	(34.85)	(10.92)	(2.13)	(104.71)	(115.02)
Financial costs	(9.42)	(1.45)	(5.06)	(0.99)	(7.99)	(1.56)	86.14	17.90
Profit (Loss) before income tax	(7.78)	(1.20)	(39.91)	(7.84)	(18.91)	(3.69)	(80.51)	(58.86)
Income tax (expenses) revenue	1.60	0.25	7.55	1.48	(0.20)	(0.04)	(78.71)	(900.00)
Net Profit (Loss)	(6.17)	(0.95)	(32.36)	(6.36)	(19.11)	(3.73)	(80.93)	(67.71)
Net Profit (Loss) attributable to equity holders	(6.02)	(0.93)	(32.40)	(6.37)	(19.31)	(3.77)	(81.43)	(68.84)

The operating results are presented as follows;

Revenue from sales and services

Revenue from sales of goods and services in Q1/2024 was 646.28 million Baht, an increase of 27.71% compared to the same quarter of the previous year and 26.19% compared to the previous quarter in line with the sales volume. It is in the same direction as income from increased sales of products and services, especially the group of exported wood chips from increasing in market demand.

Cost of sales of goods and cost of services

The cost of sales of goods and the cost of providing services in Q1/2024 was 550.60 million Baht, increase by 21.62% compared to the same quarter of the previous year and 23.30% compared to the previous quarter. It is in the same direction as the increase in revenue from sales of goods and services.

The company's gross profit margin was 14.81% in Q1/2024, greater than the same period of last year at 10.54% because of the proportion of sales of high-margin products increasing.

Distribution costs

Distribution costs in Q1/2024 were 72.60 million Baht, an increase of 22.70% compared to the same quarter of the previous year correlated with increased sales and focuses on direct sales Transportation costs which included as selling expenses.

Administrative expenses

Administrative expenses in Q1/2024 were 24.34 million Baht which decrease of 23.39% compared to the same quarter of the previous year from improving the employee cost structure and in the previous year, there were expenses related to debt collection. While increased 35.22% compared to the previous quarter. Due to the adjustment of expenses in the previous quarter.

In summary, the company had a net loss attributable to owners of the parent company in Q1/2024 at 6.02 million Baht, compared to the same period of the same quarter last year with a net loss of 32.40 million Baht.

Financial Position

Assets

Financial Position	As at					
	31 March 2024		31 December 2023		% Change	
	MB	%	MB	%	MB	%
Cash	23.63	1.58	30.08	2.16	(6.45)	(21.44)
Account Receivable and other	343.59	22.99	238.63	17.14	104.96	43.98
Inventory	370.05	24.76	408.17	29.31	(38.12)	(9.34)
Advance	33.01	2.21	16.70	1.20	16.31	97.66
ST-loan to related party	31.95	2.14	17.55	1.26	14.40	82.05
Other current asset	0.04	0.00	0.04	0.00	-	-
Total current asset	802.27	53.69	711.17	51.07	91.10	12.81
Bank deposits pledged as collateral	52.47	3.51	52.47	3.77	-	-
Investment in associated	3.22	0.22	2.66	0.19	0.56	21.05
Fixed asset	634.02	42.43	625.41	44.91	8.61	1.38
Other non-current asset	2.34	0.16	0.73	0.05	1.60	219.18
Total non-current asset	692.04	46.31	681.27	48.93	10.77	1.58
Total asset	1,494.31	100.00	1,392.44	100.00	101.87	7.32

As of March 31, 2024, the company's total assets increased by 7.32% compared to the end of the previous year. The major changes are as follows.

Trade and other receivables increased by 43.98% due to higher export sales at the end of the period, resulting in a higher-than-normal debtor balance.

Inventories decreased by 9.34% due to the export order, especially products of wood chips.

Advance increased by 97.66% It is a payment to buy products which plans to export during the 2nd-3rd quarter.

ST-loan to related party increased by 82.05% to support the operations of associated companies.

Liabilities and Equities

Financial Position	As at					
	31 March 2024		31 December 2023		% Change	
	MB	%	MB	%	MB	%
Short-term loans	786.38	52.62	659.34	47.36	127.04	19.27
Account payable	83.20	5.57	89.29	6.41	(6.09)	(6.82)
Other current liabilities	1.07	0.07	1.01	0.07	0.06	5.94
Current liabilities	870.65	58.26	749.64	53.84	121.01	16.14
Long term loans and financial leases	116.51	7.80	129.05	9.27	(12.54)	(9.72)
Other non-current liabilities	8.67	0.58	8.43	0.61	0.24	2.88
Non-current liabilities	125.18	8.38	137.48	9.87	(12.30)	(8.95)
Liabilities	995.83	66.64	887.12	63.71	108.71	12.25
Equities	498.48	33.36	505.32	36.29	(6.84)	(1.35)
Liabilities and Equities	1,494.31	100.00	1,392.44	100.00	101.87	7.32

Total liabilities and equities on March 31, 2024 increased 101.87 million Baht by 7.32% from the end of last year as a result of Current liabilities increased 16.14% compared to the end of last year from short-term loans use in normal business. In contrast, the stockholders' equity has decreased from operating losses during the period.

The statement of cash flow

Cash flow	Q1/2024	Q1/2023
	Million Baht	
Net cash provided by (used in) operating activities	(89.10)	96.82
Net cash used in investing activities	(31.21)	(8.25)
Net cash provided by (used in) financing activities	114.50	(88.37)
Net increase in cash	24.66	0.20

The statement of cash flows for 3-month period ended March 31, 2024

Net cash used in operating activities: consisted of gain after adjusting items affecting profit in the amount of 10.87 million Baht. The company had cash outflow from the increase in trade and other receivables in the amount of 103.43 million Baht. Cash inflow from inventories decreased in the amount of 36.96 million Baht. Advance payment for goods increased in the amount of 16.30 million Baht, paid interest in the amount of 9.95 million Baht, resulting in the company's net cash used in operating activities in the amount of 89.10 million Baht.

Net cash used in investing activities: The Company had cash outflows for investing activities of 31.21 million Baht from an increase in property, buildings, and equipment for production of 15.40 million Baht and increase in loans to related companies of approximately 14.40 million Baht.

Net cash provided by financing activities: The company's cash flows received from financing activities amounted to 114.50 million Baht, from short-term loan use in normal operation.

Upcoming Projects

The company plans to invest in the quality of productions on the international standard as follows:

1. The company has investment plan to continually increase logistics efficiency include increasing transportation vehicles and warehouse.
2. 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 2024.

This is submitted for your information.

Sincerely yours,

(Pongtham Danwungderm)

Deputy Managing Director

And Chief of Financial Officer (CFO)