

November 10, 2022

Subject: Explanation of operating results for the three-month period ended September 30, 2022

To: The President
The Stock Exchange of Thailand

The explanation to the consolidated financial performance for three-month period ended September 30, 2022 as follows:

Summary of Quarterly Operation

Operating Performance

Volume Sales	Quarter 3/2022		Quarter 3/2021		Quarter 2/2022		YoY	QoQ
	Thousand tons	%	Thousand tons	%	Thousand tons	%	%	
Domestics	122.57	78.53	108.98	75.28	112.60	84.93	12.47	8.85
Overseas	33.50	21.47	35.79	24.72	19.98	15.07	(6.40)	67.67
Total	156.07	100.00	144.77	100.00	132.58	100.00	7.81	17.72

Biomass total sales volume in Q3/2022 was 156.07 thousand tons increased 7.81% from Q3/2021 and 17.72% from Q2/2022 mainly from increase in market demand.

Domestic sales volume

Domestic sales volume in Q3/2022 was 122.57 thousand tons in which increased 12.47% from Q3/2021 and 8.85% compared to the previous quarter, mainly from increase in market demand.

Overseas sales volume

Overseas sales volume was 33.50 thousand tons in Q3/2022 decreased by 6.40% from Q3/2021 especially wood chips due to the postpone shipment. However, the company remains the main exporter of the products. And compared with the previous quarter, its increase 67.67%, mainly from expand in new market

Financial Performance

Operating Results

Income Statement	Quarter 3/2022		Quarter 3/2021		Quarter 2/2022		YoY	QoQ
	MB	%	MB	%	MB	%	%	%
Revenues								
Revenue from sales and services	706.49	99.72	487.00	99.10	567.54	99.82	45.07	24.48
Other incomes	1.98	0.28	4.44	0.90	1.04	0.18	(55.41)	90.38
Total Revenues	708.47	100.00	491.44	100.00	568.58	100.00	44.16	24.60
Expenses								
Cost of sales and services	(600.65)	(84.78)	(402.24)	(81.81)	(478.97)	(84.24)	49.33	25.40
Distribution costs	(55.56)	(7.84)	(55.55)	(11.30)	(50.71)	(8.92)	0.02	9.56
Administrative expenses	(34.61)	(4.89)	(17.29)	(3.52)	(24.58)	(4.32)	100.17	40.81
Total Expenses	(690.82)	(97.51)	(475.08)	(96.67)	(554.26)	(97.48)	45.41	24.64
Profit before interest and tax	17.65	2.49	16.36	3.33	14.32	2.52	7.89	23.25
Financial costs	(6.13)	(0.87)	(3.38)	(0.69)	(4.07)	(0.72)	81.36	50.61
Profit before income tax	11.52	1.63	12.98	2.64	10.25	1.80	(11.25)	12.39
Income tax expenses (revenues)	(2.47)	(0.35)	(2.70)	(0.55)	(1.99)	(0.35)	(8.52)	24.12
Net Profit	9.05	1.28	10.28	2.09	8.26	1.45	(11.96)	9.56
Net Profit attributable to equity holders	9.13	1.29	10.58	2.15	8.36	1.47	(13.71)	9.21

The operating results are presented as follow;

Revenue from sales and services

Revenue from sales and services in Q3/2022 was 706.49 million baht increased by 45.07% from Q3/2021 in line with sales volume. In addition, the selling price has increased, especially for palm shell products. And also increase by 24.48% from Q2/2022.

Other incomes

Other incomes in Q3/2022 were 1.98 million baht decreased by 55.41% from Q3/2021 due to in Q3/2021 company received compensation from supplier and bad debt recovery, While increase by 90.38 from Q2/2022 from gain on exchange rate

Cost of sales and services

Cost of sales and services in Q3/2022 was 600.65 increased by 49.33% from Q3/2021, and increase from Q2/2022 in line with revenue from sales and services.

Gross profit margin of the company was 14.98% in Q3/2022 decreased when compared with Q3/2021 which had gross profit margin 17.40%, And slightly decrease from previous quarter as a result of the market competition.

Distribution costs

Distribution costs were 55.56 million baht increased by 9.56% from Q2/2022 the main distribution costs are transportation costs for export sale. Therefore increased in relate to the export sales increase.

Administrative expenses

The company's administrative expenses in Q3/2022 were 34.61 million baht inclined by 100.17% from Q3/2021 and 40.81% from Q2/2022 from increasing manpower in response to the company's strategic plans and 10 million baht for allowance for bad debt expense.

As a result, in Q3/2022, the net profit attributable to equity holders of the company was 9.13 million baht increase from Q3/2021 had net profit was 10.58 million baht

Financial Position

Assets

Financial Position	Sep 30, 2022		Dec 31, 2021		Change	
	MB	%	MB	%	MB	%
Cash	29.09	2.07	25.43	2.46	3.66	14.39
Account Receivable and others	265.59	18.86	229.44	22.23	36.15	15.76
Inventory	555.47	39.44	238.62	23.11	316.85	132.78
Advance payment for goods	19.38	1.38	29.94	2.90	(10.56)	(35.27)
Other current asset	-	0.00	0.10	0.01	(0.10)	(100.00)
Total current asset	869.53	61.74	523.53	50.71	346.00	66.09
Bank deposit pledged as collateral	50.00	34.64	40.10	3.89	9.90	24.69
Property plants and equipments	487.88	38.08	467.97	45.33	19.91	4.25
Other non-current asset	1.01	0.07	0.75	0.07	0.26	34.67
Non-current asset	538.89	42.12	508.82	49.29	30.07	5.91
Total asset	1,408.42	100.00	1,032.35	100.00	376.07	36.43

As of September 30, 2022, the company's total assets on increased by 36.43%. This was a result of a 15.76% increase in Account Receivable and 132.78% increase in inventories due to a significantly increase in sales and stock for sales in the 4th Quarter.

Liabilities and Equities

Financial Position	Sep 30, 2022		Dec 31, 2021		Change	
	MB	%	MB	%	MB	%
Short-term loans	858.30	60.94	522.96	50.66	335.34	64.12
Account payable and others	66.86	4.75	48.94	4.74	17.92	36.62
Other current liabilities	6.40	0.45	4.83	0.47	1.57	32.51
Current liabilities	931.56	66.14	576.73	55.87	354.83	61.52
Long term loans and financial leases	81.33	5.77	84.48	8.18	(3.15)	(3.73)
Other non-current liabilities	12.11	0.86	13.50	1.31	(1.39)	(10.30)
Non-current liabilities	93.44	6.63	97.98	9.49	(4.54)	(4.63)
Total Liabilities	1,025.00	72.78	674.71	65.36	350.29	51.92
Equities	383.42	27.22	357.64	34.64	25.78	7.21
Total Liabilities and Equities	1,408.42	100.00	1,032.35	100.00	376.07	36.43

Total liabilities and equities in September 30, 2022 increased by 36.43% from the end of last year mainly from arising the credit loan for purchases of goods in line with increase in inventory for the last quarter sales.

Cash flow

Cash flow	Jan-Sep/2022	Jan-Sep/2022
	Million baht	
Net cash used in operating activities	(281.08)	(23.85)
Net cash used in investing activities	(38.00)	(5.20)
Net cash from financing activities	322.71	5.30
Net increase (decrease) in cash	3.63	(23.75)

The statement of cash flows for the nine-month period ended September 30, 2022

Net cash used in operating activities: the cash flow received from operating activities consisted of profit after adjustment of items affecting the profit of 45.02 million baht, Inventories increased by 316.05 million baht. Also the increased in Trade accounts receivable and advance payments increased by 8.33 million baht, and Also the increased in Trade accounts payable increased by 19.81 million baht resulting in net cash received used in operating activities of 281.08 million baht.

Net cash used in investing activities: the company had net cash used in investing activities of 38.00 million baht from invested in Rayong warehouse and improve machine efficiency.

Net cash from financing activities: the company had cash from financing activities of 322.71 million baht from credit for goods purchases

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 increasing the warehouse.
2. The company plans to cooperate with partners, expanding biomass fuel business, focus into green transformation business respond to government policies. Use of clean energy instead of fossils to reduce global warming.
3. The company has entered into 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)