



## Translation

PW-049/CS 2023

August 15, 2023

Subject : Management Discussion and Analysis for the second Quarter of 2023 ended June 30, 2023

To : President

The Stock Exchange of Thailand

Professional Waste Technology (1999) Public Company Limited and its Subsidiaries has submitted the financial statements and the reports of the certified public accountant's report for the periods ended June 30, 2023 and 2022, the operating results of the Company and its subsidiaries for the 6 months of the second quarter of 2023 (Consolidated Financial Statements), total comprehensive loss for the period was 36.79 million baht, compared to the same period of the previous year with a profit of 31.22 million baht. The operating results showed a decrease in profit from the previous year in the amount of 68.01 million baht or 217.84 %.

Impact on operations from the order of the Department of Industrial Works, the details are summarized as follows:

- 1) Suspension of acts that violate or act correctly according to Section 39 paragraph 1 of the Factory Act B.E. 2535 as follows:

Landfill capping hazardous L3

on August 26, 2022 according to the letter No. 0305/11780 and allow no more than 2,000 tons of waste to be landfilled to alleviate the suffering of operators in the eastern region, central and nearby areas but because the company received aluminum waste and stabilized but not thoroughly it was locked again and closed on September 30, 2022. the letter No. 0305/14201 to bring aluminum dross waste that is buried in the landfill area to

be destroyed by stabilization before being brought to landfill and surveying the area of all 8 landfill (L1- L8) with certification from relevant government agencies to complete Subsequently, on December 13, 2022, the company informed the Director-General of the Department of Industrial Works that the company had taken the above action.

- On January 11 2023, the Department of Industrial Works considered the evidence submitted by the Company in the above matter. It appeared that, some of layouts of landfill area and the layout of total projects were incorrect and inconsistent with the layouts of landfill area and the layout of total projects as reported in the EIA report, which was considered an important fact that must be taken into account in order to terminate the above order. Therefore ordered to extend the period according to the order until May 31, 2023 and extended until December 1, 2023 and further ordered the company to submit documents for examination of discrepancies and inconsistencies of landfill area
- Subsequently, on February 10 2023, the Company filed an appeal against the order to submit additional documents and extend the period for compliance with the order of Section 39 paragraph 1 of the Factory Act B.E. 2535, to the Minister of Industry until August 15 2023, the result of the appeal has not been known. In addition, on March 8 2023, the Company submitted a letter to request the justice to the Minister of Industry to terminate such order and allow the Company to continue to operate normally. Until 15 August 2023, the result of requesting justice has not been known.

#### Landfill capping hazardous L4

The company received a letter from the Department of Industrial Works No. Kor. 0305(Kor.1) 4634 dated April 18, 2022 to stop accepting hazardous waste according to Section 39, paragraph 1 of the Factory Act B.E. 2535 because the company has built a L4 landfill in the area that is not a well in the L4 well area which in 2008 the EIA was revised to be a well instead of a landfill which has an order to lock the code for hazardous industrial waste that cannot be buried in the landfill and requested that the EIA be corrected at the Office of Natural Resources and Environmental Policy and Planning (“ONEP”) completed before repealing Section 39, paragraph 1. Later, on February 17, 2023, the company issued a letter asking for an extension of the time to comply with the said order until November 22, 2023.

2) To suspend any act that violates or perform properly in compliance with Section 37, paragraph 1, of the Factory Act B.E. 2535 as follows:

- On March 30 2023, the Sakaeo Provincial Industrial Office ordered the factory operators to improve according to Section 37, paragraph 1, of the Factory Act, B.E. 2535, to proceed as follows: 1 ) improving the soil embankment in the buffer area around the factory and planting perennials around, 2) installing a contaminated rainwater collection system and improving the waste water collection system from landfills including preparing preventive measures in case of leakage of the wastewater treatment system and 3) installing an emergency overflow protection system in a wastewater treatment tank and store leachate waste from landfills in a closed tank or well. These have to be completed by May 15 2023. Subsequently, the Department of Industrial Works granted the permission to extend the period for improving the factory until November 15 2023.

From the above as a result, the company has not been able to receive hazardous industrial waste until now for about 1 year and 3 months, causing the company to lack income from hazardous industrial waste disposal. The company can accept only non-hazardous industrial waste. As a result, the income from receiving industrial waste has decreased significantly.

The company would like to summarize the operating results of the group of companies that have changed significantly. It can be summarized as follows.

#### **1. Total revenues**

The company had a total income of 32.36 million baht compared to the same period of the previous year with an income of 135.76 million baht which had a decrease of 103.40 million baht, or 76.16%, with details of revenue as follows:

1.1 Total Revenues from sales and services are 31.92 million baht included:

Revenue from the sale of aluminum in the amount to	16.05 million baht.
Income from disposal of industrial waste and landfill amounted to	9.62 million baht.
Revenue from transportation and other service fees amounted to	5.54 million baht.
Revenue from the sale of scrap and scrap separated materials to	0.71 million baht.

1.2 Other income of 0.44 million baht, including revenue from GSB lottery prize amount of 0.14 million baht, land rental income of 0.11 million baht, and other revenues amount of 0.19 million baht.

## **2. Total cost of sales and service**

In the second Quarter in 2023, the cost of sales and services was 61.47 million baht or 192.58 % of the major revenue, compared to the same period of the previous year amount of 84.54 million baht or 62.82 % of the major revenue, decrease of 23.07 million baht from the previous year or 27.29 % in line with the decrease in sales.

## **3. Gross Profit**

In the second quarter in 2023, the primary loss was 29.55 million baht or 92.58 % of the gross profit, compared to the same period of the previous year with a gross profit of 50.03 million baht or 37.18%. By the year 2023, The gross loss was due to the Department of Industrial Works asking the company to stop accepting hazardous waste which is the company's main income. In addition the company still has to bear fixed expenses such as expenses related to employees. Depreciation of buildings and equipment Including the rental of various tools and equipment, etc.

However, in the second quarter of 2023, a subsidiary (JTS Aluminum and Metal Co., Ltd.) operates a distribution business. and hired to smelt aluminum. The gross profit was 1.73 million baht, representing a gross profit margin of 10.78%.

## **4. Cost of distribution, administrative expenses and other expenses**

Cost of distribution and administrative expenses were 23.72 million baht or 74.31 % of the major revenues.

## **5. Other expenses**

Other expenses in the amount of 13.34 million baht consist of fines and compensation for damages for non-compliance with the contract in the amount of 0.25 million baht and provisions according to the compromise agreement recorded in the proceedings report dated June 12, 2023 in the amount of 13.09 million baht (please see details in Note 24 of the interim financial statements. for the six-month period ended June 30, 2023 which has been reviewed by a certified public accountant)

**6. Total comprehensive income for the period**

In the second quarter of 2023, the company had a loss of 36.79 million baht, compared to the same period of the previous year with a profit of 31.22 million baht, a profit decrease of 68.01 million baht, or 217.84 %.

Please be informed accordingly.

Yours sincerely

(Assoc. Prof.Dr.Vilailuck Skulpakdee)

Chief Executive Officer