

Management Discussion and Analysis
For the Operating Results of 2Q2022



Global Green Chemicals Public Company Limited



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Executive Summary

As for performance in 2Q2022, Global Green Chemicals Public Company Limited (“the Company”) recorded the total revenue of THB 7,503 million, increased by 56% from 2Q2021 and Adjusted EBITDA of THB 796 million, rose by 228% from previous year. In addition, the Company had a Stock Loss & NRV of THB 133 million, as a result, the Company posted the net profit of THB 422 million (or profit per share of THB 0.41), improved by THB 342 million or 428% from 2Q2021.

For the performance of the first six months of 2022 compared to the first six months of 2021, the Company earned revenue from sales of products of THB 14,819 million rose by 52%, recorded EBITDA of THB 1,375 million improved by 193% and Adjusted EBITDA of THB 1,262 increased by 196%. In 1H2022, Net profit was recorded at THB 909 million, increased from 1H2021 of THB 735 million or 422%.

The average methyl ester (ME) selling price in 2Q2022 considerably escalated by 54%, followed CPO price, owing to the increasing of global market demand from the relief of the COVID-19 pandemic situation in the United States and European countries, while the supply declined from the Domestic Market Obligation (DMO) by Indonesian government to ensure domestic demand and control the rising of cooking oil price, causing the global CPO price to rise. As a result, the palm oil mills in Thailand are becoming more export-oriented, which is causing the domestic CPO price to increase. Although the sales volume of methyl ester in 2Q2022 was decreased by 6,549 tons due to lower diesel demand from the government's policy to adjust the biodiesel mandatory to only B5. However, the Company recorded an increase in revenue of refined glycerine resulting in 51% increase in revenue of the methyl ester compared to the same period of the previous year.

For the fatty alcohols, the sales volume of fatty alcohols in 2Q2022 decreased slightly by 3%. Meanwhile, an average price of fatty alcohols rose by 57% in line with CPKO price due to the COVID-19 pandemic situation in the United States and European countries are unraveling and the supply has declined due to the Indonesian government's Domestic Market Obligation (DMO) policy that restricts exporters to selling palm oil domestically and requires them to apply for an export license, causing delayed export coupled with the labor shortage situation in Malaysia. As above factors, the Company's revenue of fatty alcohols increased by 67% compared to the prior year.

As of June 30, 2022, the Company has total assets in the amount of THB 13,967 million which comprised of cash and short-term investment amounting to THB 1,741 million, with total liabilities of THB 3,446 million and total equities of THB 10,521 million.

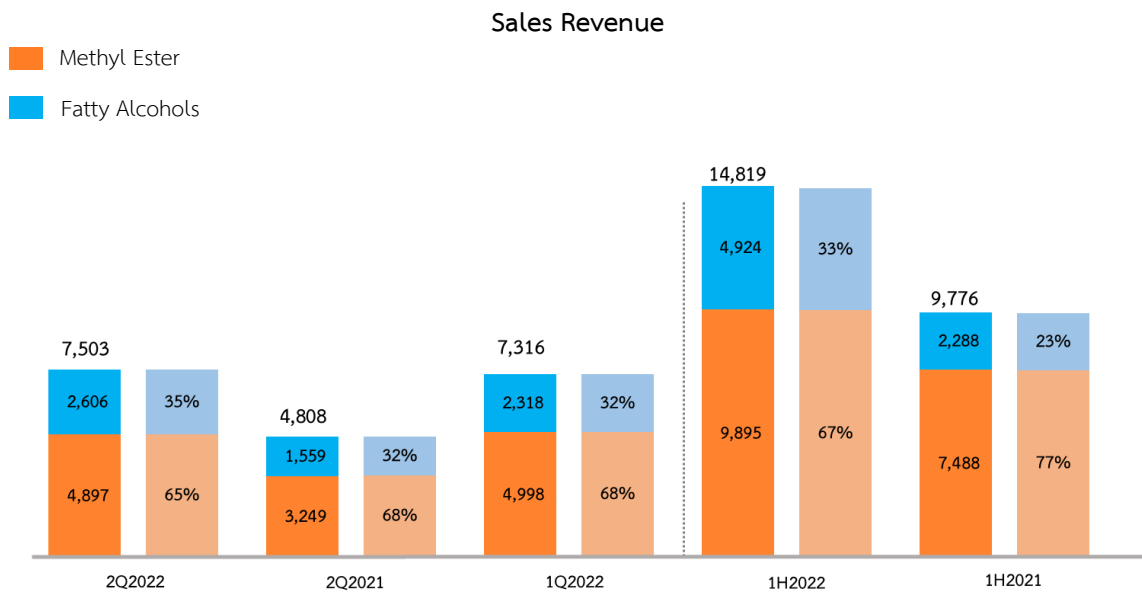
Operating Performance

Exhibit 1: Consolidated Company's Performance comparison of 2Q2022 vs. 2Q2021 vs. 1Q2022 vs. 1H2022 vs. 1H2021

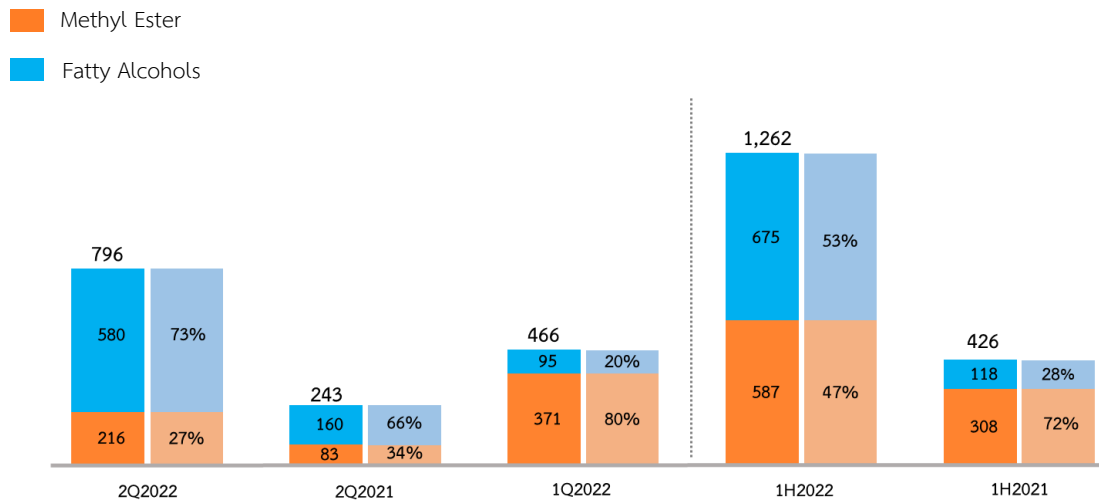
UNIT: Million Baht	2Q2022	2Q2021	% YoY	1Q2022	% QoQ	1H2022	1H2021	% YoY
Sales Revenue	7,503	4,808	56%	7,316	3%	14,819	9,776	52%
EBITDA	663	219	203%	712	-7%	1,375	469	193%
EBITDA Margin (%)	8.8%	4.6%	4.2%	9.7%	-0.9%	9.3%	4.8%	4.5%
Stock Gain/(Loss) & NRV	(133)	(24)	454%	246	-154%	113	43	163%
Adjusted EBITDA ⁽¹⁾	796	243	228%	466	71%	1,262	426	196%
Adjusted EBITDA Margin (%)	10.6%	5.1%	5.5%	6.4%	4.2%	8.5%	4.4%	4.1%
Net Profit	422	80	428%	487	-13%	909	174	422%
EPS (Baht/Share)	0.41	0.08	413%	0.48	-15%	0.89	0.17	424%

Note: (1) Adjusted EBITDA refers to EBITDA excluding impact of Stock Gain/(Loss) and NRV

Exhibit 2 : Sales revenue and Adjusted EBITDA breakdown by business unit comparison of 2Q2022 vs. 2Q2021 vs. 1Q2022 vs. 1H2022 vs. 1H2021



Adjusted EBITDA



Operating Performance by Business Unit

Methyl Ester (Biodiesel) Business Unit

Exhibit 3: Product and Feedstock Prices

Average Price	2Q2022	2Q2021	% YoY	1Q2022	% QoQ	1H2022	1H2021	% YoY
Methyl Ester (B100) (Baht/litre) ⁽¹⁾	56.93	36.98	54%	54.04	5%	55.48	39.15	42%
Methyl Ester (B100) (Baht/kg) ⁽²⁾	65.81	42.76	54%	62.47	5%	64.14	45.26	42%
Crude Palm Oil (CPO) (Baht/kg) ⁽³⁾	54.30	33.70	61%	52.13	4%	53.21	35.67	49%
EPPO P2F (Baht/kg) ⁽⁴⁾	3.11	3.11	-	3.11	-	3.11	3.11	-
Biodiesel Mandate	B5	B10		B5 B7		B5 B7	B10	
Optional Biodiesel		B7 B20					B7 B20	

- Note :
- (1) Reference Price of EPPO
 - (2) Conversion ratio: 0.865 Tons = 1,000 Liters
 - (3) Reference Price of DIT
 - (4) Market ME Price - Mixed Feedstock and MeOH price according to EPPO's B100 formula

Market overview comparison between 2Q2022 vs. 2Q2021

The methyl ester market overview in 2Q2022, an average of crude palm oil price (CPO-DIT) was at 54.30 Baht/kg., rose by 20.60 Baht/kg. or 61% compared to 2Q2021 owing to an increase in global demand in 2Q2022 from the relief of the COVID-19 pandemic situation in the United States and European countries compared to 2Q2021. While the supply declined, as Indonesian government has announced Domestic Market Obligation (DMO) policy to ensure domestic demand and control the rising of cooking oil price which is resulting in the global CPO price has risen. Then, the palm oil mills in Thailand are becoming more export-oriented, resulting in an appreciation of the domestic market price following the global CPO price.

In terms of the demand for methyl ester in 2Q2022, which tends to decrease compared to the same period last year, it stood at 278,767 tons, dropped by 95,552 tons or 26% owing to the COVID-19 pandemic, the Omicron strain (B.1.1.529) that spreads faster than Delta strain (B.1.617.2) with more outbreaks in many areas of Thailand. In addition, the government announced the policy for the adjustment of biodiesel in high-speed diesel fuel from the 3 types namely B7, B10 and B20 to be only B5 since February 5, 2022 onwards to mitigate the impact of rising diesel prices. This directly affected the overall methyl ester consumption in the country.

However, methyl ester prices in 2Q2022 rose in line with the CPO prices to 65.81 Baht/kg., increased by 23.05 Baht/kg. or 54% compared to the previous year.

Market overview comparison between 2Q2022 vs. 1Q2022

Overview of methyl ester market in 2Q2022, an average of crude palm oil price (CPO-DIT) was at 54.30 Baht/kg. increased from 1Q2022 by 2.17 Baht/kg. or 4% which is continuously increasing due to the Domestic Market Obligation (DMO) policy by Indonesian government that has announced to ensure domestic demand and control the rising of cooking oil price in late March until May 2022. Although at the end of May to June, the Indonesian government has announced the lifting of the export restriction and pushed for exports by setting export quotas. However, the overall crude palm oil supply in 2Q2022 has decreased, resulting in higher of global prices. As a result, the palm oil mills in Thailand are becoming more export-oriented causing the domestic price to increase in accordance with the global price.

The demand for methyl ester in 2Q2022 was decreased compared to the previous quarter, stood at 278,767 tons, a decrease of 28,833 tons or 9%. Although the COVID-19 pandemic situation in Thailand has improved to a relatively stable level. But during this monsoon season, the use of diesel fuel for traveling and transportation tends to decline coupled with the government's policy announcements for adjustment of biodiesel in high speed diesel fuel from B7 to B5 since February 5, 2022 onwards, in order to mitigate the impact of the rise of high speed diesel prices. As a result, the overall consumption of methyl ester in the country decreased.

The methyl ester price in 2Q2022 rose in line with CPO price to 65.81 Baht/kg., increased by 3.34 Baht/kg. or 5% compared to previous quarter.

Market overview comparison between 1H2022 vs. 1H2021

According to the market overview comparison of the first six months of 2022 and 2021, CPO price in 1H2022 escalated to 53.21 Baht/kg., rose by 17.54 Baht/kg. or 49% from 1H2021, because of lower domestic CPO volume, with stock of 154,243 tons and 292,268 tons as of 1H/2022 and 1H/2021 respectively. The higher export volume of CPO in Thailand is caused by higher demand for palm oil to replace sunflower seed oil which export has been halted by Russia's special military operations in Ukraine since February 24, 2022, coupled with the Indonesian government's Domestic Market Obligation (DMO) policy to ensure domestic demand and to control the rising of cooking oil price. In addition, Malaysia's production capacity is declining due to labor shortages. As a result, the overall global crude palm oil supply in 1H/2022 decreased. This also reflected the fact that the global CPO prices increased. As a result, since February 5, 2022, the government has announced a policy to reduce the biodiesel mandate (B100) in the energy sector from B7 to B5 in order to avoid affecting domestic vegetable oil consumption during the COVID-19 pandemic and reduce the burden of oil funds that freeze diesel prices.

On methyl ester demand side in 1H2022, it has slightly decreased from the previous year, which stood at 583,026 tons, dropped by 185,995 tons or 24% which is directly affected by the policy to reduce biodiesel blending to only B7 since the end of 2021 and again to only B5 since February 5, 2022 onwards to mitigate the impact of the rising of diesel fuel price that may have an effect on people's cost of living.

Nevertheless, competition in the methyl ester market became aggressive due to the expansion of installed capacity of the manufacturer including the operation of new manufacturers as well. However, methyl ester prices in 1H/2022 increased compared to 1H/2021 following the domestic CPO prices at 64.14 Baht/kg., an increase of 18.88 Baht/kg. or 41%.

Exhibit 4: Keys Operating Performance of ME Business Unit

Methyl Ester Business	2Q2022	2Q2021	% YoY	1Q2022	% QoQ	1H2022	1H2021	% YoY
Utilization (%)	55%	62%	-7%	57%	-2%	56%	65%	-9%
Sales Volume (ton)	69,565	76,114	-9%	73,991	-6%	143,556	167,592	-14%
Sales Volume (million litre) ⁽¹⁾	80	88	-9%	86	-7%	166	194	-14%
Sales Revenue (million baht)	4,897	3,249	51%	4,998	-2%	9,895	7,488	32%
EBITDA (million baht)	239	42	469%	430	-44%	669	248	170%
EBITDA margin (%)	4.9%	1.3%	3.6%	8.6%	-3.7%	6.8%	3.3%	3.5%
Stock Gain/(Loss) & NRV (million baht)	23	(41)	-156%	59	-61%	82	(60)	-237%
Adjusted EBITDA (million baht) ⁽²⁾	216	83	160%	371	-42%	587	308	91%
Adjusted EBITDA Margin (%)	4.4%	2.6%	1.8%	7.4%	-3.0%	5.9%	4.1%	1.8%

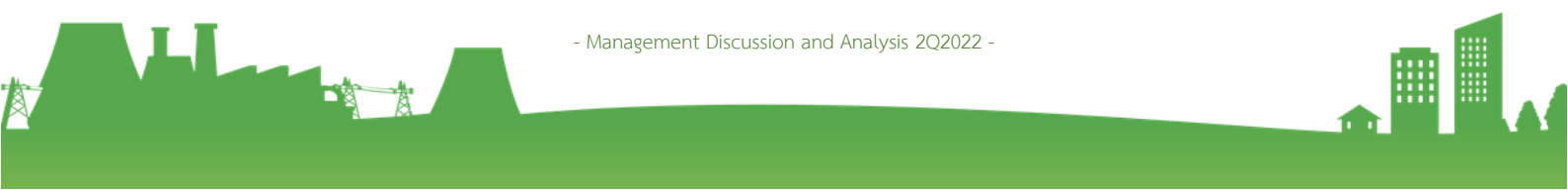
Note : (1) Conversion ratio: 0.865 Tons = 1,000 Liters

(1) Adjusted EBITDA refers to EBITDA excluding impact of Stock Gain/(Loss) and NRV.

Operating performance comparison between 2Q2022 vs. 2Q2021

In 2Q2022, the Company recorded methyl ester sales revenue of THB 4,897 million, improved by 51% from 2Q2021 primarily because the methyl ester selling price increased by 54% in relation to upward CPO price as above market situation. Although methyl ester sales volume decreased by 6,549 tons due to lower diesel demand from the biodiesel mandatory adjustment policy to be only B5 in 2Q2022 while the base biodiesel mandatory in 2Q21 was B10 and the alternative biodiesel mandatory was B7 and B20. However, the Company recorded sales revenue of refined glycerine increased by THB 381 million as a result of higher selling prices and sales volumes due to rising demand, especially for cleaning products. Including a decline in supply of biodiesel production during the COVID-19 pandemic.

Due to rising selling price of methyl ester including the increasing of sales revenue of refined glycerine, the Company posted EBITDA of THB 239 million, which increased from the same quarter of the previous year by THB 197 million or 469%. However, due to the volatility of CPO and methyl ester price in 1Q2022, resulting in the Company's Stock Gain & NRV of THB 23 million, when deducting the effect of Stock Gain & NRV, the Company reported Adjusted EBITDA of THB 216 million, an increase of THB 133 million from 2Q2021 or 160% and an Adjusted EBITDA Margin of 4.4%



Operating performance comparison between 2Q2022 vs. 1Q2022

In 2Q2022, the Company recorded sales revenue of methyl ester business, dropped by 2% from the previous quarter, mainly from the methyl ester sales volume, which dropped 6% as Thailand entered the monsoon season, which the use of diesel for traveling and transportation was decreased. In addition, the government's policy to reduce the biodiesel mandatory to be only B5 since February onwards. Although an average of methyl ester selling price was raised following upward trend in CPO price. As abovementioned, the Company recorded EBITDA of THB 239 million, decreased by THB 191 million or 44%. When deducting the effect of Stock Gain & NRV of THB 23 million, Adjusted EBITDA was reported at THB 216 million, a decrease of THB 155 million or 42% from the previous quarter.

Operating performance comparison between 1H2022 vs. 1H2021

As for the first six months of 2022, the Company posted methyl ester business sales revenue of THB 9,895 million, an increase of THB 2,407 million or 32% from the first six months of 2021 mainly from the rising of methyl ester selling price in relation to upward CPO price due to the higher export volume of CPO in Thailand according to the market situation as above mentioned, while methyl ester sales volume decreased by 14% in comparison with 1H2021, mainly from the government's policy to adjust biodiesel mandatory from B10 in 1H/2021 to only B5 in 1H/2022. However, the Company recorded the increasing of sales revenue from refined glycerine from its selling price and sale volume, which escalated compared to the first six months of 2021.

However, the considerably volatility of CPO prices in 1H2022 impacted on the Company's Stock Gain & NRV of THB 82 million. In the first six months of 2022, the Company recorded EBITDA of THB 669 million, increased from the same period of prior year by 170%. When deducting the effect of Stock Gain & NRV as aforementioned, the Company reported Adjusted EBITDA of THB 587 million, an increase of THB 279 million or 91% from 1H2021 and Adjusted EBITDA Margin was at 5.9%

Fatty Alcohols (FA) Business Unit

Exhibit 5: Products and Feedstock's prices

Average Price (USD per ton)	2Q2022	2Q2021	% YoY	1Q2022	% QoQ	1H2022	1H2021	% YoY
Fatty Alcohols ⁽¹⁾								
- Short Chain	4,337	2,235	94%	3,899	11%	4,118	2,138	93%
- Mid Cut	2,682	2,049	31%	2,742	-2%	2,712	1,990	36%
- Long Chain	3,272	1,476	122%	3,057	7%	3,164	1,404	125%
Average Fatty Alcohols ⁽²⁾	2,969	1,896	57%	2,914	2%	2,942	1,831	61%
Crude Palm Kernel Oil (CPKO) ⁽³⁾	1,958	1,329	47%	2,192	-11%	2,075	1,280	62%
Market P2F of Fatty Alcohols	580	274	112%	240	142%	410	270	52%

Note : (1) Reference Price of ICIS

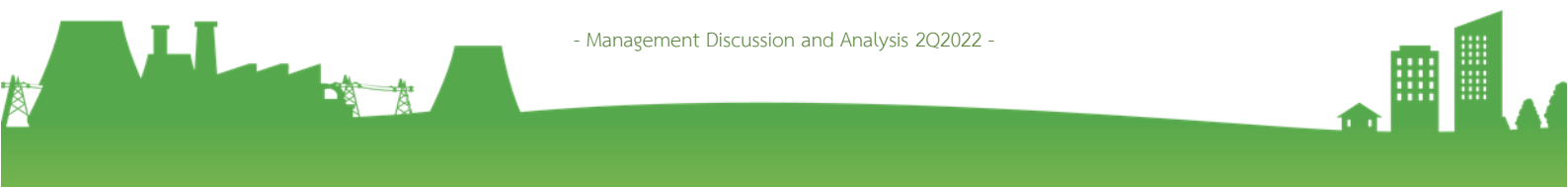
(2) Average price of fatty alcohols with production proportion: Short Chain 7% Mid Cut 64% and Long Chain 29%

(3) Reference Price of Malaysian Palm Oil Board (MPOB)

Market overview comparison between 2Q2022 vs. 2Q2021

For the fatty alcohols market overview in 2Q2022, an average crude palm kernel oil price (CPKO-MPOB) increased from the same quarter of the previous year, stood at 1,958 USD/ton, an increase 629 USD/ton or 47%, due to the overall global demand in 2Q2022 has increased due to the relief of the COVID-19 pandemic situation in the United States and European countries, while the supply side was declined from the Domestic Market Obligation (DMO) policy by Indonesian government to control the palm oil price in their country. Therefore, exporters are required to sell palm oil domestically as specified in the DMO measures about 20%, resulting in delays in exports because exporters have to apply for export licenses first. In addition, the labor shortage situation in Malaysia caused production capacity declined in 2Q2022 compared to 2Q2021. As above factors resulted in higher CPKO price.

On the demand side, natural fatty alcohols in 2Q2022 dropped from the same period of prior year due to the new strain of COVID-19 "Omicron" (B.1.1.529) that has spread rapidly and many countries may be concerned, especially in China, who is the main buyer in the market, has announced Lockdown policy to reduce the spread of the COVID-19 pandemic that is severely spreading especially in economic areas such as Shanghai and major port cities in southern China, which affects both domestic and international shipments of goods, coupled with the raw material price situation, which is constantly fluctuating. As a result, the buyer's decision is to wait and see the trend of raw material prices by anticipating that



fatty alcohols prices will adjust to correction in line with the continued depreciation of CPKO prices. In addition, at the end of 2Q2022, there are problems with the global economic recession, inflation and transportation costs which pressure on buyers to be more cautious in their purchases.

On the supply side of fatty alcohols in 2Q2022, it decreased slightly, although last year there was the Force Majeure of many producers in the South States of US from run out of utilities for their production effected by cold wave in the same period And some major manufacturers in Asia had shutdowns from May to October 2021 following the wastewater storage tank explosion including the shutdown for maintenance and catalyst changing of the Company in June 2021. In 2Q2022, the overall supply still tight due to the cessation of production in many manufacturers in Indonesia and Malaysia shutdown plant, including the Company has shutdown plant for maintenance and catalyst changing in the middle of May for 14 days, the overall market capacity contracted slightly compared to the same period last year.

An average price of natural fatty alcohols has increased compared to the same period of the previous year following the appreciation of raw material prices. The Short Chain fatty alcohols prices rose to 4,337 USD/ton, an increase of 2,102 USD/ton or 94%. As well as the Mid Cut fatty alcohols prices rose to 2,682 USD/ton, an increase of 633 USD/ton, or 31% and the Long Chain fatty alcohols price rose to 3,272 USD/ton, an increase of 1,796 USD/ ton or 122%.

[Market overview comparison between 2Q2022 vs. 1Q2022](#)

For the fatty alcohols market overview, an average crude palm kernel oil price (CPKO-MPOB) in 2Q2022 decreased from 1Q2022, stood at 1,958 USD/ ton, a decrease 234 USD/ton or 11% due to less demand from China's lockdown measures which were enacted from April to May in accordance with the Zero COVID Policy. On the supply side, Malaysia's exports CPKO in 2Q2022 was at 82,652 tons, an increase of 18% compared to 1Q2022. Meanwhile, Indonesia's exports CPKO in 2Q2022 was at 76,500 tons, an increase of 6.7% compared to 1Q2022. As above mentioned, CPKO price declined in 2Q2022 despite the reduction in production capacity from Domestic Market Obligation (DMO) policy in palm oil by Indonesian government during late March to May 2022.

On the demand side, natural fatty alcohols in 2Q2022 have dropped from the previous quarter due to China, who is the main buyer in the market, having announced a lockdown policy to reduce the COVID-19 pandemic “Omicron” strain that is severely spreading, especially in economic areas such as Shanghai and major port cities in southern China, which affects both domestic and international shipments from China to a halt, coupled with the raw material price situation is constantly fluctuating. As a result, the buyer’s decision was to wait and see the trend of raw material prices by anticipating that fatty alcohols prices would adjust to correction in line with the continued depreciation of CPKO prices. In addition, at the end of 2Q2022, there are problems with the global economic recession, inflation and transportation costs which pressure on buyers to be more cautious in their purchases.

However, the overall supply side of the fatty alcohols, it was tighter. Although Indonesia, a major producer, has announced the cancellation of Domestic Market Obligation (DMO) measures for fatty alcohols products on March 18, 2022, by allowing oleochemical producers (including fatty alcohols and glycerine) in country to no longer need to sell fatty alcohols to the domestic market before exporting products abroad. Nevertheless, some manufacturers in Indonesia and Malaysia shutdown plant, including the Company has shutdown plant for maintenance and catalyst changing in the middle of May for 14 days, causing the overall market capacity to shrink.

The Short Chain fatty alcohols price rose to 4,337 USD/ton, an increase of 438 USD/ton or 11% compared to the previous quarter as well as the Long Chain fatty alcohols price rose to 3,272 USD/ton, an increase of 215 USD/ton or 7% in line with the relatively tight supply situation, while the Mid Cut fatty alcohols prices dropped in line with the depreciation of raw material prices at 2,682 USD/ton, a decrease of 60 USD/ton or 2%.

[Market overview comparison between 1H2022 vs. 1H02021](#)

The average CPKO-MPOB price for the first six months of 2022 was at 2,075 USD/ton, rose by 795 USD/ton or 62% from the first six months of 2021 mainly due to decreasing of CPKO stock in international market from 314,792 tons to 278,351 tons compared to the same period last year, which was due to Malaysia's reduced production capacity due to a shortage of labor to harvest palm products, causing less CPKO quantity to be released into the market. Contrary to the demand side, which remains relatively high following the relief of the COVID-19 outbreak in the United States and European countries. As a result, the CPKO price is relatively high compared to the same period of the previous year.

For the demand side, natural fatty alcohols in 1H2022 have dropped from the same period of prior year, mainly due to the new strain of COVID-19 “Omicron” (B.1.1.529) that has spread rapidly and many countries may be concerned, especially in China, who is the main buyer in the market, has announced lockdown policy affecting both domestic and international shipments of goods from China must be halted as detailed above. Coupled with the raw material price situation is constantly fluctuating. As a result, the buyer’s decision is to wait and see the trend of raw material prices by anticipating that fatty alcohols prices will adjust to correction in line with the continued depreciation of CPKO prices. In addition, there are problems with the global economic recession, inflation and transportation costs in the middle of this year which pressure on buyers to be more cautious in their purchases.

In 1H/2022, the overall supply side of the fatty alcohols was tighter mainly from the Domestic Market Obligation (DMO) policy. The Indonesian government has announced the extension of enforcement measures to cover products produced from palm oil (including fatty alcohols and glycerine). As a result, exporters are required to sell fatty alcohols at least 20% to the domestic market from February 15 to March 9, 2022 and up to 30% from March 10 - 17, 2022, resulting in less volume entering the market and more procedures for obtaining export permission. As a result, the delivery of goods to the destination country was delayed. In addition, some manufacturers in Indonesia and Malaysia shutdown plant including the Company, who has shutdown plant for maintenance and catalyst changing in the middle of May for 14 days, causing the overall market capacity to shrink.

The average price of natural fatty alcohols has risen compared to the same period last year due to tight supply and higher raw material prices. The Short Chain fatty alcohols price increased to 4,118 USD/ton, an increase of 1,980 USD/ton or 93%, while the Mid Cut fatty alcohols prices rose by 722 USD/ton or 36% to 2,712 USD/ton, and the Long Chain fatty alcohols price rose to 3,164 USD/ton, an increase of 1,760 USD/ton or 125%.

Exhibit 6 : Keys Operating Performance of FA Business Unit

Fatty Alcohols Business	2Q2022	2Q2021	% YoY	1Q2022	% QoQ	1H2022	1H2021	% YoY
Utilization (%)	99%	89%	10%	106%	-7%	101%	71%	30%
Sales Volume (Ton)	24,653	25,451	-3%	23,631	4%	48,284	38,826	24%
Revenue from Sales (million baht)	2,606	1,559	67%	2,318	12%	4,924	2,288	115%
EBITDA (million baht)	424	177	140%	282	50%	706	221	219%
EBITDA margin (%)	16.3%	11.4%	4.9%	12.2%	4.1%	14.3%	9.7%	4.6%
Stock Gain/(Loss) & NRV	(156)	17	-1,018%	187	-183%	31	103	-70%
Adjusted EBITDA (million baht) ⁽¹⁾	580	160	263%	95	511%	675	118	472%
Adjusted EBITDA Margin (%)	22.3%	10.3%	12.0%	4.1%	18.2%	13.7%	5.2%	8.5%

Note: (1) Adjusted EBITDA refers to EBITDA excluding impact of Stock Gain/(Loss) and NRV

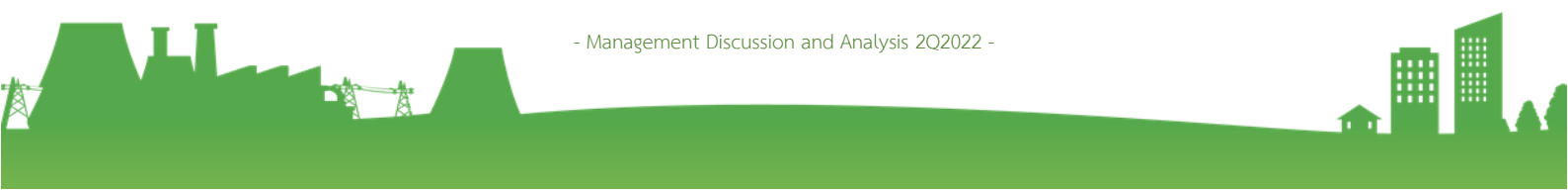
Operating performance comparison between 2Q2022 vs. 2Q2021

The fatty alcohols business recorded sales revenue of THB 2,606 million in 2Q2022, an increase of 67% from 2Q2021 mainly due to an increase in average fatty alcohols prices of 57% in line with crude palm kernel oil prices. Meanwhile, the sales volume in 2Q2022 decreased slightly by 3% from the same quarter of last year.

In 2Q2022, the Company recorded EBITDA at THB 424 million, an increase of 140% from 2Q2021. When deducting the effect of Stock Loss & NRV of THB 156 million, the Company had Adjusted EBITDA of THB 580 million, improved by 263% and Adjusted EBITDA Margin was at 22.3%.

Operating performance comparison between 2Q2022 vs. 1Q2022

On a quarter by quarter basis, the Company recorded sales revenue of fatty alcohols in 2Q2022, an increase of 12% from the previous quarter, mainly due to an increase in average fatty alcohols prices of 2% and sales volume of 4%. However, the Company recorded EBITDA of THB 424 million, an increase of 50% compared to 1Q2022 and Adjusted EBITDA of THB 580 million, increased by 511% when deducting the effect of Stock Loss & NRV of THB 156 million.



Operating performance comparison between 1H2022 vs. 1H2021

For the first six months of 2022, fatty alcohols business recorded sales revenue of THB 4,924 million, increased from 1H2021 by THB 2,636 million or 115%, mainly due to an average of fatty alcohols price increase of 61% due to the production capacity of Malaysia decreased from the shortage of labor to harvest palm products, which results in less quantity of CPKO being released into the market. Similarly, the sales volume of fatty alcohols increased by 24% as demand for detergents and hygiene products increased. In addition, during the 1Q2021, the company has shutdown the fatty alcohols plant to maintenance and replace the catalyst, and it also had an impurity problem that made long period of time to solve the problem.

However, the Company recorded EBITDA in 1H/2022 of THB 706 million, increased from 1H2021 by 219%. When deducting impact from Stock Gain & NRV of THB 31 million, Adjusted EBITDA was recorded at THB 675 million or 472%

Market and Business Outlook in 2H/2022

For the outlook of the methyl ester market in 2H/2022, the Company anticipates that the demand in 2Q2022 tends to be stable compared to 1H/2022. Even in 3Q2022, Thailand is in the monsoon season, which means less use in diesel fuel for traveling and transporting. However, the diesel demand tends to improve in 4Q2022 due to the high tourism period that people tend to travel across the province including having more spending. As for the biodiesel blending policy, the Company anticipates that the government will maintain to use only B5 grade, enacted on February 5, 2022 till the rest of the year 2022 to mitigate the impact of high diesel fuel price that may affect the cost of living of the people.

In terms of the outlook of fatty alcohols market in 2H/2022, the Company anticipates that the overall supply has improved after the cancellation of the Domestic Market Obligation (DMO) measure in Indonesia. Including the major fatty alcohols manufacturers are able to resume their production after shutdown plant for the maintenance as mentioned in the situation in 2Q2022 as above. Meanwhile, the demand market is expected to be pressured due to major buyer like China continues to lift travel restrictions (lockdowns) to prevent the spread of coronavirus in some areas again. Including the Chinese government's announcement of an energy-saving policy due to natural disasters caused by heat waves that effect to the demand for energy in many areas is higher than usual. Resulting in many factories in China unable to operate at full capacity. In addition, Global buyers are also concerned by the global recession, inflation and rising transportation costs resulting in less buying and more cautious buying. Therefore, the Company anticipates that the demand for fatty alcohols in 2H/2022 tends to decline compared to 1H/2022.

Consolidated Statement of Income

Exhibit 7 : Consolidated Profit & Loss Statement comparison of 2Q2022, 2Q2021 and 1Q2022

	2Q2022		2Q2021		YoY		1Q2022		QoQ	
	MB	%	MB	%	MB	%	MB	%	MB	%
Sale Revenue	7,503	100	4,808	100	2,695	56	7,316	100	187	3
Feedstock	(5,972)	(80)	(4,013)	(83)	(1,959)	49	(6,246)	(85)	274	(4)
Net Realizable Value (NRV)	(24)	(0)	(8)	(0)	(16)	200	-	-	(24)	-
Product to Feed Margin	1,507	20	787	16	720	91	1,070	15	437	41
Variable Costs	(445)	(6)	(288)	(6)	(157)	55	(398)	(5)	(47)	12
Fixed Costs	(193)	(3)	(172)	(4)	(21)	12	(132)	(2)	(61)	46
Stock Gain/(Loss)	(109)	(1)	(16)	(0)	(93)	581	246	3	(355)	(144)
SG&A	(104)	(1)	(100)	(2)	(4)	4	(88)	(1)	(16)	18
Other Income	7	0	8	0	(1)	(13)	14	0	(7)	(50)
EBITDA	663	9	219	5	444	203	712	10	(49)	(7)
Depreciation and Amortization	(154)	(2)	(169)	(4)	15	(9)	(157)	(2)	3	(2)
EBIT	509	7	50	1	459	918	555	8	(46)	(8)
Net Financial Costs	(13)	(0)	(10)	(0)	(3)	30	(10)	(0)	(3)	30
FX Gain/Loss ⁽¹⁾	(29)	(0)	3	0	(32)	(1,067)	22	0	(51)	(232)
Share of Profit/(Loss) from investment	38	1	30	1	8	27	5	0	33	660
Income Tax Expenses	(84)	(1)	7	0	(91)	(1,300)	(85)	(1)	1	(1)
Net Profit	422	6	80	2	342	428	487	7	(65)	(13)

Notes :

(1) Including Gain/(Loss) from FX and Derivatives



Exhibit 8 : Consolidated Profit & Loss Statement comparison of 1H2022 and 1H2021

	1H2022		1H2021		YoY	
	MB	%	MB	%	MB	%
Sale Revenue	14,819	100	9,776	100	5,043	52
Feedstock	(12,218)	(82)	(8,339)	(85)	(3,879)	47
Net Realizable Value (NRV)	(24)	(0)	(15)	(0)	(9)	60
Product to Feed Margin	2,577	17	1,422	15	1,155	81
Variable Costs	(843)	(6)	(491)	(5)	(352)	72
Fixed Costs	(325)	(2)	(346)	(4)	21	(6)
Stock Gain/(Loss)	137	1	58	1	79	136
SG&A	(192)	(1)	(190)	(2)	(2)	1
Other Income	21	0	16	0	5	31
EBITDA	1,375	9	469	5	906	193
Depreciation and Amortization	(311)	(2)	(341)	(3)	30	(9)
EBIT	1,064	7	128	1	936	731
Net Financial Costs	(23)	(0)	(22)	(0)	(1)	5
FX Gain/Loss ⁽¹⁾	(7)	(0)	(2)	(0)	(5)	250
Share of Profit/(Loss) from investment	43	0	53	1	(10)	(19)
Income Tax Expenses	(169)	(1)	18	0	(187)	(1,039)
Net Profit	909	6	174	2	735	422

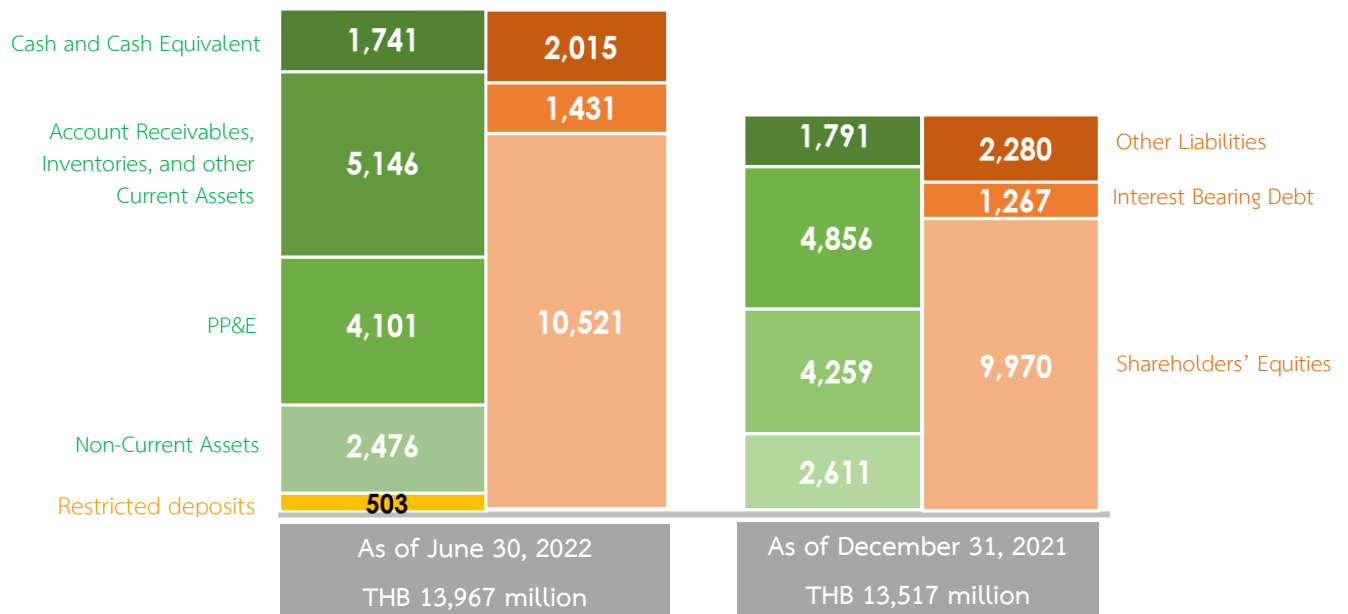
Notes :

(1) Including Gain/(Loss) from FX and Derivatives



Statement of Financial Position

Exhibit 9 : Consolidated Financial Position as of June 30, 2022 and as of December 31, 2021



Assets

As of June 30, 2022, the Company had total assets of THB 13,967 million, an increase of THB 450 million compared to December 31, 2021 in which key changes are described as follow;

1. Current assets increased by THB 239 million mainly from;
 - 1.1 A decrease in cash and cash equivalent THB 50 million
 - 1.2 Accounts receivable and other accounts receivables increased by THB 125 million caused by the increasing of selling price of methyl ester and fatty alcohols compared to end of 2021.
 - 1.3 An increase in inventory of THB 154 million owing to an increase in raw materials prices, resulted in selling price of methyl ester and fatty alcohols was high in relation to increase in inventory.
2. Non-current assets increased by THB 211 million mainly from;
 - 2.1 An increase in restricted deposits THB 503 million regarding the lawsuit order at the creditor's request under the civil case. The details are disclosed in the notes to the financial statements.
 - 2.2 PP&E decreased by THB 157 million mainly due to depreciation expenses incurred in the period.
 - 2.3 The right of use (ROU) asset decreased by THB 45 million.
 - 2.4 Net deferred tax assets decreased by THB 91 million mainly from the Loss Carry Forward used during the draw.



Liabilities

As of June 30, 2022, the Company had total liabilities of THB 3,446 million, a decrease of THB 101 million compared to December 31, 2021, mainly attributed to

- 1) Accounts payable decreased by THB 297 million due to the new payment cycle adjustment to shorten the payment period.
- 2) Long-term loans from financial institutions increased by THB 198 million.
- 3) Corporate tax payable increased by THB 46 million.
- 4) Lease liabilities decreased by THB 33 million.
- 5) Accounts payable to contractors decreased by THB 20 million.

Shareholders' equity

As of June 30, 2022, the Company had total shareholders' equity of THB 10,521 million, an increase of THB 551 million compared to December 31, 2021. This was the net profit in six months period of THB 909 million and dividend payment to shareholders of THB 358 million.

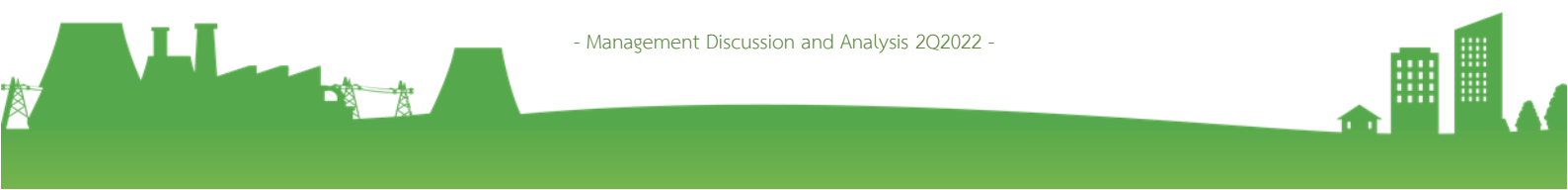
Statement of Cash Flows

Exhibit 10: Consolidated Cash Flows Statement for the six months period ended June 30, 2022 and June 30, 2021.

Cash Flow (Unit: Million Baht)	30 June 2022	30 June 2021
Net cash received (used in) operating activities	222	802
Net cash received (used in) investing activities	(112)	(76)
Net cash received (used in) financing activities	(231)	(693)
Effect of exchange rate changes on balances held in foreign currencies	1	12
Net increase (decrease) in cash and cash equivalents	(120)	45
Cash and cash equivalents as at 1 January	1,511	1,742
Cash and cash equivalents as at 30 June	1,391	1,787

Note: Ending cash and cash equivalents as at 30 June 2022 had not included current investment in financial assets of THB 350 million.

As for statement of cash flows for of 2Q2022, the Company had cash received from operating activities of THB 222 million which comprised of cash from the net profit of THB 909 million, the adjustment for non-cash items, an increase in account receivables, VAT receivables and inventories. Including a decrease in account payables, a decrease in other account payables and an increase in restricted deposits.



The Company had cash used in investing activities of THB 112 million primarily due to cash spending for an increase in the investments in current financial assets of THB 70 million, cash spending for purchase of buildings and equipment of THB 84 million, cash spending for the investment in joint ventures (GKBI) of THB 54 million and cash receiving from dividend of THB 102 million.

The Company had cash used in financial activities of THB 231 million mainly due to dividend payment of THB 358 million, cash spending for lease liabilities of THB 54 million and interest paid of THB 20 million while had cash receiving from long-term loans from financial institutions of THB 201 million.

As the activities above, the Company had a decrease in cash and cash equivalents in the amount of THB 120 million which had cash and cash equivalents as of January 1, 2022 in the amount of THB 1,511 million. As a result, as of June 30, 2022 the Company had cash and cash equivalents of THB 1,391 million.

Key Financial Ratios

Exhibit 11 : Key Financial Ratios comparison of 2Q2022 vs 2Q2021 vs 1Q2022.

Key Financial Ratio	2Q2022	2Q2021	1Q2022
Current Ratio (x)	2.8	3.3	2.4
EBITDA to Sales Revenue (%)	8.8	4.6	9.7
Net Profit to Sales Revenue (%)	5.6	1.7	6.6
Return on Total Assets (%)	10.5	7.0	7.0
Return on Equity (%)	10.5	8.8	7.0
Debt to Equity (x)	0.3	0.3	0.3
Interest Bearing Debt to Equity (x)	0.1	0.2	0.1
Interest Bearing Debt to EBITDA (x)	0.6	1.1	0.7

Notes:

Current ratio (x)	=	Current assets divided by current liabilities
EBITDA to sales revenue (%)	=	EBITDA divided by sale volume
Net profit to sales revenue (%)	=	Net profit divided by sales revenue
Return on total assets (%)	=	Net profit divided by average total assets
Return on equity (%)	=	Net profit divided by average equities attributed to owners of the company
Debt to equity (x)	=	Total debt divided by shareholders' equities
Interest bearing debt to equity (x)	=	Interest bearing debt divided by shareholder' equities
Interest bearing debt to EBITDA (x)	=	Interest bearing debt divided by EBITDA

