



Date 14 November 2022

Subject Discussion and Analysis of the Company's Performance from the Interim Financial Reporting  
For the Three-Month and Nine-Month Period Ended 30 September 2022

To President of the Stock Exchange of Thailand

Enclosure

Management Discussion and Analysis of the Company's Performance from the Interim Financial Reporting for the Three-Month and Nine-Month Period Ended 30 September 2022 in Thai and English, one copy for each

Thai Eastern Group Holdings Public Company Limited ("the Company") would like to submit the interim financial reporting for the three-month and nine-month period ended 30 September 2022 which was reviewed by certified public accountants to the Stock Exchange of Thailand.

According to the Company's performance stated in the interim financial reporting for the three-month and nine-month period ended 30 September 2022, it had a net profit of 153.95 million baht and 521.22 million baht respectively. In this regard, the Company would like to explain the reasons for its performance stated in the interim financial reporting for the three-month and nine-month period ended 30 September 2022, details of which appear as attached.

Please be informed accordingly.

Respectfully yours,

A handwritten signature in blue ink, appearing to be "K. K.", is written above the printed name.

Dr. Kamolthip Komolyudtaphaet  
(Chief Financial Officer)

**Management Discussion and Analysis for the Three-Month and Nine-Month Period****Ended 30 September 2022****Thai Eastern Group Holdings Public Company Limited****1. Business Overview**

Thai Eastern Group Holdings Public Company Limited (“the Company” or “TEGH”) is a holding company holding shares in other companies that operate 3 main businesses i.e. (1) natural rubber production and distribution, (2) crude palm oil production and distribution, and (3) renewable energy and organic waste management through the operation of 11 subsidiaries<sup>1</sup> and one joint venture (of which less than 50% shares are held directly and indirectly by the Company) (altogether referred to as “the Group”).

Nevertheless, according to the terms specified in joint venture agreements and shareholders’ agreements of some subsidiaries i.e. Thai Eastern Trat Company Limited (“TET”), Sumi Rubber Thai Eastern Plantation Company Limited (“STEP”) and Thai Eastern Tops Seed Oil Company Limited (“TETSO”) (before the purchase of TETSO’s shares at the amount of 30% of its paid-up capital by EPO), the investments in TET, STEP and TETSO were recorded as joint ventures and the share of profit (loss) from the investments in joint ventures were recorded using the equity method in the Company’s consolidated financial statements for the nine-month period ended 30 September 2021. However, on 13 January 2022 EPO bought more TETSO’s shares at the amount of 30% making the Company’s holds 100% of TETSO’s total paid-up capital (through shareholding in EPO) and has a controlling power over TETSO. Consequently, the Company has changed the accounting method from recording the investments in joint ventures into in one of the subsidiaries according to the Thai Financial Reporting Standard No. 3 Re: The Consolidated Financial Statements (TFRS 3) for the financial statements of 2022 onwards.

**Natural Rubber Business**

The Group produces and distributes natural rubber as raw materials to domestic and overseas manufacturers of various products. Its natural rubber products can be grouped into 2 main categories i.e. block rubber and concentrated latex under the Group’s brands. There are 2 main types of block rubber product i.e. technically specified rubber and special grade block rubber; while the concentrated latex products are also divided into 2 main types i.e. standardized concentrated latex and special grade concentrated latex. Such classification of block rubber and concentrated latex products is based on the properties of block rubber specified by the Rubber Research Institute, the Department of Agriculture, and the Thai Industrial Standard for concentrated latex or TIS no. 980-2552 specified by the Thai Industrial Standard Institute (TISI), the Ministry of Industry respectively.

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<sup>1</sup> Refer to the Notification of the Securities and Exchange Commission No. Kor Chor. 17/2551 Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities

## **Crude Palm Oil Business**

The Group produces and distributes crude palm oil as raw materials to domestic manufacturers. The crude palm oil products can be divided into 4 main categories i.e. crude palm oil, kernel, crude palm kernel oil (CPKO) and kernel cake. Owing to the Group's standardized production process, leading companies have become its customers. Major customers for crude palm oil and crude palm kernel oil include vegetable oil manufacturers, biodiesel manufacturers and animal feed manufacturers; while major customers for kernel include manufacturers of crude palm kernel oil which is a raw material for various types of industry such as edible vegetable oil industry, food industry, animal feed industry, biodiesel industry and oleochemical industry.

## **Renewable Energy and Organic Waste Management**

The Group has launched its biogas production project by establishing Thai Eastern Bio Power Company Limited ("TEBP") to invest in the construction of anaerobic ponds and biogas plant located in the factory area of its head office in Nongyai District, Chonburi. The total capacity of biogas plant is 23.0 million cubic meters per year. The purpose of this business is to promote sustainable business growth by utilizing organic wastes discharged from the factory's process. Also, the Group manages organic wastes discharged from agro-industry, bio-agriculture and food and beverage processing industry of its counterparties using a standardized and proper method to produce biogas. This business creates a green economy that reduces environmental impacts, lowers production costs, and generates steady incomes for the Group.

Currently, the Group's renewable energy and organic waste management business consists of 3 parts of products and services as follows:

1. Organic waste management services which are divided into 2 types :
  - 1.1. Solid Organic Waste (SOW)
  - 1.2. Liquid Organic Waste (LOW)
2. Biogas production and distribution
3. Production and distribution of electricity from biogas

## **2. The Group's Business Performance**

### **2.1 Revenue from the Sale of Goods and Rendering of Services**

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenues from the sale of goods and rendering of services for Q3/2022 compare with Q3/2021 increased by 1,360.76 million baht or 47.12%, and compare with Q2/2022, increased by 198.53 million baht or 4.90%, the main part of which was from the revenue of natural rubber business. This can be summarized as the table below:

| Revenue by Type of Business   | For Three-Month Periods Ended |                        |                   |                        |                 |                        |
|---|-------------------------------|------------------------|-------------------|------------------------|-----------------|------------------------|
|   | 30 September 2022             |                        | 30 September 2021 |                        | 30 June 2022    |                        |
|   | MTHB                          | Percent <sup>(1)</sup> | MTHB              | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| Natural Rubber Business   | 3,351.63                      | 78.88                  | 2,459.47          | 85.16                  | 2,999.96        | 74.07                  |
| Crude Palm Oil Business   | 865.86                        | 20.38                  | 405.76            | 14.05                  | 1,020.74        | 25.20                  |
| Renewable Energy and Organic Waste Management Business                | 26.68                         | 0.63                   | 18.76             | 0.65                   | 28.12           | 0.69                   |
| Others <sup>(2)</sup>   | 4.62                          | 0.11                   | 4.04              | 0.14                   | 1.44            | 0.04                   |
| <b>Total Revenue from the Sale of Goods and Rendering of Services</b> | <b>4,248.79</b>               | <b>100.10</b>          | <b>2,888.03</b>   | <b>100.00</b>          | <b>4,050.26</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from the sale of goods and rendering of services

<sup>(2)</sup> Others mainly comprise revenue from rendering of transportation service of TEL

And for the nine-month periods ended 30 September 2022 and 2021, the Group's revenues from the sale of goods and rendering of services increased by 3,705.34 million baht or 45.73%, the main part of which was from the revenue of natural rubber business. This can be summarized as the table below:

| Revenue by Type of Business   | For Nine-Month Periods Ended 30 September |                        |                 |                        |
|---|---|------------------------|-----------------|------------------------|
|   | 2022                                      |                        | 2021            |                        |
|   | MTHB                                      | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| Natural Rubber Business   | 9,063.03                                  | 76.75                  | 6,690.75        | 82.58                  |
| Crude Palm Oil Business   | 2,656.72                                  | 22.50                  | 1,342.95        | 16.57                  |
| Renewable Energy and Organic Waste Management Business                | 79.18                                     | 0.67                   | 58.33           | 0.72                   |
| Others <sup>(2)</sup>   | 9.04                                      | 0.08                   | 10.60           | 0.13                   |
| <b>Total Revenue from the Sale of Goods and Rendering of Services</b> | <b>11,807.97</b>                          | <b>100.00</b>          | <b>8,102.63</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from the sale of goods and rendering of services

<sup>(2)</sup> Others mainly comprise revenue from rendering of transportation service of TEL

### (1) Revenue from natural rubber business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenues from the natural rubber business were at 3,351.63 million baht and 2,459.53 million baht and 2,999.44 million baht respectively. Most of the revenue of this business were from the production and distribution of block rubber. This can be summarized as the table below:

| Revenue from Natural Rubber Business                  | For Three-Month Periods Ended |                        |                   |                        |                 |                        |
|---|-------------------------------|------------------------|-------------------|------------------------|-----------------|------------------------|
|   | 30 September 2022             |                        | 30 September 2021 |                        | 30 June 2022    |                        |
|   | MTHB                          | Percent <sup>(1)</sup> | MTHB              | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| <b>1. Revenue from the Sale of Block Rubber</b>       | 3,194.69                      | 95.32                  | 2,281.25          | 92.75                  | 2,822.97        | 94.10                  |
| <b>2. Revenue from the Sale of Concentrated Latex</b> | 153.14                        | 4.57                   | 174.82            | 7.11                   | 172.97          | 5.77                   |
| <b>3. Others</b>                                      | 3.80                          | 0.11                   | 3.40              | 0.14                   | 4.02            | 0.13                   |
| <b>Total Revenue from Natural Rubber Business</b>     | <b>3,351.63</b>               | <b>100.00</b>          | <b>2,459.47</b>   | <b>100.00</b>          | <b>2,999.96</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from natural rubber business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenue from natural rubber business for Q3/2022, compare with Q3/2021, increased by 892.10 million baht or 36.27%, and compare with Q2/2022, increased by 351.67 million baht or 11.72%. Such change was mainly due to:

- An increase in the revenue from the sale of block rubber for Q3/2022, compare with Q3/2021, increased by 913.44 million baht or 40.04%, and compare with Q2/2022, increased by 371.72 million baht or 13.17%, which was resulted from (a) a higher sales volume as the tire industry has recovered along with the gradual global economy recovery after the COVID-19 Pandemic; and (b) an increase in the average selling price of Q3/2022, compare with Q3/2021, because of a rise in rubber price in the market.
- An decreased on the revenue from the sale of concentrated latex for Q3/2022, compare with Q3/2021 by 21.63 million baht or 12.40%, and compare with Q2/2022, by 19.83 million baht or 11.46%, which was primarily resulted from (a) a small decreased in sales volume according to the lower demand from customers who are rubber thread manufacturers; and (b) an increase in the average selling price.

For the nine-month periods ended 30 September 2022 and 2021, the Group's revenues from the natural rubber business were at 9,063.03 million baht and 6,690.75 million baht respectively. Most of the revenue of this business were from the production and distribution of block rubber. This can be summarized as the table below:

| Revenue from Natural Rubber Business                  | For Nine-Month Periods Ended 30 September |                        |                 |                        |
|---|---|------------------------|-----------------|------------------------|
|   | 2022                                      |                        | 2021            |                        |
|   | MTHB                                      | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| <b>1. Revenue from the Sale of Block Rubber</b>       | 8,545.11                                  | 94.29                  | 6,200.96        | 92.68                  |
| <b>2. Revenue from the Sale of Concentrated Latex</b> | 500.25                                    | 5.52                   | 478.66          | 7.15                   |
| <b>3. Others</b>                                      | 17.67                                     | 0.19                   | 11.13           | 0.17                   |
| <b>Total Revenue from Natural Rubber Business</b>     | <b>9,063.03</b>                           | <b>100.00</b>          | <b>6,690.75</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from natural rubber business

For the nine-month periods ended 30 September 2022 and 2021, the Group's revenue from natural rubber business increased by 2,372.28 million baht or 35.46%. Such change was mainly due to:

- An increase in the revenue from the sale of block rubber by 2,344.15 million baht or 37.80% which was resulted from (a) a higher sales volume as the tire industry has recovered along with the gradual global economy recovery after the COVID-19 Pandemic; and (b) an increase in the average selling price because of a rise in rubber price in the market.
- An increased on the revenue from the sale of concentrated latex by 21.59 million baht or 4.51% which was primarily resulted from (a) a higher sales volume according to the higher demand from customers who are rubber thread manufacturers; and (b) an increase in the average selling price because of a rise in rubber price in the market.

## (2) Revenue from crude palm oil business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenues from crude palm oil business were at 865.86 million baht and 405.76 million baht and 1,020.74 million baht respectively. Most of this revenue were from the production and distribution of crude palm oil which can be summarized as follows:

| Revenue from Crude Palm Oil Business              | For Nine-Month Periods Ended |                        |                   |                        |                 |                        |
|---|------------------------------|------------------------|-------------------|------------------------|-----------------|------------------------|
|   | 30 September 2022            |                        | 30 September 2021 |                        | 30 June 2022    |                        |
|   | MTHB                         | Percent <sup>(1)</sup> | MTHB              | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| Crude Palm Oil                                    | 526.25                       | 60.78                  | 339.38            | 83.64                  | 554.21          | 54.29                  |
| Kernel <sup>(2)</sup>                             | 126.83                       | 14.65                  | 65.36             | 16.11                  | 73.44           | 7.19                   |
| Crude Palm Kernel Oil <sup>(3)</sup>              | 212.78                       | 24.57                  | 1.02              | 0.25                   | 393.09          | 38.51                  |
| <b>Total Revenue from Crude Palm Oil Business</b> | <b>865.86</b>                | <b>100.00</b>          | <b>405.76</b>     | <b>100.00</b>          | <b>1,020.74</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from crude palm oil business

<sup>(2)</sup> Most of the revenue from the sale of kernel are from selling to TETSO, the Company's joint venture. However, on 13 January 2022 EPO bought additional 30% of TETSO's paid-up share capital, making the Group holds 100% of TETSO's paid-up share capital (through shareholding in EPO). Such transaction resulted in the status of investment in TETSO changed from a joint venture into a subsidiary of the Company and therefore the revenue from the sale of kernel to TETSO including relating expenses would not appear in the Company's consolidated financial statements from 13 January 2022 onwards.

<sup>(3)</sup> The revenue from the sale of crude palm kernel oil of 2021, was from trading transactions to fulfil the demand of EPO's regular customers.

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenue from the crude palm oil business for Q3/2022, compare with Q3/2021, increased by 460.10 million baht or 113.39%, and compare with Q2/2022, decreased by 154.88 million baht or 15.17%. Such change was primarily due to:

- The revenue from the sale of crude palm oil increased for Q3/2022, compare with Q3/2021, increase by 186.87 million baht or 55.06% mainly as a result of a higher average selling price of crude palm oil in accordance with the market price and a few decreased by compare with Q2/2022, because of a result of a lower average selling price.
- The revenue from the sale of crude palm kernel oil for Q3/2022 compare with Q3/2021, increased by 211.76 million baht resulting from the buying of TETSO shares in which a share of profit from investment was changed from being recorded in joint ventures into in a subsidiary. After the buying of shares, TETSO's revenue from sales has increased owing to a revision of business plan in which TETSO has expanded its customer base.

For the nine-month periods ended 30 September 2022 and 2021, the Group's revenues from crude palm oil business were at 2,656.72 million baht and 1,342.95 million baht respectively. Most of this revenue were from the production and distribution of crude palm oil which can be summarized as follows:

| Revenue from Crude Palm Oil Business              | For Nine-Month Periods Ended 30 September |                        |                 |                        |
|---|---|------------------------|-----------------|------------------------|
|   | 2022                                      |                        | 2021            |                        |
|   | MTHB                                      | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| Crude Palm Oil                                    | 1,577.90                                  | 59.39                  | 1,152.05        | 85.79                  |
| Kernel <sup>(2)</sup>                             | 225.88                                    | 8.50                   | 187.93          | 13.99                  |
| Crude Palm Kernel Oil <sup>(3)</sup>              | 852.94                                    | 32.11                  | 2.97            | 0.22                   |
| <b>Total Revenue from Crude Palm Oil Business</b> | <b>2,656.72</b>                           | <b>100.00</b>          | <b>1,342.95</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from crude palm oil business

<sup>(2)</sup> Most of the revenue from the sale of kernel are from selling to TETSO, the Company's joint venture. However, on 13 January 2022 EPO bought additional 30% of TETSO's paid-up share capital, making the Group holds 100% of TETSO's paid-up share capital (through shareholding in EPO). Such transaction resulted in the status of investment in TETSO changed from a joint venture into a subsidiary of the Company and therefore the revenue from the sale of kernel to TETSO including relating expenses would not appear in the Company's consolidated financial statements from 13 January 2022 onwards.

<sup>(3)</sup> The revenue from the sale of crude palm kernel oil of 2021, was from trading transactions to fulfil the demand of EPO's regular customers.

For the nine-month periods ended 30 September 2022 and 2021, the Group's revenue from the crude palm oil business rose by 1,313.77 million baht or 97.83%. Such change was primarily due to:

- The revenue from the sale of crude palm oil increased by 452.85 million baht or 36.96% mainly as a result of a higher average selling price of crude palm oil in accordance with the market price notwithstanding a lower sales volume of crude palm oil because of major machinery maintenance.
- The revenue from the sale of crude palm kernel oil increased by 849.97 million baht resulting from the buying of TETSO shares in which a share of profit from investment was changed from being recorded in joint ventures into in a subsidiary. After the buying of shares, TETSO's revenue from sales has increased owing to a revision of business plan in which TETSO has expanded its customer base.

### (3) Revenue renewable energy and organic waste management business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenues from the renewable energy and organic waste management business were at 26.68 million baht and 18.76 million baht and 28.12 million baht respectively, most of which were from the revenue from organic waste management service. This can be summarized as follows:

| Renewable Energy and Organic Waste Management Business                           | For Three-Month Periods Ended |                        |                   |                        |              |                        |
|--|-------------------------------|------------------------|-------------------|------------------------|--------------|------------------------|
|  | 30 September 2022             |                        | 30 September 2021 |                        | 30 June 2022 |                        |
|  | MTHB                          | Percent <sup>(1)</sup> | MTHB              | Percent <sup>(1)</sup> | MTHB         | Percent <sup>(1)</sup> |
| Organic Waste Management Service   | 18.31                         | 68.63                  | 13.22             | 70.47                  | 21.68        | 77.10                  |
| Biogas <sup>(2)</sup>  | 1.19                          | 4.45                   | 1.38              | 7.36                   | 0.17         | 0.60                   |
| Electricity Generation from Biogas   | 7.18                          | 26.92                  | 4.16              | 22.17                  | 6.27         | 22.30                  |
| <b>Total Revenue from Renewable Energy and Organic Waste Management Business</b> | <b>26.68</b>                  | <b>100.00</b>          | <b>18.76</b>      | <b>100.00</b>          | <b>28.12</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from renewable energy and organic waste management business.

<sup>(2)</sup> A part of revenue from the sale of biogas was from selling to TETSO, the Company's joint venture. However, on 13 January 2022 EPO bought additional 30% of TETSO's paid-up share capital, making the Group holds 100% of TETSO's paid-up share capital (through shareholding in EPO). Such transaction resulted in the status of investment in TETSO changed from a joint venture into a subsidiary of the

Company and therefore the revenue from the sale of biogas to TETSO including relating expenses would not appear in the Company's consolidated financial statements from 13 January 2022 onwards.

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's revenues from the renewable energy and organic waste management business for Q3/2022, compare with Q3/2021, increased by 7.92 million baht or 42.42%, the change in revenue was caused by (a) an increased amount of organic waste being managed following a higher demand of existing customers as well as new customers; and (b) a higher average service fee as the Group has increased its standard service fee for both existing and new customers. and compare with Q2/2022, decreased by 1.44 million baht or 5.14%. because of a few decreased in volume sales.

For the nine-month periods ended 30 September 2022 and 2021, the Group's revenues from the renewable energy and organic waste management business were at 79.18 million baht and 58.33 million baht respectively, most of which were from the revenue from organic waste management service. This can be summarized as follows:

| Renewable Energy and Organic Waste Management Business                           | For Nine-Month Periods Ended 30 September |                        |              |                        |
|--|---|------------------------|--------------|------------------------|
|  | 2022                                      |                        | 2021         |                        |
|  | MTHB                                      | Percent <sup>(1)</sup> | MTHB         | Percent <sup>(1)</sup> |
| Organic Waste Management Service   | 57.83                                     | 73.04                  | 40.88        | 70.08                  |
| Biogas <sup>(2)</sup>  | 1.51                                      | 1.91                   | 1.56         | 2.67                   |
| Electricity Generation from Biogas   | 19.84                                     | 25.06                  | 15.89        | 27.24                  |
| <b>Total Revenue from Renewable Energy and Organic Waste Management Business</b> | <b>79.18</b>                              | <b>100.00</b>          | <b>58.33</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total revenue from renewable energy and organic waste management business.

<sup>(2)</sup> A part of revenue from the sale of biogas was from selling to TETSO, the Company's joint venture. However, on 13 January 2022 EPO bought additional 30% of TETSO's paid-up share capital, making the Group holds 100% of TETSO's paid-up share capital (through shareholding in EPO). Such transaction resulted in the status of investment in TETSO changed from a joint venture into a subsidiary of the Company and therefore the revenue from the sale of biogas to TETSO including relating expenses would not appear in the Company's consolidated financial statements from 13 January 2022 onwards.

For the nine-month periods ended 30 September 2022 and 2021, the Group's revenues from the renewable energy and organic waste management business increased by 20.85 million baht or 35.74%. The change in revenue was caused by (a) an increased amount of organic waste being managed following a higher demand of existing customers as well as new customers; and (b) a higher average service fee as the Group has increased its standard service fee for both existing and new customers.

#### (4) Other revenues

The Group's other revenues include a rent revenue from leasing out movable and immovable properties to the Company's employees as a part of housing benefit, and a revenue from government grants under the Energy Conservation Promotion Fund for the biogas technology promotion program which will be recognized gradually by a straight-line method over the useful life of relevant assets.



For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's other revenues were at 14.95 million baht and 6.42 million baht and 19.90 million baht respectively, for Q3/2022, compare with Q3/2021, increased by 8.53 million baht mainly because the Group received insurance compensation during the nine-month period ended 30 September 2022, and compare with Q2/2022, decreased by 4.95 million baht which was considered and insignificant change.

For the nine-month periods ended 30 September 2022 and 2021, the Group's other revenues were at 39.49 million baht and 20.60 million baht respectively, increasing by 18.89 million baht mainly because the Group received insurance compensation during the nine-month period ended 30 September 2022.

## 2.2 Costs of Sales and Services

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's costs of sales and services were at 3,772.64 million baht and 2,548.50 million baht and 3,628.41 million baht respectively, for Q3/2022 compare with Q3/2021, increasing by 1,224.14 million baht or 48.03%, and compare with Q2/2022, increasing by 144.23 million baht or 3.98%, The costs of sales and services can be grouped by type of business as follows:

| Costs of Sales and Services                                    | For Three-Month Periods Ended |                        |                   |               |                        |               |
|--|-------------------------------|------------------------|-------------------|---------------|------------------------|---------------|
|  | 30 September 2022             |                        | 30 September 2021 |               | 30 June 2022           |               |
|  | MTHB                          | Percent <sup>(1)</sup> | MTHB              | MTHB          | Percent <sup>(1)</sup> | MTHB          |
| Cost of Natural Rubber Business                                | 2,800.21                      | 74.22                  | 2,157.99          | 84.68         | 2,722.08               | 75.02         |
| Cost of Crude Palm Oil Business                                | 940.35                        | 24.93                  | 375.53            | 14.74         | 895.25                 | 24.67         |
| Cost of Renewable Energy and Organic Waste Management Business | 30.26                         | 0.80                   | 12.20             | 0.48          | 8.13                   | 0.22          |
| Other Costs of Sales and Services <sup>(2)</sup>               | 1.82                          | 0.05                   | 2.78              | 0.11          | 2.95                   | 0.08          |
| <b>Total Costs of Sales and Services</b>                       | <b>3,772.64</b>               | <b>100.00</b>          | <b>2,548.50</b>   | <b>100.00</b> | <b>3,628.41</b>        | <b>100.00</b> |

Notes: <sup>(1)</sup> Percentage of the total costs of sales and services.

<sup>(2)</sup> Other costs mainly comprise the cost of transportation service.

### (1) Natural rubber business

Major costs in the natural rubber business include a raw material cost, a labor cost, and depreciation and amortization. For Q3/2022, compare with Q3/2021, increased by 642.22 million baht or 29.76% and compare with Q2/2022, increased by 78.13 million baht or 2.87% mainly due to a higher raw material cost resulted from para rubber increased in price.

### (2) Crude palm oil business

Major costs in the crude palm oil business include a raw material cost, a labor cost, and depreciation and amortization. For Q3/2022, compare with Q3/2021, increased by 564.82 million baht mainly due to (a) a higher raw material cost resulting from an increasing market price of fresh fruit bunch and palm kernel, (b) an increase in machinery maintenance and (c) an increase in depreciation and amortization as a result of the buying of TETSO shares by EPO. And compare with Q2/2022, increased by 45.10 million baht mainly due to

(a) a higher raw material cost resulting from an increasing market price of fresh fruit bunch and palm kernel, and (b) an increase in machinery maintenance

### (3) Renewable energy and organic waste management business

Major costs in the renewable energy and organic waste management business include a raw material cost, a labor cost, and depreciation and amortization. For Q3/2022, compare with Q3/2021, increased by 18.06 million baht mainly due to (a) a higher transportation expense because of an increase in price in the global oil market (b) a rental and (c) a machinery maintenance. And compare with Q2/2022, increased by 22.13 million baht mainly due to (a) a higher transportation expense and (b) a machinery maintenance increase.

For the nine-month periods ended 30 September 2022 and 2021, the Group's costs of sales and services were at 10,598.98 million baht and 7,191.25 million baht respectively, increasing by 3,407.73 million baht or 47.39%. The costs of sales and services can be grouped by type of business as follows:

| Costs of Sales and Services                                    | For Nine-Month Periods Ended 30 September |                        |                 |                        |
|--|---|------------------------|-----------------|------------------------|
|  | 2022                                      |                        | 2021            |                        |
|  | MTHB                                      | Percent <sup>(1)</sup> | MTHB            | Percent <sup>(1)</sup> |
| Cost of Natural Rubber Business                                | 7,817.56                                  | 73.76                  | 5,860.00        | 81.49                  |
| Cost of Crude Palm Oil Business                                | 2,703.19                                  | 25.50                  | 1,270.83        | 17.67                  |
| Cost of Renewable Energy and Organic Waste Management Business | 73.85                                     | 0.70                   | 53.06           | 0.74                   |
| Other Costs of Sales and Services <sup>(2)</sup>               | 4.38                                      | 0.04                   | 7.36            | 0.10                   |
| <b>Total Costs of Sales and Services</b>                       | <b>10,598.98</b>                          | <b>100.00</b>          | <b>7,191.25</b> | <b>100.00</b>          |

Notes: <sup>(1)</sup> Percentage of the total costs of sales and services.

<sup>(2)</sup> Other costs mainly comprise the cost of transportation service.

### (1) Natural rubber business

Major costs in the natural rubber business include a raw material cost, a labor cost, and depreciation and amortization. Regarding the nine-month periods ended 30 September 2022 and 2021, the Group's cost of natural rubber business increased by 1,957.56 million baht or 33.41% mainly due to a higher raw material cost resulted from para rubber increased in price.

### (2) Crude palm oil business

Major costs in the crude palm oil business include a raw material cost, a labor cost, and depreciation and amortization. Regarding the nine-month periods ended 30 September 2022 and 2021, the cost of crude palm oil business rose by 1,432.36 million baht or 112.71% mainly due to (a) a higher raw material cost resulting from an increasing market price of fresh fruit bunch and palm kernel, (b) an increase in machinery maintenance and (c) an increase in depreciation and amortization as a result of the buying of TETSO shares by EPO.

### (3) Renewable energy and organic waste management business

Major costs in the renewable energy and organic waste management business include a raw material cost, a labor cost, and depreciation and amortization. Regarding the nine-month periods ended 30 September 2021 and 2022, the cost of this business increased by 20.79 million baht or 39.18% mainly due to (a) a higher transportation expense because of an increase in price in the global oil market (b) a rental and (c) a machinery maintenance.

### 2.3 Gross Profit

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group had gross profits at 476.15 million baht and 339.53 million baht and 421.85 million baht respectively, equaling to gross profit margins of 11.21% and 11.76% and 10.42% respectively. The table below summarized the gross profits.

| Gross Profit   | For Nine-Month Period Ended |                        |                   |                        |               |                        |
|--|-----------------------------|------------------------|-------------------|------------------------|---------------|------------------------|
|  | 30 September 2022           |                        | 30 September 2021 |                        | 30 June 2022  |                        |
|  | MTHB                        | Percent <sup>(1)</sup> | MTHB              | Percent <sup>(1)</sup> | MTHB          | Percent <sup>(1)</sup> |
| Natural Rubber Business                                | 551.42                      | 16.45                  | 301.48            | 12.26                  | 277.88        | 9.26                   |
| Crude Palm Oil Business                                | -74.49                      | -8.60                  | 30.23             | 7.45                   | 125.49        | 12.29                  |
| Renewable Energy and Organic Waste Management Business | -3.58                       | -13.42                 | 6.56              | 34.97                  | 19.99         | 71.09                  |
| Other Businesses                                       | 2.80                        | 60.61                  | 1.26              | 31.19                  | -1.51         | -104.86                |
| <b>Total Gross Profit</b>                              | <b>476.15</b>               | <b>11.21</b>           | <b>339.53</b>     | <b>11.76</b>           | <b>421.85</b> | <b>10.42</b>           |

Notes: <sup>(1)</sup> Percentage of the total revenue from sales of each business

#### (1) Natural rubber business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the gross profit margins of the natural rubber business were at 16.45% and 12.26% and 9.26% respectively. Such increase was mainly caused by increase in sales volume and selling price.

#### (2) Crude palm oil business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the gross profit (loss) margins of the crude palm oil business were at (8.60)% and 7.45% and 12.29% respectively. Such decrease was mainly caused by (a) the inclusion of crude palm kernel oil business performance following the buying of TETSO shares by EPO which made the status of investment in TETSO being changed from the Company's joint venture into a subsidiary and (b) an increase in machinery maintenance.

#### (3) Renewable energy and organic waste management business

For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the gross profit margins of this business were at (13.2)% and 34.94% and 71.09% respectively. For compare with Q3/2021, Such decrease was mainly resulted from (a) a higher transportation expense because of an increase in price

in the global oil market (b) a rental and (c) a machinery maintenance. And compare with Q2/2022, Such decrease was mainly resulted from (a) a higher transportation expense and (b) a machinery maintenance.

For the nine-month periods ended 30 September 2022 and 2021, the Group had gross profits at 1,208.99 million baht and 911.38 million baht respectively, equaling to gross profit margins of 10.24% and 11.25% respectively. The table below summarized the gross profits.

| Gross Profit   | For Nine-Month Period Ended 30 September |  |                 |  |
|--|--|--|-----------------|--|
|  | 2022                                     |  | 2021            |  |
|  | Value<br>(MTHB)                          | Gross Profit<br>(Loss)<br>Margin<br>(Percent) <sup>(1)</sup> | Value<br>(MTHB) | Gross Profit<br>(Loss)<br>Margin<br>(Percent) <sup>(1)</sup> |
| Natural Rubber Business                                | 1,245.47                                 | 13.74  | 830.75          | 12.42  |
| Crude Palm Oil Business                                | (46.47)                                  | (1.75)   | 72.12           | 5.37   |
| Renewable Energy and Organic Waste Management Business | 5.33                                     | 6.73   | 5.27            | 9.03   |
| Other Businesses                                       | 4.66                                     | 51.55  | 3.24            | 30.57  |
| <b>Total Gross Profit</b>                              | <b>1,208.99</b>                          | <b>10.24</b>   | <b>911.38</b>   | <b>11.25</b>   |

Notes: <sup>(1)</sup> Percentage of the total revenue from sales of each business

#### (1) Natural rubber business

For the nine-month periods ended 30 September 2022 and 2021, the gross profit margins of the natural rubber business were at 13.74% and 12.42% respectively. Such increase was mainly caused by increase in sales volume and selling price.

#### (2) Crude palm oil business

For the nine-month periods ended 30 September 2022 and 2021, the gross profit (loss) margins of the crude palm oil business were at (1.75)% and 5.37% respectively. Such decrease was mainly caused by (a) the inclusion of crude palm kernel oil business performance following the buying of TETSO shares by EPO which made the status of investment in TETSO being changed from the Company's joint venture into a subsidiary and (b) an increase in machinery maintenance.

#### (3) Renewable energy and organic waste management business

For the nine-month periods ended 30 September 2022 and 2021, the gross profit margins of this business were at 6.73% and 9.03% respectively. Such decrease was mainly resulted from (a) a higher transportation expense because of an increase in price in the global oil market (b) a rental and (c) a machinery maintenance.

### 2.4 Sales and Distribution Expenses

Most of the Group's sales and distribution expenses include contributions to the Rubber Replanting Aid Fund, transportation expense and export expense. For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's sales and distribution expenses were at 186.68 million baht and

71.24 million baht and 94.51 million baht respectively. For compare Q3/2022, with Q3/2021, increased by 115.44 million baht and compare with Q2/2022, increased by 92.17 million baht mainly due to higher contributions to the Rubber Replanting Aid Fund which was in line with a higher export volume, and a higher transportation expense because of an increase in price in the global oil market and change in trade term to some customer which included transportation.

For the nine-month periods ended 30 September 2022 and 2021, the Group's sales and distribution expenses were at 373.02 million baht and 225.01 million baht respectively. Regarding the nine-month periods ended 30 September 2022 and 2021, the Group's sales and distribution expenses increased by 148.00 million baht or 65.77% mainly due to higher contributions to the Rubber Replanting Aid Fund which was in line with a higher export volume, and a higher transportation expense because of an increase in price in the global oil market and change in trade term to some customer which included transportation.

## **2.5 Administrative Expenses**

Most of the Group's administrative expenses include employee benefits expense, service fee and depreciation and amortization. For the three-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's administrative expenses were at 57.89 million baht and 42.83 million baht and 54.26 million baht respectively. For compare Q3/2022, with Q3/2021, increased by 15.06 million baht or 35.16% and compare with Q2/2022, increased by 3.63 million baht or 6.69% mainly due to an increase in the employee benefits expense since the Group paid a bonus according to its business operation and improved its employee benefits.

For the nine-month periods ended 30 September 2022 and 2021, the Group's administrative expenses were at 163.31 million baht and 124.08 million baht respectively. the Group's administrative expenses increased by 39.23 million baht or 31.61% mainly due to an increase in the employee benefits expense since the Group paid a bonus according to its business operation and improved its employee benefits.

## **2.6 Net Profit and Net Profit Margin**

For the nine-month periods ended 30 September 2022 and 2021, and 30 June 2022, the Group's net profits were at 153.95 million baht and 151.93 million baht and 211.26 million baht respectively, for Q3/2022, compare with Q3/2021, increasing by 2.02 million baht. Such increase in net profit was resulted from a higher profit of natural rubber business due to an increase in the average selling price and sales volume in accordance with the industry recovery. And compare with Q2/2022, decreased by 57.31 million baht due to the effected of loss from crude palm oil business.

For the nine-month periods ended 30 September 2022 and 2021, the Group's net profits were at 521.22 million baht and 410.08 million baht respectively, increasing by 111.14 million baht or 27.10%. Such increase in net profit was resulted from a higher profit of natural rubber business due to an increase in the average selling price and sales volume in accordance with the industry recovery.

### **3. Analysis of the Group's Financial Position**

#### **3.1 Assets**

Comparing as at 30 September 2022 and as at 31 December 2021, the total assets increased by 1,431.19 million baht or 22.08% since the trade account and other receivables increased by 614.19 million baht following an increase in the revenue from the sales and an increase in the land, building and equipment of 356.94 million baht which was caused by (a) the buying of TETSO shares leading a change of the accounting method from recording the investments in joint ventures into in one of the subsidiaries according to the Thai Financial Reporting Standard No. 3 Re: The Consolidated Financial Statements (TFRS 3), therefore the TETSO's assets were included in the Company's consolidated financial statements as at 30 September 2022; and (b) the construction for production capacity expansion of EQR and TEI.

#### **3.2 Liabilities**

Comparing as at 30 September 2022 and 31 December 2021, the total liabilities increased by 432.88 million baht or 9.84% mainly due to a increase in bank overdrafts and short-term borrowings from financial institutions by the sales volume increase, long-term borrowings from financial institutions, and trade account and other payables.

#### **3.3 Equity**

As at 30 September 2022 and 31 December 2021, the Group's equities were at 3,082.80 million baht and 2,084.49 million baht respectively, increasing by 998.31 million baht or 47.89%. Such increase was mainly due to (a) an increase in the issued and paid-up capital (b) a share premium was from initial public offering.