

# Management Discussion and Analysis For the Operating Results of 2Q2023

**UPLIFT,  
TRANSFORM  
AND THRIVE  
TOWARDS  
NET ZERO**



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## Executive Summary

As for performance in 2Q2023, Global Green Chemicals Public Company Limited (“the Company”) recorded the total revenue of THB 4,744 million, decreased by 37% from 2Q2022 and Adjusted EBITDA of THB 144 million, dropped by 82% from the previous year. In addition, the Company had a Stock Gain & NRV of THB 5 million. As a result, in 2Q2023 the Company posted the net profit of THB 7 million (or profit per share of THB 0.01) decreased by THB 415 million or 98% from 2Q2022.

For the performance of the first six months of 2023 compared to the first six months of 2022, the Company earned revenue from sales of products of THB 9,406 million dropped by 37%, recorded EBITDA of THB 297 million decreased by 78% and Adjusted EBITDA of THB 425 million decreased by 66%. In 1H2023, Net profit was recorded at THB 47 million, decreased from 1H2022 of THB 862 million or 95%.

For the performance of the methyl ester (ME) business in 2Q2023, the sales volume increased by 31% compared to 2Q2022, stood at 90,994 tons, after the COVID-19 pandemic situation subsided, resulting in an improvement in the domestic transportation sector including the recovery of the tourism sector. In addition, the government has remained policy for the adjustment of biodiesel mandatory as B7 since October 10, 2022 onwards. While in 2Q2022, the adjustment of biodiesel mandatory was as B5 during February 5 - October 9, 2022, which directly improved the overall methyl ester consumption in the country. In terms of the methyl ester selling price decreased by 39% according to a decrease of domestic CPO price due to the high level of domestic CPO stocks including the restructuring of the methyl ester price formula by the Energy Policy and Planning Office (EPPO), Ministry of Energy, effective from October 3, 2022 onwards, in which the restructuring of the formula caused the methyl ester price to be dropped, resulting in the Company recorded revenue of methyl ester business decreased by 26% compared to the prior year.

For the performance of the fatty alcohols (FA) business in 2Q2023, the Company’s sales volume of fatty alcohols decreased by 12% compared to 2Q2022, due to the fact that the economy in China, which is the main buyer, has not recovered as expected. Although China has reopened the country since January 8, 2023 onwards. Couple with less purchasing in India as India’s government has announced Countervailing Duty (CVD) measurement by increasing import duty from Indonesia, Malaysia and Thailand in the range of 3% - 30% since May 4, 2023 onwards, causing the purchasing power in the market to weaken. In addition, the average price of natural fatty alcohols decreased by 49% following the decrease in CPKO price due to a decrease in domestic demand and export volume in Malaysia. Along with lower demand for CPKO from oleochemical producers due to the low price gap between coconut oil (CCNO) and CPKO, causing oleochemical producers to use alternative raw materials such as coconut oil (CCNO) instead of CPKO, including the increase in supply compared to the prior year. As a result, fatty alcohols sales revenue dropped by 56% compared to 2Q2022.

As of June 30, 2023, the Company has total assets in the amount of THB 13,056 million which comprised of cash, short-term investment and restricted deposits amounting to THB 3,157 million, with total liabilities of THB 2,938 million and total equities of THB 10,118 million.

### Operating Performance

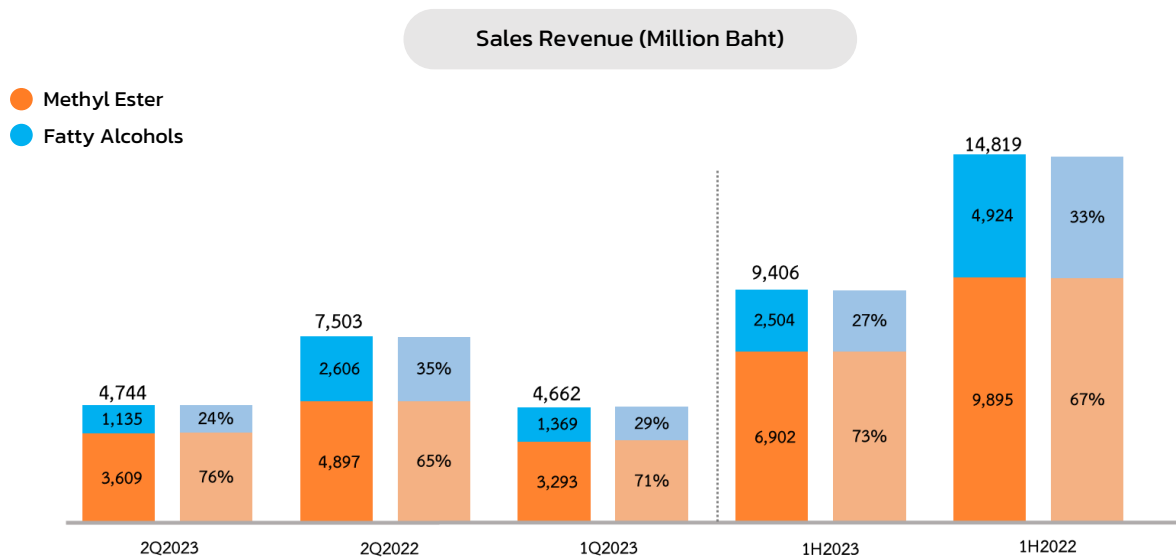
Exhibit 1: Consolidated Company's Performance comparison of 2Q2023 vs. 2Q2022 vs. 1Q2023 vs. 1H2023 vs. 1H2022

UNIT: Million Baht	2Q2023	2Q2022	% YoY	1Q2023	% QoQ	1H2023	1H2022	% YoY
Sales Revenue	4,744	7,503	-37%	4,662	2%	9,406	14,819	-37%
EBITDA	149	663	-78%	148	1%	297	1,375	-78%
EBITDA Margin (%)	3.1%	8.8%	-5.7%	3.2%	-0.1%	3.2%	9.3%	-6.1%
Stock Gain/(Loss) & NRV	5	(133)	104%	(133)	104%	(128)	113	-213%
Adjusted EBITDA <sup>(1)</sup>	144	796	-82%	281	-49%	425	1,262	-66%
Adjusted EBITDA Margin (%)	3.0%	10.6%	-7.6%	6.0%	-3.0%	4.5%	8.5%	-4.0%
<b>Net Profit</b>	<b>7</b>	<b>422</b>	<b>-98%</b>	<b>40</b>	<b>-83%</b>	<b>47</b>	<b>909</b>	<b>-95%</b>
EPS (Baht/Share)	0.01	0.41	-98%	0.04	-75%	0.05	0.89	-94%

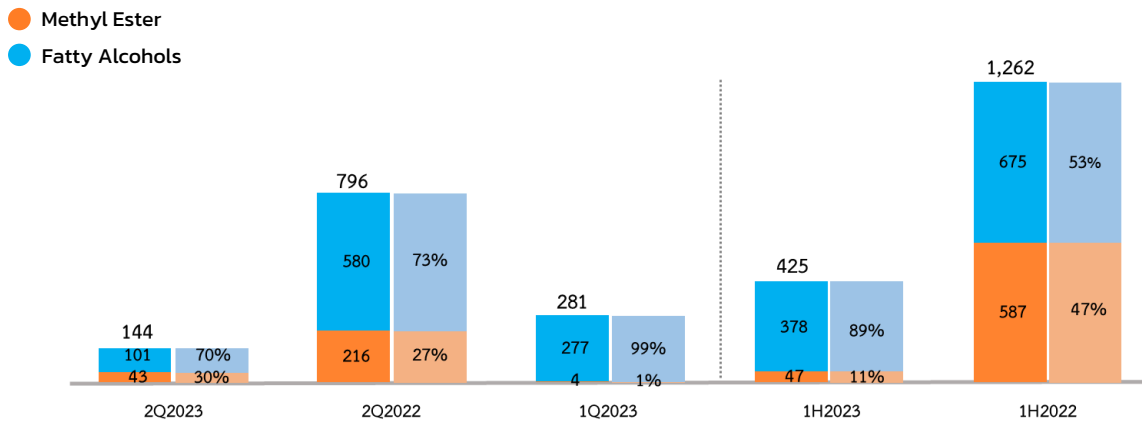
Note: (1) Adjusted EBITDA refers to EBITDA excluding impact of Stock Gain/(Loss) and NRV

(2) Extra Item from the deferred income tax items

Exhibit 2 : Sales revenue and Adjusted EBITDA breakdown by business unit comparison of 2Q2023 vs. 2Q2022 vs. 1Q2023 vs. 1H2023 vs. 1H2022 (million THB)



### Adjusted EBITDA (Million Baht)



### Operating Performance by Business Unit

#### Methyl Ester (Biodiesel) Business Unit

Exhibit 3: Product and Feedstock Prices

Average Price	2Q2023	2Q2022	% YoY	1Q2023	% QoQ	1H2023	1H2022	% YoY
Methyl Ester (B100) (Baht/litre) <sup>(1)</sup>	34.66	56.93	-39%	33.82	2%	34.24	55.48	-38%
Methyl Ester (B100) (Baht/kg) <sup>(2)</sup>	40.07	65.81	-39%	39.10	2%	39.58	64.14	-38%
Crude Palm Oil (CPO) (Baht/kg) <sup>(3)</sup>	32.03	54.30	-41%	30.97	3%	31.50	53.21	-41%
EPPO P2F (Baht/kg) <sup>(4)</sup>	4.26	3.11	37%	4.26	-	4.26	3.11	37%

As B7 : December 1, 2021 - February 4, 2022

Biodiesel Mandate

As B5 : February 5 - October 9, 2022

As B7 : October 10, 2022 - September 30, 2023

- 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 2Q2023 vs. 2Q2022

For the methyl ester market overview in 2Q2023, an average of crude palm oil price (CPO-DIT) was at 32.03 Baht/kg., dropped by 22.27 Baht/kg. or 41% compared to the same period last year due to higher output causing the domestic CPO stock to increase from 168,778 tons at the end of 2Q2022 up to 253,935 tons at the end of 2Q2023. While domestic consumption decreased due to a sluggish economy and a slowdown in exports as the global price was lower than the domestic price. In 2Q2022, global price was severely fluctuated due to the uncertainty of Indonesia's Domestic Market Obligation (DMO) policy to limit palm oil exports, causing sellers in Indonesia to slow down their sales and mills in Thailand to continuously exported to India and China. As a result, domestic prices in 2Q2022 increased in line with global price.

In terms of the demand for methyl ester in 2Q2023, it improved compared to the same period last year, stood at 348,996 tons, rose of 64,586 tons or 23%, as people returned to their normal lives after the COVID-19 pandemic situation subsided, resulting in an improvement in the domestic transportation sector including the recovery of the tourism sector both from domestic and foreign tourists. Together with the same period of the previous year, the government has announced policy for the adjustment of biodiesel mandatory in high speed diesel fuel from B7 during December 1, 2021 - February 4, 2022 to be B5 during February 5 - October 9, 2022 to mitigate the impact on people's cost of living from high energy price, while in 2Q2023, the adjustment of biodiesel mandatory has been increased up to B7 since October 10, 2022 onwards.

The methyl ester price in 2Q2023 was down in line with the CPO price and the restructuring of the methyl ester price formula by the Energy Policy and Planning Office (EPPO), Ministry of Energy with effective from October 3, 2022 onwards. Methyl ester price was at 40.07 Baht/kg., decreased by 25.74 Baht/kg., or 39% compared to the same period last year.

### Market overview comparison between 2Q2023 vs. 1Q2023

For the methyl ester market overview in 2Q2023, an average of crude palm oil price (CPO-DIT) was at 32.03 Baht/kg., increased from 1Q2023 by 1.06 Baht/kg. or 3%, due to a seasonal decline in production, including concerns about domestic production from the drought in Southern Thailand, causing palm fruit price to rise.

The demand for methyl ester in 2Q2023 decreased compared to the previous quarter, stood at 348,996 tons as Thailand entered the monsoon season, during which the diesel demand for travel and transportation decreased. Coupled with the government's policy to maintain the biodiesel mandatory at B7 continuously, the demand for methyl ester in the country has decreased.

The methyl ester price in 2Q2023 slightly appreciated to 40.07 Baht/kg., an increase of 0.97 Baht/kg. or 2% compared to the previous quarter in line with CPO price appreciation.

### Market overview comparison between 1H2023 vs. 1H2022

Overview of the methyl ester market for the first six months of 2023 compared to the first 6 months of 2022, CPO-DIT price in 1H2023 dropped from 1H2022 to 31.50 Baht/kg., a decrease of 21.71 Baht/kg. or 41%. As a result of the increase in domestic CPO stock from 168,778 tons in 1H2022 up to 253,935 tons in 1H2023 due to the increase in production output during late Y2022 to early Y2023. In addition, the export volume of CPO in Thailand decreased owing to the global price is lower than the domestic price. The global price dropped as India slowed down the import of palm oil due to the increasing import of soybean oil and sunflower oil, mainly from Russia, which exported crude oil in conjunction with sunflower oil to reduce sunflower oil stocks in Russia. In addition, India has also announced to increase the import duty to mitigate the impact to its domestic farmers from the decline in rapeseed oil prices, while vegetable oil stock in early February 2023 were high.

On methyl ester demand side in 1H2023, it has increased from the previous year, which stood at 704,948 tons, an increase of 112,938 tons or 19%, mainly due to the increase in biodiesel blending in Y2023 from the policy announcement for the adjustment of biodiesel mandatory in high speed diesel fuel at B7 as described above.

Nevertheless, the competition in the methyl ester market is still aggressive due to the expansion of installed production capacity of manufacturers. Methyl ester price in 1H2023 decreased compared to 1H2022, in line with the domestic CPO price, stood at 39.58 Baht/kg., down by 24.56 Baht/kg. or 38%.

Exhibit 4: Keys Operating Performance of ME Business Unit

Methyl Ester Business	2Q2023	2Q2022	% YoY	1Q2023	% QoQ	1H2023	1H2022	% YoY
Utilization (%)	73%	55%	18%	70%	3%	71%	56%	15%
Sales Volume (ton)	90,994	69,565	31%	86,499	5%	177,493	143,556	24%
Sales Volume (million litre) <sup>(1)</sup>	105	80	31%	100	5%	205	166	23%
Sales Revenue (million baht)	3,609	4,897	-26%	3,293	10%	6,902	9,895	-30%
EBITDA (million baht)	14	239	-94%	(5)	380%	9	669	-99%
EBITDA margin (%)	0.4%	4.9%	-4.5%	-0.2%	0.6%	0.1%	6.8%	-6.7%
Stock Gain/(Loss) & NRV (million baht)	(29)	23	-226%	(9)	222%	(38)	82	-146%
Adjusted EBITDA (million baht) <sup>(2)</sup>	43	216	-80%	4	975%	47	587	-92%
Adjusted EBITDA Margin (%)	1.2%	4.4%	-3.2%	0.1%	1.1%	0.7%	5.9%	-5.2%

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 2Q2023 vs. 2Q2022

In 2Q2023, the Company recorded methyl ester sales revenue of THB 3,609 million, decreased by 26% from 2Q2022, mainly from the methyl ester selling price dropping in relation to CPO price due to an increase in domestic CPO stock including the restructuring of the methyl ester price formula by the Energy Policy and Planning Office (EPPO), Ministry of Energy with effective from October 3, 2022. Although the sales volume in 2Q2023 was improved 31% from an increase in diesel demand for domestic transportation and tourism sector both from domestic and foreign tourists after the COVID-19 pandemic situation subsided. The government has remained policy for the adjustment of biodiesel mandatory as B7 compared to B5 in 2Q2022. This directly improved the overall methyl ester consumption in 2Q2023. The Company's refined glycerine sales revenue dropped compared to the same period last year due to a lower selling price as a result of the decline in demand from the easing of the COVID-19 pandemic situation and the improvement in supply from the increase in biodiesel production in 2Q2023 that led to an increase the glycerine volume into the market.

In 2Q2023, the Company posted Stock Loss & NRV of THB 29 million and recorded EBITDA of the methyl ester business of THB 14 million, which decreased from the same period of the prior year by 94%. When deducting the effect of Stock Loss & NRV, the Company reported Adjusted EBITDA of THB 43 million, a decrease of THB 173 million or 80% from 2Q2022 and Adjusted EBITDA Margin was at 1.2%



### Operating performance comparison between 2Q2023 vs. 1Q2023

In 2Q2023, the Company recorded methyl ester sales revenue of THB 3,609 million, an increase of THB 316 million or 10% compared to the previous quarter primarily due to an improvement in demand for methyl ester from the previous quarter which reflected in the sales volume of methyl ester that increased by 5% in 2Q2023. Meanwhile, the methyl ester selling price slightly improved by 2% following the increase in CPO price due to the seasonal decline in production. Including concerns about domestic production from the drought in southern Thailand, which caused the palm fruit price to rise.

In 2Q2023, the Company posted Stock Loss & NRV of THB 29 million and recorded EBITDA of THB 14 million, which improved from the previous quarter by 380%. When deducting the effect of Stock Loss & NRV as aforementioned, the Company reported Adjusted EBITDA of THB 43 million, an increase of THB 39 million or 975% from 1Q2023 and Adjusted EBITDA Margin was at 1.2%

### Operating performance comparison between 1H2023 vs. 1H2022

As for the first six months of 2023, the Company posted methyl ester business sales revenue of THB 6,902 million, a decrease of THB 2,993 million or 30% from the first six months of 2022, mainly from the decline in methyl ester selling prices in line with CPO price due to the higher domestic CPO stock, including the lower export volume of CPO as the global price being lower than the domestic price according to the market situation as above mentioned. While methyl ester sales volume improved by 23% compared to 1H2022, this was mainly due to the government's policy adjustment to make the biodiesel mandatory from B5 in 1H2022 up to B7 in 1H2023. However, the Company recorded a decrease in sales revenue from refined glycerine due to the fluctuating selling price.

As a result of the considerable volatility of CPO prices in 1H2023, the Company recorded Stock Loss & NRV of THB 38 million. In 1H2023, the Company recorded EBITDA of THB 9 million, decreased by 99% from the same period of the prior year. When deducting the effect of Stock Loss & NRV as aforementioned, the Company reported Adjusted EBITDA of THB 47 million, a decrease of THB 540 million or 92% from 1H2022 and Adjusted EBITDA Margin was at 0.7%.

## Fatty Alcohols (FA) Business Unit

Exhibit 5: Products and Feedstock's prices

Average Price (USD per ton)	2Q2023	2Q2022	% YoY	1Q2023	% QoQ	1H2023	1H2022	% YoY
Fatty Alcohols <sup>(1)</sup>								
- Short Chain	4,012	4,337	-7%	4,372	-8%	4,192	4,118	2%
- Mid Cut	1,323	2,682	-51%	1,391	-5%	1,357	2,712	-50%
- Long Chain	1,371	3,272	-58%	1,543	-11%	1,457	3,164	-54%
Average Fatty Alcohols <sup>(2)</sup>	1,525	2,969	-49%	1,644	-7%	1,584	2,942	-46%
Crude Palm Kernel Oil (CPKO) <sup>(3)</sup>	887	1,958	-55%	902	-2%	895	2,075	-57%
Market P2F of Fatty Alcohols	443	580	-24%	543	-18%	493	410	20%

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 2Q2023 vs. 2Q2022

For the fatty alcohols market overview in 2Q2023, an average crude palm kernel oil price (CPKO-MPOB) decreased from the same quarter of the previous year, stood at 887 USD/ton, dropped 1,071 USD/ton or 55%, as a result of the decrease in domestic demand and export volume in Malaysia in 2Q2023 including the lower demand for CPKO from oleochemical producers, who had used alternative raw materials such as coconut oil (CCNO) instead of CPKO due to low price gap between coconut oil (CCNO) and CPKO, resulting in CPKO price in 2Q2023 decreasing significantly from 2Q2022.

On the demand side of natural fatty alcohols in 2Q2023, demand dropped compared to the same period last year due to the economic situation of China, which is the main buyer, has not recovered as expected. Although China has reopened the country from January 8, 2023 onward. In addition, many buyers in India have delayed their purchases as India's government has announced Countervailing Duty (CVD) measurement to support the domestic oleochemical industry by increasing import duty from Indonesia, Malaysia and Thailand in the range of 3% - 30% since May 4, 2023 onwards, causing the purchasing power in the market to weaken. Moreover, various sensitive factors, such as the currency in the Asian region, the banking crisis in the United States and Europe, concern about the economic recession or the uncertainty of the Russia-Ukraine, affects the buyers' confidence to be more cautious in their purchases by choosing only as needed.

The overall supply side of fatty alcohols improved from 2Q2022, when the supply was tight due to the temporarily shutdown of three manufacturers in Malaysia and Indonesia during mid-May to June 2022. While in 2Q2023, two manufacturers in Malaysia and the Philippines were temporarily shut down.

The average price of natural fatty alcohols in 2Q2023 decreased compared to the same period of the previous year following the depreciation of raw material prices. The Mid Cut fatty alcohols prices dropped to 1,323 USD/ton, a decrease of 1,359 USD/ton or 51% as well as the Short Chain fatty alcohols prices down to 4,012 USD/ton, a decrease of 325 USD/ ton or 7% and Long Chain fatty alcohols price down to 1,371 USD/ton, a decrease of 1,901 USD/ ton or 58%.

### Market overview comparison between 2Q2023 vs. 1Q2023

For the fatty alcohols market overview in 2Q2023, an average crude palm kernel oil price (CPKO-MPOB) decreased from the previous quarter, stood at 887 USD/ton, dropped by 15 USD/ton or 2% due to lower overall demand from oleochemical producers due to low price gap between coconut oil (CCNO) and CPKO in early 2Q2023. Although the CPKO export volume in Malaysia increased compared to the previous quarter but the demand decreased, and CPKO stock in Malaysia increased up to 207,525 tons, resulting in a decline in CPKO price in 2Q2023 compared to the previous quarter.

On the demand side of Natural Fatty Alcohols in 2Q2023, demand declined compared to the previous quarter because most buyers still have inventory from pre-purchase. While the demand for Home and Personal Care product dropped because the global economic situation is quite sluggish and economic situation of major buyers such as China is still slowly recovering more than the market expected, many buyers tend to be more cautious in their purchases by choosing only as needed, especially buyers from India who had stockpiled before the India's government announced Countervailing Duty (CVD) measurement by increasing import duty from Indonesia, Malaysia and Thailand in the range of 3% - 30% since May 4, 2023 onwards.

The overall supply side of the fatty alcohol in 2Q2023 was slightly tight due to the temporary shutdown of two producers in Malaysia and the Philippines. In addition, some fatty alcohol producers have reduced production capacity to handle the sluggish demand in the market as well.

The Mid Cut fatty alcohols prices dropped to 1,323 USD/ton in line with depreciating raw material prices, a decrease of 68 USD/ton or 5% compared to the previous quarter, as well as the Long Chain fatty alcohols price dropped to 1,371 USD/ton, a decrease of 172 USD/ton or 11%, and the Short Chain fatty alcohols price dropped to 4,012 USD/ton, a decrease of 360 USD/ton or 8%.

## Market overview comparison between 1H2023 vs. 1H2022

An average CPKO-MPOB price for the first six months of 2023 was at 895 USD/ton, dropped by 1,180 USD/ton or 57% from the first six months of 2022 due to the increase of CPKO stock in Malaysia from 144,375 tons up to 207,525 tons compared to the same period last year, mainly from an increase in production capacity in Malaysia. Including the lower demand from oleochemical producers due to the low price gap between coconut oil (CCNO) and CPKO, oleochemical producers had to use alternative raw materials such as coconut oil (CCNO) instead of CPKO, and the CPKO export volume in Malaysia also decreased. The decrease in export volume was greater than the increase in production, causing CPKO price in 1H2023 to decrease compared to 1H2022.

On the demand side, natural fatty alcohols in 1H2023 declined compared to the same period last year because the economic situation in China, the main buyer, has not recovered as expected. Although China has reopened the country since January 8, 2023 onwards. In addition, many buyers in India have delayed their purchases as India's government has announced Countervailing Duty (CVD) measurement to support the domestic industry by increasing import duty from Indonesia, Malaysia and Thailand in the range of 3% - 30% since May 4, 2023 onwards, causing the purchasing power in the market to weaken. Including various sensitive factors, as stated as above, affects the buyers' purchasing by choosing only as needed.

The overall supply side of the fatty alcohols in 1H2023 was improved compared to the same period of the previous year. Due to in 1H2022, the Indonesian government has announced extension of the Domestic Market Obligation (DMO) policy 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. In addition, there was a temporary shutdown of three manufacturers in Malaysia and Indonesia from mid-May to June 2022. As a result, the overall supply of the market during that period was tight. While during 1H2023, the overall supply of the fatty alcohol improved owing to no DMO measures by the Indonesian government this year. Although, there was a temporary shutdown of four manufacturers in Indonesia, Malaysia and the Philippines during January and mid-year 2023 and a reduction of production capacity of some fatty alcohol manufacturers in line with the lower demand in the market. While manufacturer in United States has resumed their production at full capacity after temporary suspension. As a result, the overall supply was increased as well.

An average price of natural fatty alcohols has dropped in line with CPKO price and an improving supply compared to 1H2022. The Mid Cut fatty alcohols prices decreased to 1,357 USD/ton, dropped of 1,355 USD/ton or 50% as well as the Long Chain fatty alcohols price dropped to 1,457 USD/ton, a decrease of 1,707 USD/ton or 54%, while the Short Chain fatty alcohols price slightly rose to 4,192 USD/ton, an increase of 74 USD/ton or 2%.

Exhibit 6 : Keys Operating Performance of FA Business Unit

Fatty Alcohols Business	2Q2023	2Q2022	% YoY	1Q2023	% QoQ	1H2023	1H2022	% YoY
Utilization (%)	104%	99%	5%	88%	16%	95%	101%	-6%
Sales Volume (Ton)	21,731	24,653	-12%	21,906	-1%	43,637	48,284	-10%
Revenue from Sales (million baht)	1,135	2,606	-56%	1,369	-17%	2,504	4,924	-49%
EBITDA (million baht)	135	424	-68%	153	-12%	288	706	-59%
EBITDA margin (%)	11.9%	16.3%	-4.4%	11.2%	0.7%	11.5%	14.3%	-2.8%
Stock Gain/(Loss) & NRV	34	(156)	122%	(124)	127%	(90)	31	-390%
Adjusted EBITDA (million baht) <sup>(1)</sup>	101	580	-83%	277	-64%	378	675	-44%
Adjusted EBITDA Margin (%)	8.9%	22.3%	-13.4%	20.2%	-11.3%	15.1%	13.7%	1.4%

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

### Operating performance comparison between 2Q2023 vs. 2Q2022

The Company had recorded sales revenue of fatty alcohols business of THB 1,135 million in 2Q2023, a decrease of 56% from 2Q2022, mainly due to a decrease in average fatty alcohols prices of 49% in line with raw material prices from the effects as mentioned above. In addition, the supply was increased compared to the same period of the previous year due to the temporarily shutdown of three manufacturers in Malaysia and Indonesia during mid-May to June 2022. While in 2Q2023, there was a temporary shutdown of two manufacturers in Malaysia and the Philippines. However, the sales volume of fatty alcohols decreased by 12% due to the economic situation of China, which is the main buyer, has not recovered as expected. Although China has reopened the country from January 8, 2023 onward. Including many buyers in India have delayed their purchase as India's government has announced Countervailing Duty (CVD) measurement by increasing import duty from Indonesia, Malaysia and Thailand in the range of 3% - 30% since May 4, 2023 onwards, causing the purchasing power in the market to weaken.

From such details, resulting in the Stock Gain & NRV of THB 34 million. In 2Q2023, the Company recorded EBITDA was recorded at THB 135 million, a decrease of 68% from 2Q2022. When deducting the effect of Stock Gain & NRV, Adjusted EBITDA of THB 101 million, a decrease of 83% and an Adjusted EBITDA Margin was at 8.9%.

### Operating performance comparison between 2Q2023 vs. 1Q2023

On a quarter by quarter basis, the Company recorded sales revenue of fatty alcohols in 2Q2023 decreased slightly by 17% from the previous quarter, mainly due to a 7% drop in average fatty alcohol prices in line with fluctuating CPKO prices due to lower demand from oleochemical producers using alternative raw materials such as coconut oil (CCNO) instead of CPKO because of the low price gap between coconut oil (CCNO) and CPKO. Also, in late of 2Q2023, the CPKO export volume decreased until the CPKO stock in Malaysia increased. In addition, the sales volume of fatty alcohols was slightly dropped by 1% from the previous quarter due to the fact that most buyers still have inventory from pre-purchase, while the demand for Home and Personal Care product was dropped because the global economic situation is quite sluggish and the economic situation of major buyers such as China is still slowly recovering more than the market expected, causing many buyers tend to be more cautious in their purchases by choosing only as needed.

However, the Company recorded EBITDA of THB 135 million, a decrease of 12% compared to 1Q2023. When deducting the effect of Stock Gain & NRV of THB 34 million, the Company had Adjusted EBITDA of THB 101 million, decreased by 64% and Adjusted EBITDA Margin was at 8.9%.

### Operating performance comparison between 1H2023 vs. 1H2022

For the first six months of 2023, fatty alcohols business recorded sales revenue of THB 2,504 million, decreased from 1H2022 by THB 2,420 million or 49%, mainly from an average of fatty alcohols price decrease of 46% due to the increased production capacity of Malaysia from the previous year. Including the lower demand from oleochemical producers due to the low price gap between coconut oil (CCNO) and CPKO, oleochemical producers had to use alternative raw materials such as coconut oil (CCNO) instead of CPKO, and the CPKO export volume in Malaysia also decreased. For the sales volume of fatty alcohols decreased by 10% mainly from the economic situation in China, the main buyer, has not recovered as expected. Although China has reopened the country since January 8, 2023 onwards. In addition, many buyers in India have delayed their purchase as India's government has announced Countervailing Duty (CVD) measurement by increasing import duty from Indonesia, Malaysia and Thailand in the range of 3% - 30% since May 4, 2023 onwards, causing the purchasing power in the market to weaken. Moreover, the overall supply in 1H2023 was improved owing to no DMO measures by Indonesian government in this year.

However, the Company recorded EBITDA in 1H2023 of THB 288 million, decreased from 1H2022 by 59%. When deducting impact from Stock Loss & NRV of THB 90 million, Adjusted EBITDA was recorded at THB 378 million, a decrease of 44% from the previous quarter.

## Market and Business Outlook in 2H2023

### Methyl Ester Market Outlook

For the methyl ester demand outlook in 2H2023, the Company anticipates that it will remain stable from 1H2023. Although Thailand is in the monsoon season in the third quarter that the demand for diesel fuel for travel and transportation is quite low. However, the Company anticipates that demand for diesel fuel will improve in the fourth quarter, which is the high season. Most people tend to travel across the province and go out to spend more. Nevertheless, the situation of retail prices and overall domestic diesel demand must be monitored after the excise tax cut on diesel of 5 baht per litre ended on July 20, 2023. Regarding the biodiesel mandate, the Company anticipates that the government's policy will maintain as B7 as main grade continuously throughout the year 2023.

In terms of the methyl ester supply outlook in 2H2023, the Company anticipates that it will remain stable as well due to the lack of expansion of production capacity from both the existing and new manufacturers into the market. The Company anticipates that the average utilization rate of the industry will remain at 50%

For the methyl ester price outlook in 2H2023, the Company anticipates that it tends to remain in line with the trend of domestic CPO prices.

### Fatty Alcohols Market Outlook

For the natural fatty alcohols demand outlook in 2H2023, the Company anticipates that it will slightly improve from 1H2023. Although, there are various sensitive factors that affect the confidence and purchasing power of the market, whether concerns about inflation, global economic situation tends to be in recession and the uncertainty of the Russia- Ukraine war. However, the Company anticipates that most buyers tend to restock their inventory after the CPKO price tends to increase. In addition, China, a major buyer, has return to the market to prepare products for the upcoming 19<sup>th</sup> Asian Games to be held in Hangzhou, China from September 23 to October 8, 2023. Including, the fourth quarter is the high season for Home and Personal Care, especially skincare manufacturers who demand for Long Chain fatty alcohols during winter and perfume manufacturers who demand for short chain fatty alcohols to prepare for producing products before Christmas and New Year celebrations. As a result, the overall demand for fatty alcohols in the market tends to improve in 2H2023.

For the overall supply of natural fatty alcohols outlook in 2H2023, the Company anticipates that it tends to improve from 1H2023, when many major manufacturers had temporary shutdown for maintenance. Together with some fatty alcohols manufacturers has been reduced their production capacity to in line with lower demand in the market in 1H2023 as well.

In terms of fatty alcohols price outlook in 2H2023, the Company anticipates that it is likely to stable in line with the trend of CPKO price compared to 1H2023.

### Refined Glycerine Market Outlook

For the refined glycerine demand outlook in 2H2023, the Company anticipates that it will improve compared to 1H2023, although there are various sensitive factors that affect the confidence and purchasing power of the market, whether concerns about inflation and global economic situation tends to be in recession. However, the Company anticipates that most buyers tend to restock their inventory mainly Home and Personal Care product in the field of food and medicine especially in the fourth quarter which is the high season.

For the refined glycerine supply outlook in 2H2023, the Company anticipates that it is likely to improve because many fatty alcohols manufacturers in the market resume normal production. As a result, the overall supply of by-products such as glycerine in the market tends to improve accordingly.

In terms of an average price of refined glycerine outlook in 2H2023, the Company anticipates that it is likely to move in a narrow range due to the lack of supporting factors that will significantly affect the price.

### Ethanol Market Outlook

For the ethanol (E100) demand outlook in 2H2023, the Company anticipates that it is likely to rise from 1H2023 owing to ethanol demand increasing during the fourth quarter, which is the high season. However, the Company anticipates that the government will continue to reduce compensation payments for fuels with mixes of biofuels and maintain the policy of using gasohol E10 as main grade fuel.

On the supply side of the ethanol market in 2H2023, the Company anticipates that it will be stable due to the lack of expansion of production capacity from both the existing and new manufacturers. The Company anticipates that an average utilization rate in the industry will be stable to slightly improve at 55%.

For the ethanol price outlook in 2H2023, the Company anticipates that it will likely drop from 1H2023. It depreciated in line with raw material prices for ethanol production from cassava that tend to decline slightly.



## Consolidated Statement of Income

*Exhibit 7 : Consolidated Profit & Loss Statement comparison of 2Q2023, 2Q2022 and 1Q2023*

	2Q2023		2Q2022		YoY		1Q2023		QoQ	
	MB	%	MB	%	MB	%	MB	%	MB	%
<b>Sale Revenue</b>	<b>4,744</b>	<b>100</b>	<b>7,503</b>	<b>100</b>	<b>(2,759)</b>	<b>(37)</b>	<b>4,662</b>	<b>100</b>	<b>82</b>	<b>2</b>
Feedstock	(3,917)	(83)	(5,972)	(80)	2,055	(34)	(3,706)	(79)	(211)	6
Net Realizable Value (NRV)	(18)	(0)	(24)	(0)	6	(25)	18	0	(36)	(200)
<b>Product to Feed Margin</b>	<b>809</b>	<b>17</b>	<b>1,507</b>	<b>20</b>	<b>(698)</b>	<b>(46)</b>	<b>974</b>	<b>21</b>	<b>(165)</b>	<b>(17)</b>
Variable Costs	(377)	(8)	(445)	(6)	68	(15)	(408)	(9)	31	(8)
Fixed Costs	(214)	(5)	(193)	(3)	(21)	11	(183)	(4)	(31)	17
Stock Gain/(Loss)	23	0	(109)	(1)	132	(121)	(151)	(3)	174	(115)
SG&A	(101)	(2)	(104)	(1)	3	(3)	(94)	(2)	(7)	7
Other Income	9	0	7	0	2	29	10	0	(1)	(10)
<b>EBITDA</b>	<b>149</b>	<b>3</b>	<b>663</b>	<b>9</b>	<b>(514)</b>	<b>(78)</b>	<b>148</b>	<b>3</b>	<b>1</b>	<b>1</b>
Depreciation and Amortization	(129)	(3)	(154)	(2)	25	(16)	(130)	(3)	1	(1)
<b>EBIT</b>	<b>20</b>	<b>0</b>	<b>509</b>	<b>7</b>	<b>(489)</b>	<b>(96)</b>	<b>18</b>	<b>0</b>	<b>2</b>	<b>11</b>
Net Financial Costs	(1)	(0)	(13)	(0)	12	(92)	(5)	(0)	4	(80)
FX Gain/Loss <sup>(1)</sup>	26	1	(29)	(0)	55	(190)	(1)	(0)	27	(2,700)
Share of Profit/(Loss) from investment	(25)	(1)	38	1	(63)	(166)	48	1	(73)	(152)
Income Tax Expenses	(13)	(0)	(84)	(1)	71	(85)	(20)	(0)	7	(35)
<b>Net Profit</b>	<b>7</b>	<b>0</b>	<b>422</b>	<b>6</b>	<b>(415)</b>	<b>(98)</b>	<b>40</b>	<b>1</b>	<b>(33)</b>	<b>(83)</b>

Notes :

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

Exhibit 8 : Consolidated Profit &amp; Loss Statement comparison of 1H2023 and 1H2022

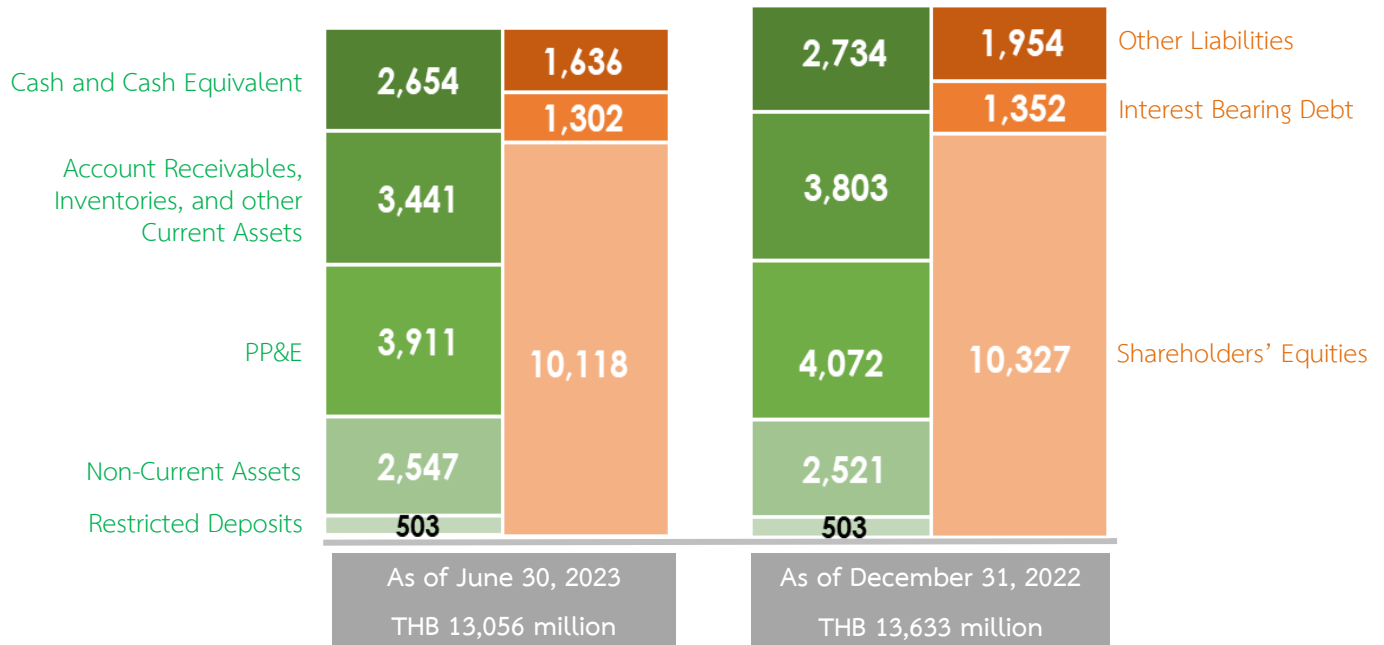
	1H2023		1H2022		YoY	
	MB	%	MB	%	MB	%
<b>Sale Revenue</b>	<b>9,406</b>	<b>100</b>	<b>14,819</b>	<b>100</b>	<b>(5,413)</b>	<b>(37)</b>
Feedstock	(7,623)	(81)	(12,218)	(82)	4,595	(38)
Net Realizable Value (NRV)	-	-	(24)	(0)	24	(100)
<b>Product to Feed Margin</b>	<b>1,783</b>	<b>19</b>	<b>2,577</b>	<b>17</b>	<b>(794)</b>	<b>(31)</b>
Variable Costs	(785)	(8)	(843)	(6)	58	(7)
Fixed Costs	(397)	(4)	(325)	(2)	(72)	22
Stock Gain/(Loss)	(128)	(1)	137	1	(265)	(193)
SG&A	(195)	(2)	(192)	(1)	(3)	2
Other Income	19	0	21	0	(2)	(10)
<b>EBITDA</b>	<b>297</b>	<b>3</b>	<b>1,375</b>	<b>9</b>	<b>(1,078)</b>	<b>(78)</b>
Depreciation and Amortization	(259)	(3)	(311)	(2)	52	(17)
<b>EBIT</b>	<b>38</b>	<b>0</b>	<b>1,064</b>	<b>7</b>	<b>(1,026)</b>	<b>(96)</b>
Net Financial Costs	(6)	(0)	(23)	(0)	17	(74)
FX Gain/Loss <sup>(1)</sup>	25	0	(7)	(0)	32	(457)
Share of Profit/(Loss) from investment	23	0	43	0	(20)	(47)
Income Tax Expenses	(33)	(0)	(169)	(1)	136	(80)
<b>Net Profit</b>	<b>47</b>	<b>0</b>	<b>909</b>	<b>6</b>	<b>(862)</b>	<b>(95)</b>

## Notes :

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

## Statement of Financial Position

Exhibit 9 : Consolidated Financial Position as of June 30, 2023 and as of December 31, 2022



### Assets

As of June 30, 2023 the Company had total assets of THB 13,056 million, a decrease of THB 577 million compared to December 31, 2022 in which key changes are described as follow;

1. Current assets decreased by THB 442 million mainly from;
  - 1.1 A decrease in cash and cash equivalent THB 80 million.
  - 1.2 Accounts receivable and other accounts receivable decreased by THB 356 million owing to the decreasing feedstock price caused the selling price of methyl ester and fatty alcohols to drop significantly compared to the end of 2022.
2. Non-current assets decreased by THB 135 million mainly from;
  - 2.1 PP&E decreased by THB 161 million due to depreciation expenses incurred in 1H2023.
  - 2.2 Investment in joint venture increased by THB 71 million.
  - 2.3 Deferred tax assets decreased by THB 33 million.

## Liabilities

As of June 30, 2023, the Company had total liabilities of THB 2,938 million, a decrease of THB 368 million compared to December 31, 2022, mainly attributed to

1. Accounts payable decreased by THB 65 million owing to the decrease in raw material prices.
2. Other accounts payable decreased by THB 128 million.
3. Corporate tax payable decreased by THB 121 million.
4. Accounts payable to contractors decreased by THB 12 million.

## Shareholders' equity

As of June 30, 2023 the Company had total shareholders' equity of THB 10,118 million, a decrease of THB 209 million compared to December 31, 2022. This was the net profit in the first six months 2023 of THB 47 million and dividend payment to shareholders of THB 256 million.

## Statement of Cash Flows

*Exhibit 10: Consolidated Cash Flows Statement for the period ended June 30, 2023 and June 30, 2022.*

Cash Flow (Unit: Million Baht)	30 June 2023	30 June 2022
Net cash received (used in) operating activities	330	222
Net cash received (used in) investing activities	315	(112)
Net cash received (used in) financing activities	(344)	(231)
Effect of exchange rate changes on balances held in foreign currencies	19	1
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>320</b>	<b>(120)</b>
Cash and cash equivalents as at 1 January	1,384	1,511
<b>Cash and cash equivalents as at 30 June</b>	<b>1,704</b>	<b>1,391</b>

Note: Ending cash and cash equivalents as at 30 June 2023 had not included current investment in financial assets of THB 950 million and restricted deposits of THB 503 million.

As for the statement of cash flows ended June 30, the Company had cash received from operating activities of THB 330 million which comprised of cash from the net profit of THB 47 million, the adjustment for non-cash items, a decrease in account receivables, VAT receivable and account payables and other account payables. Including an increase in inventories.

The Company had cash received from investing activities of THB 315 million, primarily due to cash receiving from investment in current asset of THB 400 million and cash spending for the investment in joint ventures (GKBI) of THB 80 million.

The Company had cash used in financial activities of THB 344 million, mainly due to dividend payment of THB 256 million, cash spending for interest paid of THB 39 million and lease liabilities of THB 30 million.

As the activities above, the Company had an increase in cash and cash equivalents of THB 320 million, which had cash and cash equivalents as of January 1, 2023 in the amount of THB 1,384 million. As a result, as of June 30, 2023 the Company had cash and cash equivalents of THB 1,704 million (excluding investments in current financial assets of THB 950 million and restricted deposits of THB 503 million).

## Key Financial Ratios

Exhibit 11 : Key Financial Ratios comparison of 2Q2023, 2Q2022 and 1Q2023

Key Financial Ratio	2Q2023	2Q2022	1Q2023
Current Ratio (x)	3.6	2.8	4.1
EBITDA to Sales Revenue (%)	3.1	8.8	3.2
Net Profit to Sales Revenue (%)	0.1	5.6	0.9
Return on Total Assets (%)	1.1	10.5	4.6
Return on Equity (%)	0.9	10.5	4.9
Debt to Equity (x)	0.3	0.3	0.3
Interest Bearing Debt to Equity (x)	0.1	0.1	0.1
Interest Bearing Debt to EBITDA (x)	2.0	0.6	1.2

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