



Date 10 August 2023

Subject Discussion and Analysis of the Company's Performance

For the Six-Month Period Ended 30 June 2023

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 Six – Month Period Ended 30 June 2023, 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 six-month ended 30 June 2023, 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 six-month ended 30 June 2023, it had a net profit of 106.15 million baht. In this regard, the Company would like to explain the reasons for its performance stated in the interim financial reporting for the six-month ended 30 June 2023, details of which appear as attached.

Please be informed accordingly.

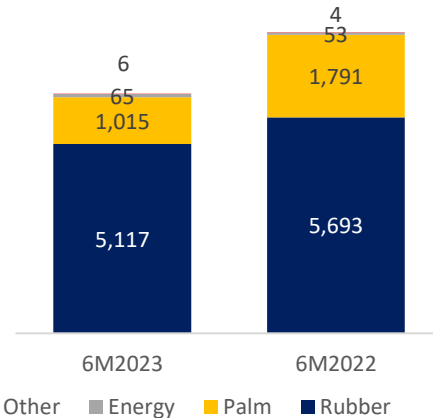
Respectfully yours,

A handwritten signature in blue ink, appearing to be "K. Komolthip", written in a cursive style.

Dr. Kamolthip Komolyudtaphaet  
(Chief Financial Officer)

**Management Discussion and Analysis for the Six-Month Ended 30 June 2023**
**Thai Eastern Group Holdings Public Company Limited**
**Overview of The Group's Business Performance**

For the six-month ended 30 June 2023, the Group's revenues from the sale of goods and rendering of services by 1,338.58 million baht or 17.75%, the proportion of the each business for 6 Month for Y2023, are consisted by the revenue of natural rubber business 83%, crude palm oil business 16% and renewable energy and organic waste management business 1%.

**Revenue by Business (MTHB)**

**Statement of Comprehensive Income : Comparison  
for the Six - Month Period**

( Unit : MTHB )	6M2023	6M2022	%YoY
Revenues from sales of goods and services	6,202.68	7,541.26	-17.75%
Cost of sales and services	5,620.61	6,826.33	-17.66%
Gross Profit	<b>582.07</b>	<b>714.93</b>	-18.58%
Other Revenue	13.76	24.54	-43.93%
Selling and distribution expenses	269.99	168.42	60.31%
Administrative expenses	112.69	105.42	6.90%
Gain on exchange rates	45.26	56.26	-19.55%
Share of profit from investments in joint ventures	(2.58)	30.54	-108.45%
EBIT	<b>165.31</b>	<b>439.91</b>	-62.42%
Finance income	5.05	2.69	87.73%
Finance cost	54.82	63.20	-13.26%
Income tax	9.39	12.12	-22.52%
Profit for the period	<b>106.15</b>	<b>367.28</b>	-71.10%

**Revenues from sales of goods and services**
**Revenue from natural rubber business**

For the six-month period ended 30 June 2023 and 2022, the Group's revenues from the natural rubber business were at 5,117.10 million baht and 5,693.40 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 Six-Month Ended			
	30 June 2023		30 June 2022	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
<b>1. Revenue from the Sale of Block Rubber</b>	4,868.50	95.14	5,337.85	93.76
<b>2. Revenue from the Sale of Concentrated Latex</b>	235.36	4.60	347.11	6.10
<b>3. Others</b>	13.24	0.26	8.44	0.14
<b>Total Revenue from Natural Rubber Business</b>	<b>5,117.10</b>	<b>100.00</b>	<b>5,693.40</b>	<b>100.00</b>

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

For the six-month periods ended 30 June 2023 and 2022, the Group's revenue from natural rubber business decreased by 576.30 million baht or 10.12% , however, such change was mainly due to:

- the sale of block rubber decreased by 469.35 million baht or 8.79% , which were resulted from (a) a higher sales volume as the tire industry has recovered along with the gradual global economy recovery ; and (b) and decrease in the average selling price.
- the sale of concentrated latex decrease by 111.75 million baht or 32.19%, due to both volume and selling price decreased.

#### Revenue from crude palm oil business

For the six-month period ended 30 June 2023 and 2022, the Group's revenues from crude palm oil business were at 1,014.58 million baht and 1,790.98 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 Six-Month Ended			
	30 June 2023		30 June 2022	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Crude Palm Oil	803.46	79.19	1,051.65	58.72
Kernel	25.41	2.50	103.53	5.78
Crude Palm Kernel Oil	152.83	15.06	571.86	31.93
Others	32.88	3.24	63.94	3.57
<b>Total Revenue from Crude Palm Oil Business</b>	<b>1,014.58</b>	<b>100.00</b>	<b>1,790.98</b>	<b>100.00</b>

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

For the six-month period ended 30 June 2023 and 2022, the Group's revenue from the crude palm oil business decreased by 776.40 million baht or 43.35%, Such change was primarily due to:

- The revenue from the sale of crude palm oil comparison decreased mainly as a result of sales volume of crude palm oil increased and a lower average selling price of crude palm oil in accordance with the market price.

- The revenue from the sale of crude palm kernel oil decreased mainly as a result of a sales volume of crude palm kernel decreased and a lower average selling price of crude palm kernel oil in accordance with the marker price.

### Revenue renewable energy and organic waste management business

For the six-month period ended 30 June 2023 and 2022, the Group's revenues from the renewable energy and organic waste management business were at 65.00 million baht and 52.51 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 Six-Month Ended			
	30 June 2023		30 June 2022	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Organic Waste Management Service	47.84	73.60	39.52	75.26
Biogas	2.22	3.42	0.32	0.61
Electricity Generation from Biogas	14.94	22.98	12.67	24.13
<b>Total Revenue from Renewable Energy and Organic Waste Management Business</b>	<b>65.00</b>	<b>100.00</b>	<b>52.51</b>	<b>100.00</b>

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

For the six-month period ended 30 June 2023 and 2022, the Group's revenues from the renewable energy and organic waste management business increased by 12.49 million baht or 23.79%, which 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.

### Costs of Sales and Services

For the six-month period ended 30 June 2023 and 2022, the Group's costs of sales and services were at 5,620.61 million baht and 6,826.34 million baht respectively, decreasing by 1,205.72 million baht or 17.66%. The costs of sales and services can be grouped by type of business as follows:

Costs of Sales and Services	For Six-Month Ended			
	30 June 2023		30 June 2022	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Cost of Natural Rubber Business	4,633.86	82.44	5,017.35	73.50
Cost of Crude Palm Oil Business	933.38	16.61	1,762.84	25.82
Cost of Renewable Energy and Organic Waste Management Business	55.04	0.98	43.59	0.64
Other Costs of Sales and Services	(1.67)	(0.03)	2.56	0.04
<b>Total Costs of Sales and Services</b>	<b>5,620.61</b>	<b>100.00</b>	<b>6,826.34</b>	<b>100.00</b>

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

**(1) Natural rubber business**

Major costs in the natural rubber business include a raw material cost, a labor cost, an energy cost, and depreciation and amortization. Regarding the six-month periods ended 30 June 2023 and 2022, the Group's cost of natural rubber business decreased by 383.48 million baht or 7.64% mainly due to decreased in para rubber 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 six-month periods ended 30 June 2023 and 2022, the Group's cost of crude palm oil business decreased by 829.46 million baht or 47.05% mainly due to (a) a lower raw material cost resulting from an decreasing 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 wasted management business include a raw material transportation cost, a labor cost, a maintenance cost and depreciation and amortization. Regarding the six-month periods ended 30 June 2023 and 2022, the Group's cost of business increased by 11.45 million baht or 26.28% mainly due to increase in (a) a higher transportation expense (b) a rental and (c) a depreciation.

**Gross Profit**

For the six-month period ended 30 June 2023 and 2022, the Group had gross profits at 582.07 million and 714.92 million baht respectively, equaling to gross profit margins of 9.38% and 9.48% respectively. The table below summarized the gross profits.

Gross Profit	For Six-Month Ended			
	30 June 2023		30 June 2022	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Natural Rubber Business	483.24	83.02	676.05	94.56
Crude Palm Oil Business	81.20	13.95	28.14	3.94
Renewable Energy and Organic Waste Management Business	9.96	1.71	8.93	1.25
Other Businesses	7.67	1.32	1.81	0.25
<b>Total Gross Profit</b>	<b>582.07</b>	<b>100.00</b>	<b>714.92</b>	<b>100.00</b>

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

**(1) Natural rubber business**

For the six-month period ended 30 June 2023 and 2022, the gross profit margins of the natural rubber business were at 83.02% and 94.56% respectively. Such increase was mainly caused by increase in sales volume and decrease in selling price.

**(2) Crude palm oil business**

For the six-month period ended 30 June 2023 and 2022, the gross profit (loss) margins of the crude palm oil business were at 13.95% and 3.94% respectively. Mainly caused by sales volume increased and a lower raw material cost in accordance with the market of crude palm oil business.

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

For the six-month period ended 30 June 2023 and 2022, the gross profit margins of this business were at 1.71% and 1.25% respectively mainly resulted from (a) an increased amount of organic waste and (b) a higher average service fee.

**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 six-month period ended 30 June 2023 and 2022, the Group's sales and distribution expenses were at 269.99 million baht and 168.41 million baht respectively, increased by 101.58 million baht or 60.31%, 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 incoterms of some customer by at DAP (Delivered at Place ).

**Administrative Expenses**

Most of the Group's administrative expenses include employee benefits expense, service fee and depreciation and amortization. For the six-month period ended 30 June 2023 and 2022, the Group's administrative expenses were at 112.69 million baht and 105.42 million baht respectively. Which increased by 7.28 million baht or 6.90% mainly due to an increase in research and development expenses and write off fixed asset which was improved to increase operational efficiency.

**Net Profit and Net Profit Margin**

For the six-month period ended 30 June 2023 and 2022, the Group's net profits were at 106.15 million baht 367.28 million baht respectively, decreasing by 261.13 million baht or 71.10% ,was resulted from decrease in the average selling price.

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

### **Assets**

Comparing as at 30 June 2023 and as at 31 December 2022, the total assets increased by 975.08 million baht or 14.05% , since cash and cash equivalent decreased by 135.46 million baht because there is a dividend payment in the year 2023 , the trade account and other receivables decreased by 511.91 million baht following a decrease in the revenue from the sales , inventory decreased by 362.81 million baht because quantity of raw material decrease and an increase in the land, building and equipment of 131.18 million baht which was caused by the construction for production capacity expansion of EQR and TEI and Renewable energy and organic waste management business has construction of Biogas Zone 3

### **Liabilities**

Comparing as at 30 June 2023 and 31 December 2022, the total liabilities decreased by 800.43 million baht or 21.68% mainly due to a decrease in bank overdrafts and short-term borrowings from financial institutions.

### **Equity**

As at 30 June 2023 and 31 December 2022, the Group's equities were at 3,070.98 million baht and 3,245.63 million baht respectively, increasing by 174.65 million baht or 5.38%. Such increase was mainly due to the dividend payment of the Group of Companies.