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Date 28 February 2024

Subject Discussion and Analysis of the Company's Performance

For the Year Ended 31 December 2023

To President of the Stock Exchange of Thailand

Enclosure

Management Discussion and Analysis of the Company's Performance from the Financial Reporting for the Year Ended 31 December 2023, in Thai and English, one copy for each

Thai Eastern Group Holdings Public Company Limited ("the Company") would like to submit the financial reporting for the year ended 31 December 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 year ended 31 December 2023, it had a net profit of 214.98 million baht. In this regard, the Company would like to explain the reasons for its performance stated in the financial reporting for the year ended 31 December 2023, details of which appear as attached.

Please be informed accordingly.

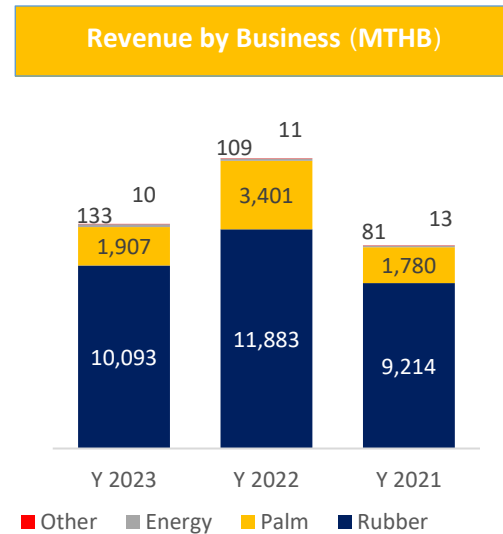
Respectfully yours,

A handwritten signature in blue ink, appearing to be "Dr. Kamolthip Komolyudtaphaet".

Dr. Kamolthip Komolyudtaphaet  
(Chief Financial Officer)

**Management Discussion and Analysis for the Year Ended 31 December 2023**
**Thai Eastern Group Holdings Public Company Limited**
**Overview of The Group's Business Performance**

For the year ended 31 December 2023, the Group's revenues from the sale of goods and rendering of services was 12,142.55 million baht or 21.17 %, decrease comparing with Y 2022, and 9.51%, increase comparing with Y 2021, the proportion of the each business are consisted of the revenue of natural rubber business 83%, crude palm oil business 16% and renewable energy and organic waste management business 1%.


**Statement of Comprehensive Income: Comparison for the 3 Years**

( Unit : MTHB )	Y 2023	Y 2022	Y 2021	% Change	
				Y2566 - Y 2565	Y2566 - Y 2565
Revenues from sales of goods and services	12,142.55	15,403.32	11,087.76	-21.17%	9.51%
Cost of sales and services	11,047.10	13,818.43	9,903.40	-20.06%	11.55%
Gross Profit	1,095.45	1,584.89	1,184.36	-30.88%	-7.51%
Other Revenue	32.51	46.56	32.79	-30.18%	-0.85%
Selling and distribution expenses	535.47	551.34	297.10	-2.88%	80.23%
Administrative expenses	222.58	229.48	185.25	-3.01%	19.76%
Gain on exchange rates	10.68	105.84	83.99	-89.91%	-87.28%
Share of profit from investments in joint ventures	(10.13)	61.53	19.65	-116.46%	-151.55%
<b>EBIT</b>	<b>349.10</b>	<b>806.32</b>	<b>670.46</b>	<b>-56.70%</b>	<b>-47.82%</b>
Finance income	7.55	10.17	6.30	-25.76%	19.84%
Finance cost	120.57	124.22	97.98	-2.94%	23.06%
Income tax	21.10	8.22	16.14	156.69%	30.73%
Profit for the period	214.98	684.05	562.64	-68.57%	-61.93%

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

For the year ended 31 December 2023 , 2022 and 2021, the Group's revenues from the natural rubber business were at 10,092.52 million baht 11,882.54 million baht and 9,214.23 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 The Ended 31 December					
	2023		2022		2021	
	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>	9,619.99	95.32	11,207.65	94.32	8,559.85	92.90
<b>2. Revenue from the Sale of Concentrated Latex</b>	444.03	4.40	654.28	5.51	640.47	6.95
<b>3. Others</b>	28.56	0.28	20.61	0.17	13.91	0.15
<b>Total Revenue from Natural Rubber Business</b>	<b>10,092.58</b>	<b>100.00</b>	<b>11,882.54</b>	<b>100.00</b>	<b>9,214.23</b>	<b>100.00</b>

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

For the year ended 31 December 2023, compare with Y2022, the Group's revenue from natural rubber business decreased by 1,789.96 million baht or 15.06%, such change was mainly due to:

- the sale of block rubber decreased by 1,587.66 million baht or 14.17%, which were resulted from (a) a higher sales volume as the tire industry has recovered along with the gradual global economy recovery ; and (b) decrease in the average selling price which decreased approximately 17.01%.
- the sale of concentrated latex decreased by 210.25 million baht or 32.13%, due to both volume and selling price decreased.

And for the year ended 31 December 2023, compare with Y2021, the Group's revenue from natural rubber business increased by 878.35 million baht or 9.53%, such change was mainly due to:

- the sale of block rubber increased by 1,606.14 million baht or 12.38%, which were resulted from (a) a higher sales volume of 23% because the tire industry has recovered along with the gradual global economy recovery ; and (b) decrease in the average selling price.
- the sale of concentrated latex decreased by 196.44 million baht or 30.67%, due to both volume and selling price decreased.

#### Revenue from crude palm oil business

For the year ended 31 December 2023 , 2022 and 2021, the Group's revenues from crude palm oil business were at 1,907.28 million baht 3,401.04 million baht and 1,779.58 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 The Ended 31 December					
	2023		2022		2021	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Crude Palm Oil	1,439.10	75.45	2,045.72	60.15	1,528.25	85.88
Kernel	35.56	1.86	314.25	9.24	251.33	14.12
Crude Palm Kernel Oil	357.37	18.74	931.44	27.39	-	-

Revenue from Crude Palm Oil Business	For The Ended 31 December					
	2023		2022		2021	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Others	75.25	3.95	109.63	3.22	-	-
<b>Total Revenue from Crude Palm Oil Business</b>	<b>1,907.28</b>	<b>100.00</b>	<b>3,401.04</b>	<b>100.00</b>	<b>1,779.58</b>	<b>100.00</b>

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

For the year ended 31 December 2023, comparing with Y2022, the Group's revenue from the crude palm oil business decreased by 1,493.76 million baht or 43.92%, Such change was primarily due to the revenue from the sale of crude palm oil and crude palm kernel oil decreased mainly as a result of sales volume decreased and the average selling price are highly decrease due to the crude palm oil and crude palm kernel oil were affected by the recovery of sunflower oil exports and the increasing in volume of soybean oil product.

And for the year ended 31 December 2023, comparing with Y2021, the Group's revenue from the crude palm oil business increased by 127.7 million baht or increased by 7.18%, Such change was primarily due to the revenue from the sale of crude palm oil and crude palm kernel oil increased mainly as a result of a local sales volume of crude palm oil and crude palm kernel increased and a lower average selling price in accordance with the marker price of crude palm oil and crude palm kernel oil.

#### Revenue renewable energy and organic waste management business

For the year ended 31 December 2023 , 2022 and 2021, the Group's revenues from the renewable energy and organic waste management business were at 132.85 million baht 108.54 million baht and 80.56 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 The Ended 31 December					
	2023		2022		2021	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Organic Waste Management Service	101.14	76.13	78.02	71.88	55.36	68.72
Biogas	1.61	1.22	3.58	3.30	2.83	3.51
Electricity Generation from Biogas	30.10	22.65	26.94	24.82	22.37	27.77
<b>Total Revenue from Renewable Energy and Organic Waste Management Business</b>	<b>132.85</b>	<b>100.00</b>	<b>108.54</b>	<b>100.00</b>	<b>80.56</b>	<b>100.00</b>

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

For the year ended 31 December 2023, compare with Y2022, the Group's revenues from the renewable energy and organic waste management business increased by 24.31 million baht or 22.40%, and for the year ended 31 December 2023, compare with Y2021, the Group's revenues from the renewable energy and organic waste management business increased by 52.29 million baht or 64.91%, 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 year ended 31 December 2023, 2022 and 2021, the Group's costs of sales and services were at 11,047.10 million baht 13,818.43 million baht and 9,903.40 million baht respectively, compare with 2022 ,decreasing by 2,771.33 million baht or 20.06%, and compare with 2021 ,increase 1,143.70 million baht or 11.55% . The costs of sales and services can be grouped by type of business as follows:

Costs of Sales and Services	For The Ended 31 December					
	2023		2022		2021	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Cost of Natural Rubber Business	9,144.88	82.78	10,284.61	74.43	8,091.66	81.71
Cost of Crude Palm Oil Business	1,891.56	17.12	3,421.15	24.76	1,719.94	17.37
Cost of Renewable Energy and Organic Waste Management Business	110.97	1.00	98.79	0.71	78.25	0.79
Other Costs of Sales and Services	(100.31)	(0.91)	13.88	0.10	13.55	0.14
<b>Total Costs of Sales and Services</b>	<b>11,047.10</b>	<b>100.00</b>	<b>13,818.43</b>	<b>100.00</b>	<b>9,903.40</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 year ended 31 December 2023 compare with 2022, the Group's cost of natural rubber business decreased by 1,139.73 million baht or 11.08% mainly due to decreased in para rubber price.

And for the year ended 31 December 2023, compare with 2021, the Group's cost of natural rubber business increased by 1,053.22 million baht or 13.02% mainly due to increased in para rubber price and increase in cost or energy.

#### (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 year ended 31 December 2023, compare with 2022, the Group's cost of crude palm oil business decreased by 1,529.59 million baht or 44.71% mainly due to a lower raw material cost resulting from a decreasing market price of fresh fruit bunch and palm kernel.

And for the year ended 31 December 2023, compare with 2021, the Group's cost of crude palm oil business increased by 171.62 million baht or 9.98% mainly due to increase in raw material cost.

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

Major costs in the renewable energy and organic waste management business include a raw material transportation cost, a labor cost, a maintenance cost and depreciation and amortization. Regarding the year ended 31 December 2023, comparing with 2022, the Group's cost of business increased by 12.18 million baht or 12.33% mainly due to increase in (a) a transportation expense and (c) a depreciation.

And for the year ended 31 December 2023, comparing with 2021, the Group's cost of business increased by 32.72 million baht or 41.81% mainly due to increase in (a) a transportation expense and (c) a depreciation.

#### Gross Profit

For the year ended 31 December 2023, 2022 and 2021, the Group had gross profits at 1,095.45 million baht 1,584.89 million baht and 1,184.36 million baht respectively, equaling to gross profit margins of 9.02% 10.29% and 10.68% respectively. The table below summarized the gross profits.

Gross Profit	For The Ended 31 December					
	2023		2022		2021	
	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>	MTHB	Percent <sup>(1)</sup>
Natural Rubber Business	947.70	86.51	1,597.93	100.82	1,122.57	94.78
Crude Palm Oil Business	15.72	1.43	(20.11)	(1.27)	59.64	5.04
Renewable Energy and Organic Waste Management Business	21.88	2.00	9.75	0.62	2.31	0.20
Other Businesses	110.15	10.05	(2.68)	(0.17)	(0.16)	(0.01)
<b>Total Gross Profit</b>	<b>1,095.45</b>	<b>100.00</b>	<b>1,584.89</b>	<b>100.00</b>	<b>1,184.36</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 year ended 31 December 2023, 2022 and 2021, the gross profit proportion of the natural rubber business were at 86.51% 100.82% and 94.78% respectively. Compare with 2022, decreased 40.69% and compare with 2021, decrease 15.58% , Such was mainly caused by the difference between the prices of block rubber and cup lump rubber decreasing.

#### (2) Crude palm oil business

For the year ended 31 December 2023, 2022 and 2021, the gross profit (loss) proportion of the crude palm oil business were at 1.43% -1.27% and 5.04% respectively. Compare with 2022, increased 178.17% and compare with 2021, decrease 73.64% , Mainly caused by the difference between selling price and raw material are better than previous year and decrease in cost of depreciation.

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

For the year ended 31 December 2023, 2022 and 2021, the gross profit proportion of the renewable energy and organic waste management business were at 2.00%, 0.62% and 0.20% respectively mainly resulted

from (a) an increased amount of organic waste and (b) a higher average service fee so the revenue are increased while most of expenses are fixed cost.

### **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 year ended 31 December 2023, 2022 and 2021, the Group's sales and distribution expenses were at 535.47 million baht 551.34 million baht and 297.10 million baht respectively. For the year ended 31 December 2023, compare with 2022, decreased by 15.87 million baht or 2.88%, mainly due to lower of transportation cost , and compare with 2021, increased by 238.37 million baht or 80.23%, mainly due to higher export expense because of a 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 year ended 31 December 2023, 2022 and 2021, the Group's administrative expenses were at 222.58 million baht 229.48 million baht and 185.25 million baht respectively. For the year ended 31 December 2023, compare with 2022, decreased by 7.63 million baht or 3.32%, mainly due to decrease in employee expenses, services and depreciation, and compare with 2021, increase 36.60 million baht or 19.76% mainly due to an increase in employee expenses, research and development expenses, services and depreciation.

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

For the year ended 31 December 2023, 2022 and 2021, the Group's net profits were at 214.98 million baht 684.05 million baht and 562.64 million baht respectively, and have net profit margin at 1.77% 4.43% and 5.06% respectively. For the year ended 31 December 2023, compare with 2022, decreased by 468.34 million baht or 68.47%, and compare with 2021, decrease 346.93 million baht or 61.66%, was resulted from decrease in the average selling price.

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

### **Assets**

Comparing as at 31 December 2023 and as at 31 December 2022, the total assets increased by 471.41 million baht or 6.79% , since cash and cash equivalent decreased by 147.42 million baht because there is a dividend payment in the year 2023 , the trade account and other receivables decreased by 394.72 million baht following a decrease in the revenue from the sales , inventory increased by 793.12 million baht because storage quantity of raw material increase and an increase in the land, building and equipment of 279.35 million baht

which was caused by the construction for production capacity expansion of EQR and Renewable energy and organic waste management business has construction of Biogas Zone 3

And as at 31 December 2023 and as at 31 December 2021, the total assets increased by 927.19 million baht or 14.30% , since cash and cash equivalent increased by 28.61 million baht because there is the receipt of money from the offering of additional common shares in 2022, and some of amount carry to use the payments in 2023, the trade account and other receivables increased by 40.68 million baht following a increase in the revenue from the sales , inventory increased by 68.13 million baht because storage quantity of raw material increased from the previous year and an increase in the land, building and equipment of 671.87 million baht which was caused by the construction for production capacity expansion of EQR and Renewable energy and organic waste management business has construction of Biogas Zone 3

### Liabilities

Comparing as at 31 December 2023 and 31 December 2022, the total liabilities increased by 537.24 million baht or 14.55% mainly due to a decrease in bank overdrafts and short-term borrowings from financial institutions in according to the decrease in trade receivables and increase in advances from customer.

And comparing as at 31 December 2023 and 31 December 2021, the total liabilities decreased by 168.12 million baht or 3.82% mainly due to a decrease in bank overdrafts and short-term borrowings from financial institutions in according to the decrease in trade receivables and inventory.

### Equity

As at 31 December 2023, 2022 and 2021 , the Group's equities were at 3,179.80 million baht 3,245.63 million baht and 2,084.49 million baht respectively, compare with 2022, decreasing by 65.83 million baht or 2.03 % mainly due to dividend payment of the Group of Companies in the year 2023, and compare with 2021, increasing by 1,095.31 million baht or 52.55% Such increase was mainly due to the increase from the common shares and from the offering of additional common shares in 2022.

### Financial Ratio

	Y 2023	Y 2022	Y 2021	% Change	
				Y2566 - Y 2565	Y2566 - Y 2564
Current Ratio (Times)	1.18	1.32	1.01	-10.54%	16.59%
Average Collection Period (Days)	21.69	26.45	22.41	-18.00%	-3.23%
Inventory Turnover (Days)	99.84	58.87	108.90	69.60%	-8.32%
Payment Period (Days)	11.71	8.16	11.18	43.45%	4.79%
Debt to Equity Ratio (Times)	1.33	1.14	2.11	16.90%	-36.96%
Gross Profit Margin (%)	9.02	10.29	10.68	-12.32%	-15.54%
Net Profit Margin (%)	1.77	4.43	5.06	-60.12%	-65.10%
Return On Assets (%)	2.90	9.86	8.68	-70.57%	-66.57%
Return On Equity (%)	6.76	21.08	26.99	-67.93%	-74.96%



**Policy on Customer Credit Management**

The Group of Companies has implemented a comprehensive credit management policy tailored for customers, encompassing meticulous guidelines for granting commercial credit (Credit Term) and ensuring adherence to the average debt collection period (Collection Period) within the specified 20 to 90-day range, with due consideration to prevailing industry dynamics. Each customer's historical payment behavior and financial solvency are subjected to rigorous scrutiny, serving as fundamental criteria for guiding trade credit management. The overarching objective is to vigilantly monitor, exercise prudent control, and proactively mitigate the risk of doubtful debts. In the fiscal year 2023, the Group attained a commendable average debt collection period of 21.69 days, epitomizing our unwavering commitment to the implementation of effective credit control mechanisms and proficient debt management practices. By steadfastly adhering to these principles, we aim to cultivate and nurture mutually advantageous relationships with customers, all the while safeguarding the financial integrity and sustainability of our operations.

**Policy on repayment of debt to trading partners**

The Group of Companies has established a policy for repaying debts to trading partners. The average debt repayment period is between 30 - 60 days or the debt repayment conditions as specified in the contract. In 2023, the group company has an average debt repayment period of 11.71 days, with no delayed debt repayment by the company.

**Sustainable business operations**

The Group of Companies is dedicated to leadership in producing sustainable rubber and palm oil raw materials. Our commitment extends across all aspects of our operations, prioritizing societal responsibility, environmental stewardship, and stakeholder engagement throughout the value chain. Our vision, 'Business Partners world class that creates a sustainable value chain,' guides our efforts, supported by our Sustainability Development Policy. This policy serves as a comprehensive guideline encompassing social, environmental, and economic dimensions, underpinned by principles of good corporate governance.

**Environmental**

The Company are committed to operating an environment-friendly business by controlling, preventing and reducing environmental impacts throughout the value chain. This includes adhering to FSC standards (Forest Stewardship Council) for sustainable natural rubber development and RSPO standards (Roundtable On Sustainable Palm Oil) for sustainable oil palm cultivation. Furthermore, we prioritize proactive pollution prevention measures, including the enhancement of energy efficiency and the transition to biogas as a more sustainable alternative fuel source. Embracing the principles of the circular economy, our strategies for water management prioritize reuse and recycling, thereby conserving resources and safeguarding biodiversity.

**Social**

To be part of responding to the expectations of human rights stakeholders and shows the responsibility of the company towards customer society and participates in supporting the community and society. The company aims to conduct business to benefit the public along with the growth of the company. Our adherence to internationally recognized standards, as evidenced by our certification under ISO 14001:2015 and ISO 45001:2018 for environmental and occupational health and safety management systems. The Group of Companies has guidelines for promoting oil palm and rubber raw material suppliers to have a solid and sustainable foundation by encouraging small farmers to form groups and form community enterprises. Group of large plots of farmers to carry out work on developing international standards and organizing activities/projects together with the community to promote long-term community strength, such as Community Waste Project (Waste to Energy) "TEG MARKET PLACE" project, which is a project that provides an opportunity to use the community to sell products to employees in the company area to increase income for the community.

**Governance**

The company focuses on creating sustainability in business operations with a foundation that comes from following the principles of good corporate governance, ethics and no corruption. There is a system and process for purchasing raw materials that is transparent and verifiable at a fair purchase price, and a process for controlling the quality of products and services. Anti-corruption system and whistleblowing are implemented, which is in line with the requirements of the Thai Private Sector Coalition Against Corruption (CAC), and has an internal audit process for every process in the organization. from external and internal agencies.