Thai Eastern Group Holdings Public Company Limited

Management Discussion and Analysis (MD&A)

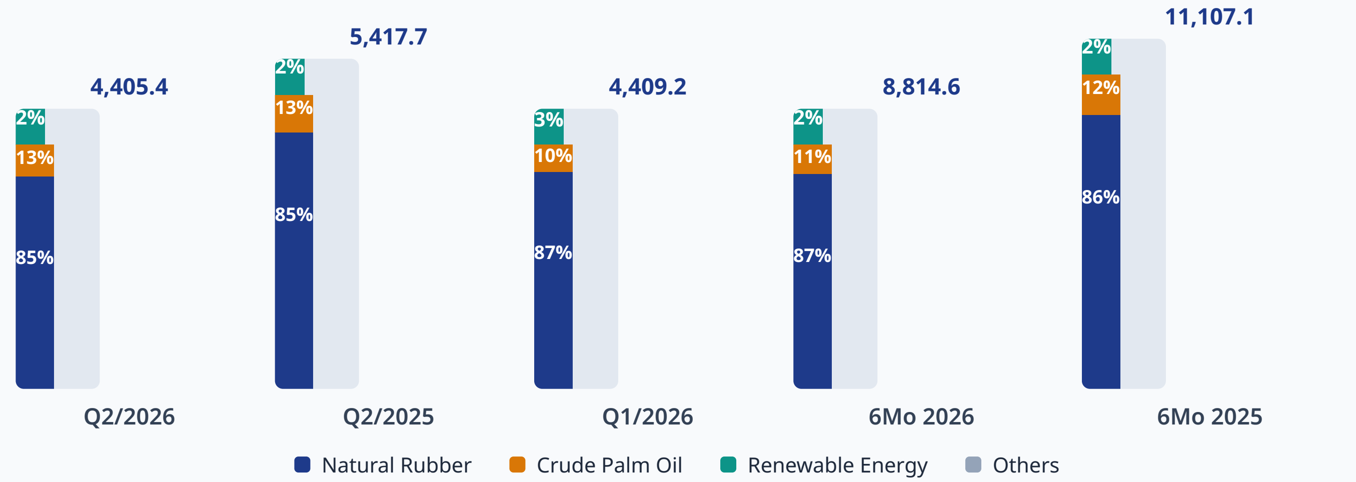
For the Three-Month and Six-Month Periods Ended June 30, 2026

📌 Executive Summary

For the three-month period ended June 30, 2026, the Group generated total revenue from sales and services of **THB 4,405.41 million**, representing a decrease of 18.7% YoY compared to the same period last year, and remaining stable quarter-on-quarter (-0.1% QoQ). For the first six months of 2026, total revenue reached **THB 8,814.62 million**, down 20.6% YoY, primarily driven by lower average selling prices of natural rubber and reduced sales volume of block rubber in line with global market conditions. Nevertheless, the Group achieved a net profit of **THB 165.10 million** in Q2/2026, representing a remarkable growth of **+104.1% QoQ**.

THB 4,405.41 M	THB 379.15 M	THB 165.10 M
Sales & Services Revenue Q2/2026	Gross Profit Q2/2026	Net Profit Q2/2026
(-18.7% YoY)	(+14.7% QoQ)	(+104.1% QoQ)

📊 Revenue Breakdown by Business Segment (THB Million)



Condensed Statement of Comprehensive Income Comparison

Item (Unit: THB Million)	Q2/2026	Q2/2025[(1)]	%YoY	Q1/2026	%QoQ	6Mo 2026	6Mo 2025[(1)]	%YoY
Revenue from sales and services	4,405.41	5,417.70	-18.7%	4,409.22	-0.1%	8,814.62	11,107.11	-20.6%
Cost of sales and services	4,026.26	4,943.39	-18.6%	4,078.64	-1.3%	8,104.91	10,107.56	-19.8%
Gross profit	**379.15**	**474.31**	**-20.1%**	**330.57**	**+14.7%**	**709.72**	**999.55**	**-29.0%**
Other income	7.82	6.98	+12.0%	12.13	-35.5%	19.95	19.41	+2.8%
Selling and distribution expenses	157.15	218.72	-28.2%	150.90	+4.1%	308.05	430.96	-28.5%
Administrative expenses	64.70	62.75	+3.1%	69.52	-6.9%	134.22	128.57	+4.4%
Gain (loss) on foreign exchange	5.85	21.85	-73.2%	(8.10)	+172.2%	(2.25)	17.75	-112.7%
Operating profit	**171.47**	**221.67**	**-22.6%**	**114.81**	**+49.4%**	**286.28**	**477.18**	**-40.0%**
Share of profit from joint ventures	23.41	50.68	-53.8%	7.88	+197.1%	31.29	44.23	-29.3%
Finance income	0.50	1.10	-54.5%	0.63	-20.6%	1.13	2.04	-44.6%
Finance costs	26.14	50.85	-48.6%	30.24	-13.6%	56.38	107.19	-47.4%
Income tax expense	3.64	11.10	-67.2%	11.58	-68.6%	15.22	28.75	-47.1%
Profit for the period	**165.10**	**211.49**	**-21.9%**	**80.88**	**+104.1%**	**245.98**	**387.49**	**-36.5%**

(1) Reclassified for comparative presentation to conform with current period presentation.

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Segment Analysis - Revenue Breakdown

1. Revenue from Natural Rubber Business

For the three-month periods ended June 30, 2026, June 30, 2025, and March 31, 2026, the Group's revenue from the natural rubber business amounted to **THB 3,745.92 million**, **THB 4,640.45 million**, and **THB 3,921.84 million**, respectively. For the six-month periods ended June 30, 2026, and June 30, 2025, revenue stood at **THB 7,667.77 million** and **THB 9,638.42 million**, respectively. Over 95% of segment revenue is derived from block rubber production and distribution, as detailed below:

Revenue from Natural Rubber Business	Q2/2026 (THB M)	%(1)	Q2/2025 (THB M)	%(1)	Q1/2026 (THB M)	%(1)
1. Revenue from block rubber sales	3,621.46	96.7%	4,774.01	102.9%	3,701.76	94.4%
2. Revenue from concentrated latex sales	113.14	3.0%	201.57	4.3%	202.48	5.2%
3. Others	11.32	0.3%	(335.13)	-7.2%	17.60	0.4%
Total Natural Rubber Revenue	**3,745.92**	**100.0%**	**4,640.45**	**100.0%**	**3,921.84**	**100.0%**

Item (Six-Month Period)	6Mo 2026 (THB M)	%(1)	6Mo 2025 (THB M)	%(1)
1. Revenue from block rubber sales	7,323.23	95.5%	9,275.51	96.2%
2. Revenue from concentrated latex sales	315.62	4.1%	327.70	3.4%
3. Others	28.92	0.4%	35.21	0.4%
Total Natural Rubber Revenue	**7,667.77**	**100.0%**	**9,638.42**	**100.0%**

Note: (1) Percentage of total natural rubber segment revenue.

Analysis of Variance - Natural Rubber Segment

Three-Month Period Performance (Q2/2026): Natural rubber segment revenue decreased by THB 894.53 million (-19.28% YoY) and by THB 175.92 million (-4.49% QoQ), driven by the following factors:

- **YoY Analysis:** Block rubber sales revenue declined by THB 1,152.55 million (-24.14%) due to lower sales volumes following softened demand in overseas automotive tire industries, coupled with a drop in average selling prices in line with global futures market trends.
- **QoQ Analysis:** Block rubber revenue decreased slightly by THB 80.30 million (-2.17%) owing to a slight contraction in Q2 sales volume, while unit selling prices began to stabilize and gradually recover.
- **Concentrated Latex:** Revenue from concentrated latex declined by THB 88.43 million (-43.87% YoY) and THB 89.34 million (-44.12% QoQ) primarily due to reduced sales volume despite modest selling price gains.

Six-Month Period Performance (6Mo 2026): For the six-month period ended June 30, 2026, total natural rubber revenue decreased by THB 1,970.65 million (-20.45% YoY), impacted by a THB 1,952.28 million (-21.05%) drop in block rubber sales volume and selling price compared to the prior year period.

2. Revenue from Crude Palm Oil Business

For the three-month periods ended June 30, 2026, June 30, 2025, and March 31, 2026, segment revenue totaled **THB 565.79 million**, **THB 707.98 million**, and **THB 418.57 million**, respectively. Six-month revenue reached **THB 984.36 million** (compared to THB 1,330.59 million in 6Mo 2025).

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Segment Analysis - Palm Oil & Renewable Energy (Continued)

Revenue from Crude Palm Oil Business	Q2/2026	%	Q2/2025	%	Q1/2026	%	6Mo 26	6Mo 25
Crude Palm Oil (CPO)	450.13	79.6%	371.87	52.5%	301.96	72.1%	752.09	772.56
Crude Palm Kernel Oil (CPKO)	93.32	16.5%	213.16	30.1%	102.56	24.5%	195.88	493.15
Palm Kernel	-	-	8.86	1.3%	-	-	-	8.86
Others	22.34	3.9%	114.09	16.1%	14.05	3.4%	36.39	56.02
Total Crude Palm Oil Revenue	**565.79**	**100.0%**	**707.98**	**100.0%**	**418.57**	**100.0%**	**984.36**	**1,330.59**

Analysis of Variance - Crude Palm Oil Business

Three-Month Period Performance (Q2/2026): Segment revenue declined by THB 142.19 million (-20.08% YoY) but rebounded significantly by **THB 147.22 million (+35.17% QoQ)**. Key drivers include:

- **YoY Analysis:** CPO sales revenue expanded due to volume growth despite domestic benchmark price declines, whereas CPKO revenue contracted due to lower sales volumes.
- **QoQ Analysis:** Strong QoQ recovery (+35.17%) was driven by increased CPO sales volume as fresh fruit bunch (FFB) supply expanded seasonally in Q2, accompanied by higher CPO average selling prices.

3. Revenue from Renewable Energy & Organic Waste Management

For the three-month periods ended June 30, 2026, June 30, 2025, and March 31, 2026, segment revenue totaled **THB 89.93 million**, **THB 61.02 million**, and **THB 65.67 million**, respectively. Six-month revenue reached **THB 155.60 million** (compared to THB 124.66 million in 6Mo 2025).

Revenue from Renewable Energy Business	Q2/2026 (THB M)	%	Q2/2025 (THB M)	%	Q1/2026 (THB M)	%
Organic waste management services	38.39	42.7%	28.72	47.1%	30.16	45.9%
Biogas sales	43.97	48.9%	28.53	46.8%	29.32	44.6%
Biogas electricity sales	7.57	8.4%	3.77	6.1%	6.19	9.5%
Total Renewable Energy Revenue	**89.93**	**100.0%**	**61.02**	**100.0%**	**65.67**	**100.0%**

Growth Drivers in Renewable Energy Business: Segment revenue rose by THB 28.91 million (**+47.38% YoY**) and THB 24.26 million (**+36.94% QoQ**), fueled by higher waste intake volume under new service agreements, combined with increased biogas sales volume and tariff realization following biogas expansion phase completion.

Cost of Sales and Services Analysis

For Q2/2026, total cost of sales and services stood at **THB 4,026.26 million**, down THB 917.13 million (-18.55% YoY) and THB 52.38 million (-1.28% QoQ), directly aligning with top-line contraction, with raw material costs in natural rubber remaining the dominant component.

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Cost Structure & Gross Profit Analysis

Cost of Sales Breakdown by Business Segment

Cost of Sales (Unit: THB Million)	Q2/2026	%	Q2/2025	%	6Mo 2026	%
Natural rubber segment cost	3,420.88	85.0%	4,226.05	85.5%	7,018.94	86.6%
Crude palm oil segment cost	552.60	13.7%	680.78	13.8%	996.55	12.3%
Renewable energy segment cost	50.14	1.2%	33.11	0.7%	84.44	1.0%
Other service costs	2.64	0.1%	3.45	0.1%	4.98	0.1%
Total Cost of Sales & Services	**4,026.26**	**100.0%**	**4,943.39**	**100.0%**	**8,104.91**	**100.0%**

Detailed Cost Breakdown by Business Segment

(1) Natural Rubber Segment Cost: Comprises raw material (cup lump, field latex), direct labor, energy, and depreciation. Q2/2026 segment cost decreased by THB 805.17 million (-19.05% YoY) owing to (a) lower production volume and reduced raw material acquisition costs, and (b) lower manufacturing logistics expenses despite marginal energy tariff increases. QoQ cost fell THB 177.18 million (-4.92%).

(2) Crude Palm Oil Segment Cost: Consists of fresh fruit bunch (FFB) feedstock, labor, and depreciation. Q2/2026 cost declined by THB 128.18 million (-18.83% YoY) due to softer domestic FFB prices. QoQ cost rose THB 108.66 million (+24.48%) as FFB crushing throughput expanded seasonally.

(3) Renewable Energy Segment Cost: Includes operating labor, maintenance, and facility depreciation. Q2/2026 cost rose THB 17.03 million (+51.43% YoY) and THB 15.84 million (+46.18% QoQ), mainly reflecting depreciation from new biogas plant commissioning.

Gross Profit Analysis

Gross profit for Q2/2026, Q2/2025, and Q1/2026 reached **THB 379.15 million**, **THB 474.31 million**, and **THB 330.57 million**, representing gross profit margins of **8.61%**, 8.75%, and 7.50%, respectively. Margin expansion QoQ reflects improved product-feedstock spreads.

Gross Profit Breakdown by Segment	Q2/2026 (THB M)	Share	Q2/2025 (THB M)	Share	Q1/2026 (THB M)	Share
Natural rubber segment	325.04	85.7%	414.40	87.4%	323.78	97.9%
Crude palm oil segment	13.19	3.5%	27.20	5.7%	(25.37)	-7.7%
Renewable energy segment	39.79	10.5%	27.91	5.9%	31.37	9.5%
Other businesses	1.13	0.3%	4.80	1.0%	0.79	0.3%
Total Gross Profit	**379.15**	**100.0%**	**474.31**	**100.0%**	**330.57**	**100.0%**

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Operating Expenses & Net Profit Analysis

Selling and Administrative Expenses (SG&A) Analysis

1. Selling and Distribution Expenses: Consist primarily of CESS cess levy contributions, freight, and export charges. In Q2/2026, selling expenses totaled **THB 157.15 million** (vs THB 218.72 million in Q2/2025 and THB 150.90 million in Q1/2026), down THB 61.57 million (-28.15% YoY) mainly due to lower CESS contributions following reduced rubber export volumes and lower ocean freight rates. Six-month selling expenses totaled THB 308.05 million, down THB 122.91 million (-28.52% YoY).

2. Administrative Expenses: Comprise personnel benefits, professional fees, depreciation, and amortization. Q2/2026 administrative expenses stood at **THB 64.70 million** (vs THB 62.75 million in Q2/2025 and THB 69.52 million in Q1/2026), up THB 1.95 million (+3.11% YoY) from personnel expenses and professional fees, but down THB 4.82 million (-6.93% QoQ). Six-month administrative expenses totaled THB 134.22 million (+4.39% YoY).

3. Net Profit and Net Profit Margin Analysis: For Q2/2026, net profit reached **THB 165.10 million** (net margin of **3.75%**), compared to THB 211.49 million (3.90%) in Q2/2025 and THB 80.88 million (1.83%) in Q1/2026. While Q2 net profit fell THB 46.39 million YoY due to compressed market spreads, it surged remarkably by **THB 84.22 million (+104.1% QoQ)**, reflecting seasonal volume recovery and spread expansion across rubber and palm oil operations.

For the six-month period ended June 30, 2026, cumulative net profit stood at **THB 245.98 million** (net margin of 2.79%), compared to THB 387.49 million (3.49%) in 6Mo 2025, down THB 141.51 million due to softer Q1 market conditions.

💡 Key Financial Highlights

- **Robust QoQ Earnings Rebound:** Net profit surged +104.1% QoQ compared to the first quarter of 2026.
- **Strengthened Financial Structure:** Finance costs dropped by nearly half (-48.6% YoY) following bank loan repayments.
- **Clean Energy Revenue Contribution:** Biogas segment expanded steadily, delivering consistent recurring cash flows.

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Financial Position Analysis

1. Assets Analysis

As of June 30, 2026, the Group's total assets stood at **THB 8,458.20 million**, an increase of **THB 369.01 million (+4.56%)** from THB 8,089.19 million as of December 31, 2025. Key asset movements include:

- **Cash and Cash Equivalents:** Decreased by THB 3.66 million, utilized for working capital in feedstock procurement and debt service.
- **Trade and Other Receivables:** Increased by **THB 117.25 million**, driven by higher Q2 revenue realization relative to Q1.
- **Inventories:** Increased by **THB 228.16 million**, as the Group strategically built up raw material stocks (cup lump and FFB) to mitigate supply volatility associated with El Niño conditions.
- **Property, Plant and Equipment:** Increased by **THB 37.21 million**, reflecting ongoing CAPEX in natural rubber capacity upgrades and biogas plant expansion.

2. Liabilities Analysis

As of June 30, 2026, total liabilities reached **THB 4,512.76 million**, an increase of **THB 379.19 million (+9.09%)** compared to THB 4,133.57 million as of December 31, 2025, primarily due to short-term bank facility drawdowns for seasonal raw material purchases.

3. Shareholders' Equity Analysis

As of June 30, 2026, shareholders' equity stood at **THB 3,945.44 million**, up **THB 17.43 million (+0.44%)** from THB 3,928.01 million as of December 31, 2025, driven by retained earnings accumulation net of dividend payments.

📊 Condensed Balance Sheet Summary

Balance Sheet Items (THB Million)	30 Jun 2026	31 Dec 2025	Change (THB M)	% Change
Total Assets	8,458.20	8,089.19	+369.01	+4.56%
Total Liabilities	4,512.76	4,133.57	+379.19	+9.09%
Shareholders' Equity	**3,945.44**	**3,928.01**	**+17.43**	**+0.44%**

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Key Financial Ratios & Credit Policies

Key Financial Ratios Summary

Financial Ratio	Q2/2026	Q2/2025	Q1/2026	% YoY	% QoQ
Current Ratio (times)	1.32	1.33	1.39	-0.75%	-5.04%
Collection Period (days)	22.59	21.01	27.93	+7.52%	-19.12%
Days Inventory Outstanding (days)	80.01	56.06	62.82	+42.72%	+27.36%
Payment Period (days)	7.84	5.24	6.05	+49.62%	+29.59%
Debt to Equity Ratio (D/E) (times)	1.16	1.19	1.05	-2.52%	+10.48%
Gross Profit Margin (%)	**8.61%**	**8.78%**	**7.50%**	**-1.94%**	**+14.80%**
Net Profit Margin (%)	**3.75%**	**3.90%**	**1.83%**	**-3.85%**	**+104.92%**
Return on Assets (ROA) (%)	1.95%	2.55%	1.00%	-23.53%	+95.00%
Return on Equity (ROE) (%)	**4.21%**	**5.57%**	**2.05%**	**-24.42%**	**+105.37%**

Credit and Supplier Payment Policies

💳 Customer Credit Policy & Collection

The Group maintains structured credit management guidelines, offering commercial credit terms ranging between **20 – 90 days** based on industry standards, customer creditworthiness, and historical payment performance. In Q2/2026, average collection period improved to **22.59 days** (vs 27.93 days in Q1/2026), reflecting strict credit controls and effective receivables management.

🤝 Supplier Payment Policy

The Group's credit policy for suppliers stipulates credit terms of **30 – 60 days** or contractual payment terms. In Q2/2026, the average payment period stood at **7.84 days**, with zero default or payment delay, highlighting strong liquidity management and supplier relationships.

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Sustainability & ESG Governance

🌟 Corporate Vision & Sustainability Path

The Group is committed to being a global leader in sustainable natural rubber and palm oil production under responsible business practices for society, the environment, and all stakeholders across the value chain, aligning with our corporate vision: **"World-Class Sustainable Value Chain Partner"** supported by our comprehensive Sustainable Development Policy.

🌱 Environmental Dimension

The Group minimizes environmental impacts throughout its value chain through:

- **Supply Chain Traceability (EUDR & FSC):** Full origin traceability for natural rubber products in compliance with the EU Deforestation Regulation (EUDR) and Forest Stewardship Council (FSC) certification.
- **RSPO Standard:** Sustainable palm oil operations certified under RSPO (Roundtable on Sustainable Palm Oil).
- **Clean Energy & Circular Economy:** Substituting LPG with self-generated Biogas, advancing energy efficiency, and implementing zero-discharge water management (Reuse & Recycle) to preserve biodiversity.

🤝 Social Dimension

Upholding human rights, occupational health, and community development certified under ISO 14001:2015 and ISO 45001:2018.

- **Farmer Partnership:** Supporting smallholders in forming community enterprises and large-plot farming groups.
- **Community Empowerment:** Waste-to-Energy initiatives and the **TEG MARKET PLACE** platform for local economic development.

⚖️ Governance Dimension

Adhering to good corporate governance, ethical procurement, fair purchasing practices, anti-corruption policies certified under the Thai Private Sector Collective Action Against Corruption (CAC), and robust internal audit oversight.

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Strategic Outlook & Risk Management

1. Growth Strategy and Strategic Outlook

The Group drives sustainable long-term growth through its 3-Pillar Strategy:

- **Pillar 1 - EUDR Leadership in Natural Rubber:** Expanding production capacity for premium EUDR-compliant block rubber to meet growing demand from global tier-1 tire manufacturers, driving margin enhancement.
- **Pillar 2 - Smart Palm Oil Efficiency:** Enhancing Oil Extraction Rates (OER) and optimizing feedstock supply chains in partnership with community enterprises to mitigate raw material price volatility.
- **Pillar 3 - Biogas & Bio-Circular Hub Expansion:** Accelerating biogas capacity expansion to establish the largest Bio-Circular Hub in Eastern Thailand, securing long-term recurring cash flows.

2. Risk Management Framework

The Risk Management Committee closely monitors commodity price volatility, foreign exchange rate fluctuations, and climate risks (El Niño / La Niña) through financial hedging instruments and balanced raw material inventory management.