



THAI AGRO ENERGY PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

FOR FINANCIAL STATEMENTS OF THE 2nd QUARTER OF 2025

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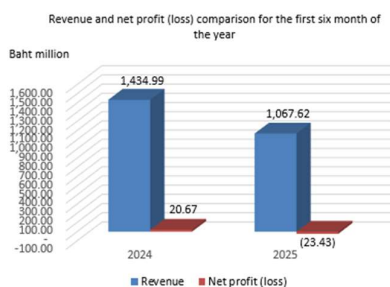
MANAGEMENT DISCUSSION AND ANALYSIS

(For the Financial Statements of the 2nd Quarter of 2025)

OVERALL OPERATING RESULTS

The Company's operating results in the 2nd quarter 2025 had a total revenue of Baht 594.49 million and a net loss of Baht 22.59 million or Baht 0.023 per share, decreasing from the same period last year by Baht 177.01 million and Baht 47.66 million or 22.94 percent and 190.11 percent, respectively, due to the highly competitive ethanol market, selling prices have decreased.

For the first 6-month period of 2025, the total revenue was Baht 1,067.62 million and the net loss was Baht 23.43 million or Baht 0.023 per share, decreasing from the same period last year by Baht 367.37 million and Baht 44.10 million or 25.60 percent and 213.35 percent, respectively, due to the highly competitive ethanol market, selling prices have decreased.



OPERATING RESULTS ANALYSIS

REVENUE:

Description	Year 2025		Year 2024		Increase (Decrease)	
	Baht Million	%	Baht Million	%	Baht Million	%
2nd quarter (April – June)						
Sales Revenue	588.12	98.93	751.84	97.45	(163.72)	(21.78)
Revenue from selling raw materials from a fire broke out	-	-	12.81	1.66	(12.81)	(100.00)
Other Revenue	6.37	1.07	6.85	0.89	(0.48)	(7.01)
Total Revenue	594.49	100.00	771.50	100.00	(177.01)	(22.94)
6-Month Period (January – June)						
Sales Revenue	1,053.69	98.70	1,397.26	97.37	(343.57)	(24.59)
Revenue from selling raw materials from a fire broke out	-	-	24.49	1.71	(24.49)	(100.00)
Other Revenue	13.93	1.30	13.24	0.92	0.69	5.21
Total Revenue	1,067.62	100.00	1,434.99	100.00	(367.37)	(25.60)

1. The Company's total revenue in the 2nd quarter 2025 was Baht 594.49 million, which decreased from the same period last year by Baht 177.01 million or 22.94 percent, due to the following reasons.

1.1 Revenue from sales decreased by Baht 163.72 million or 21.78 percent, which decreased from the ethanol business, which had a revenue decrease of 23.01 percent due to the average ethanol sales price decreasing by 39.73 percent.

1.2 Compensation from the fire broke out incident by Baht 12.81 million but there was no such income in this quarter and;

1.3 Other revenue decreased by Baht 0.48 million or 7.01 percent. Due to decreased revenue from selling cassava residue.

2. The Company's revenue in the first 6-month period of 2025 was Baht 1,067.62 million, which decreased from the same period of last year by Baht 367.37 million or 25.60 percent, due to the following reasons.

2.1 Revenue from sales decreased by Baht 343.57 million or 24.59 percent, which decreased from the ethanol business, which had a revenue decrease of 26.21 percent due to the average ethanol sales price decreasing by 36.77 percent.

2.2 Compensation from the fire broke out incident by Baht 24.49 million but there was no such income in the first 6-month of 2025 and;

2.3 Other revenue increased by Baht 0.69 million or 5.21 percent. Due to revenue from the sale of CO₂.

EXPENSES:

Description	Year 2025		Year 2024		Increase (Decrease)	
	Baht Million	% of Sales	Baht Million	% of Sales	Baht Million	%
2nd quarter (April – June)						
Cost of sales	582.53	99.05	661.50	87.98	(78.97)	(11.94)
Selling and administrative expense	25.64	4.36	32.65	4.34	(7.01)	(21.47)
Damage from the fire broke out	-	-	29.01	3.86	(29.01)	(100.00)
Financial cost	14.18	2.41	16.90	2.25	(2.72)	(16.09)
(Income) Corporate Income tax expenses	(5.27)	(0.90)	6.37	0.85	(11.64)	(182.73)
Total Expenses	617.08	104.92	746.43	99.28	(129.35)	(17.33)
6-Month Period (January – June)						
Cost of sales	1,017.43	96.56	1,234.90	88.38	(217.47)	(17.61)
Selling and administrative expense	50.56	4.80	65.69	4.70	(15.13)	(23.03)
Damage from the fire broke out	-	-	73.98	5.29	(73.98)	(100.00)
Financial cost	28.56	2.71	34.27	2.45	(5.71)	(16.66)
(Income) Corporate Income tax expenses	(5.50)	(0.52)	5.48	0.40	(10.98)	(200.36)
Total Expenses	1,091.05	103.55	1,414.32	101.22	(323.27)	(22.86)

1. The Company's expenses in the 2nd quarter 2025 to was Baht 617.08 million, which decreased from the same period last year by Baht 129.35 million or 17.33 percent, due to the following reasons;

1.1 Cost of sales decreased by Baht 78.97 million or 11.94 percent. Due to the decrease of production costs.

1.2 Selling and administrative expenses decreased by Baht 7.01 million or 21.47 percent. Due to the decrease in factory expenses transferred to administrative expenses from the temporary production shutdown.

1.3 In 2024, a fire broke out in a warehouse that burned cassava chip, a raw material for producing ethanol, causing damages Baht 29.01 million in the 2nd quarter of 2024.

1.4 Financial cost decreased by Baht 2.72 million or 16.09 percent. Due to the repayment of short term and long term loan, and;

1.5 Corporate income tax expenses decreased by Baht 11.64 million or 182.73 percent.

2. The Company's expenses in the first 6-month period of 2025 was Baht 1,091.05 million, which decreased from the same period last year by Baht 323.27 million or 22.86 percent, due to the following reasons.

2.1 Cost of sales decreased by Baht 217.47 million or 17.61 percent. Due to the decrease of production costs.

2.2 Selling and administrative expenses decreased by Baht 15.13 million or 23.03 percent. Due to the decrease in factory expenses transferred to administrative expenses from the temporary production shutdown.

2.3 In 2024, a fire broke out in a warehouse that burned cassava chip, a raw material for producing ethanol, causing damages Baht 73.98 million in the first 6-month period of 2024.

2.4 Financial cost decreased by Baht 5.71 million or 16.66 percent. Due to the repayment of short term and long term loan and;

2.5 Corporate Income tax expenses decreased by Baht 10.98 million or 200.36 percent.

GROSS PROFIT:

Description	Year 2025		Year 2024	
	Baht Million	%	Baht Million	%
2nd quarter (April – June)				
Revenues from sales	588.12	100.00	751.84	100.00
Less cost of sales	582.53	99.05	661.50	87.98
Gross Profit (Loss)	5.59	0.95	90.34	12.02
6-Month Period (January – June)				
Revenues from sales	1,053.69	100.00	1,397.26	100.00
Less cost of sales	1,017.43	96.56	1,234.90	88.38
Gross Profit	36.26	3.44	162.36	11.62

1. The Company's gross profit in the 2nd quarter 2025 was Baht 5.59 million or 0.95 percent of the sales revenue, which decreased from the same period last year. Due to the average ethanol selling price decreased by 39.73 percent

2. The Company's gross profit in the first 6-month period of 2025 was Baht 36.26 million, or 3.44 percent of the revenue from sales, which decreased from the same period of last year. Due to the average ethanol selling price decreased by 36.77 percent.

NET PROFIT:

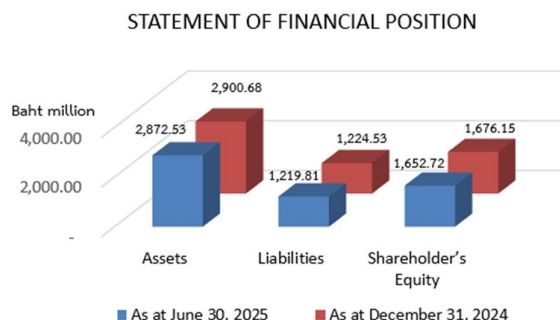
Description	Unit	Year 2025	Year 2024	Increase/ (Decrease)	%
2nd quarter (April – June)					
NET (LOSS) PROFIT	Baht Million	(22.59)	25.07	(47.66)	(190.11)
NET (LOSS) PROFIT PER SHARE	Baht per Share	(0.023)	0.025	(0.048)	(192.00)
6-Month Period (January – June)					
NET (LOSS) PROFIT	Baht Million	(23.43)	20.67	(44.10)	(213.35)
NET (LOSS) PROFIT PER SHARE	Baht per Share	(0.023)	0.021	(0.044)	(209.52)
<u>Remark</u> Registered par value of Baht 1 per share					

1. The Company's net loss in the 2nd quarter of 2025 was Baht 22.59 million, decreased from the same period last year by Baht 47.66 million or 190.11 percent, generating a net loss at Baht 0.023 per share which decreased from the same period last year by Baht 0.048 per share or 192.00 percent, due to the reasons as described above.

2. The Company's net loss in the first 6-month period of 2025 was Baht 23.43 million which decreased from the same period last year by Baht 44.10 million or 213.35 percent, generating a net loss at Baht 0.023 per share which decreased from the same period last year by Baht 0.044 per share or 209.52 percent, due to the reasons as described above.

STATEMENT OF FINANCIAL POSITION

FINANCIAL POSITION	Unit	As at June 30, 2025	As at December 31, 2024	Increase (Decrease)	%
Total Assets	Baht Million	2,872.53	2,900.68	(28.15)	(0.97)
Total Liabilities	Baht Million	1,219.81	1,224.53	(4.72)	(0.39)
Total Shareholder's Equity	Baht Million	1,652.72	1,676.15	(23.43)	(1.40)
Book Value	Baht per Share	1.65	1.68	(0.03)	(1.79)
<u>Remark:</u> Registered per value of Baht 1 per share					



ASSETS: The Company's total assets as at June 30, 2025 was Baht 2,872.53 million decreased from the end of year 2024 by Baht 28.15 million or 0.97 percent. The total assets consisting of:

1. Current assets increased by Baht 34.64 million or 7.89 percent, consisting of: (A) Cash and cash equivalent decreased by Baht 0.58 million or 1.51 percent; (B) Trade accounts receivable and other receivables increased by Baht 60.77 million or 49.54 percent; (C) Inventories, most of which were finished goods, increased by Baht 20.25 million or 12.15 percent; (D) Advances payment for purchase goods decreased by Baht 42.48 million or 42.02 percent, and (E) Another current assets decreased by Baht 3.32 million or 32.36 percent.

2. Non-Current Assets decreased by Baht 62.79 million or 2.55 percent, consisting of: (A) Immovable property for investment decreased by Baht 0.02 million or 0.65 percent; (B) Non-current biological assets increased by Baht 2.37 million or 10.34 percent; (C) Land, plant and equipment decreased by Baht 77.85 million or 3.25 percent; (D) Right-of-use assets increased by Baht 6.18 million or 31.60 percent, and (E) Another non-current assets most of which were deferred tax assets increased by Baht 6.53 million or 30.83 percent.

LIABILITIES: The Company's Total Liabilities as at June 30, 2025 was Baht 1,219.81 million, decreased from the end of year 2024 by 4.72 million or 0.39 percent, consisting of: (A) Short-term loan which was for raw material supply and for working capital, decreased by Baht 27.99 million or 2.98 percent (B) Trade accounts payable and other accounts payable, most of which were raw material purchase, increased by Baht 72.09 million or 178.48 percent. (C) Long-term loan decreased by Baht 49.94 million or 25.00 percent, and (D) Other liabilities, which are mainly expenses that are not yet due for payment and liabilities under lease agreements, increased by Baht 1.12 million or 2.44 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company as at June 30, 2025 was Baht 1,652.72 million, decreased from the end of year 2024 by Baht 23.43 million or 1.40 percent. This results in a book value of Baht 1.65 per share, which is decreased from the end of 2024 by Baht 0.03 per share, due to the net loss as described above.

CASH FLOWS

Description	Unit	First six months period (January – June)	
		Year 2025	Year 2024
Cash Flows from Operating Activities	Baht Million	96.29	165.33
Cash Flows used in Investing Activities	Baht Million	(15.52)	(22.78)
Cash Flows used in Financing Activities	Baht Million	(81.35)	(139.58)
Net increase (decrease) in cash and cash equivalent	Baht Million	(0.58)	2.97
Cash and cash equivalent at the beginning of the period	Baht Million	38.35	47.13
Cash and Cash Equivalent at the End of the Period	Baht Million	37.77	50.10

1. The Company's net cash from operating activities in the first 6-month period of 2025 totaled Baht 96.29 million, consisting of: (A) Loss before corporate income tax of Baht 28.93 million; (B) Non-cash items such as depreciation of Baht 104.62 million; (C) The operating assets increased by Baht 19.79 million due to the increase in trade and other receivables, inventories and advance payments for purchase of goods and other current assets; (D) The operating liabilities increased by Baht 68.93 million due to the increase in trade accounts payable, other accounts payable and other current liabilities; (E) An interest received of Baht 0.07 million; (F) An interest expense of Baht 28.58 million; and (G) Corporate income tax payment of Baht 0.03 million.

2. The Company's net cash used in investment activities in the first 6-month period of 2025 totaled Baht 15.52 million, consisting of: (A) The cost of industrial crops planting of Baht 2.44 million; (B) Assets purchasing of Baht 12.58 million and (C) Restricted bank deposits of Baht 0.50 million.

3. The Company's net cash used in financing activities in the first 6-month period of 2025 totaled Baht 81.35 million consisting of: (A) Repayment of short-term loan from financial institution of Baht 27.99 million, (B) Repayment of long-term loan of Baht 50.00 million and (C) Repayment under financial lease of Baht 3.36 million.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The current ratio and quick ratio of the Company as at June 30, 2025 were 0.42 times and 0.20 times, respectively, which is low but the Company have remaining inventories that can be easily exchanged to cash and the trade accounts receivable is the major fuel company that have stable financial situation. In addition, the Company has cash generation and adequate credit line for working in the future project with good support from financial institution.

(2) The total debt to equity ratio of the Company as at June 30, 2025 was 0.74:1 times.

(3) The cash cycle of the Company in the first 6-month period of 2025 was 31.17 days, which decreased from the end of year 2024 by 0.06 days. The average debt collection period was at 28.52 days, which increased from the end of year 2024 by 4.56 days. The average inventory turnover was at

13.64 days, which increased from the end of year 2024 by 0.32 days, and the average debt repayment period was at 10.99 days, increased from the end of year 2024 by 4.94 days.

DEBT OBLIGATION

The Company has debt obligation in accordance with the loan agreement with a local commercial bank as follows.

1. The Company must maintain its debt to equity ratio (D/E ratio) not to exceed 2.50 times and debt service coverage ratio (DSCR) of no less than 1.10 times throughout the duration of loan agreement. As of June 30, 2025, the Company is able to maintain the financial ratios as stipulated in the loan agreement.

2. The lending bank has determined that Lanna Resources Public Co., Ltd. ("Lanna") must maintain its shareholding proportion in TAE of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. So far, Lanna has no policy to decrease its shareholding proportion in TAE to below 50 percent of the total number of shares.

3. The lending bank has stipulated that the Company cannot pay dividend to its shareholders, including Lanna, if the Company cannot comply with the conditions stipulated in the loan agreement such as maintaining of D/E and DSCR ratio, and maintaining shareholding proportion of Lanna in the Company, etc. So far, the Company has not breached the conditions of loan agreements and has been provided with good financial support from the lending banks.

FUTURE TREND

The demand for ethanol in the 3rd Quarter of 2025 is expected to be similar to that in the 2nd Quarter of 2025. However, if the government policy to promote gasohol E20 as the base gasoline becomes clearer, it will lead to an increase in ethanol demand. Meanwhile, the average selling price of molasses tends to decrease significantly compared to the previous production season, resulting in more competitive ethanol production costs.