

DSNG Recorded Rp 6.6 Trillion Sales in the Third Quarter of 2023

DSNG recorded sales in 9M23 amounted to Rp 6.6 trillion, relatively the same as 9M22, with the palm oil segment contributing 88% to Rp 5.8 trillion, higher by 7% YoY. Total sales of all CPO products in 9M23 were higher than last year, following higher FFB production by 5.5% YoY and combined with more external FFB purchases.

In addition, although OER was lower than the previous year, the OER throughout 2023 has consistently improved from quarter to quarter, with the OER in Q3-23 reaching 23.5%. This improvement of OER is also accompanied by the improvement in the CPO's quality, as indicated in the FFA level of 3% against 3.82% last year.

Even though the Company still enjoyed a higher ASP at Rp 11.5 million per ton compared to Rp 11 million last year, the cost of sales surged by 11% to IDR 4.9 trillion, mainly driven by high fertilizer costs, resulting in a 24% drop in EBITDA and 44% in profit, respectively. And since the oil palm segment contributed around 88% to consolidated revenue, the volatility in the fertilizer costs as part of the cost of revenue significantly affected our profitability.

Meanwhile, the wood products segment performed otherwise, with revenue in 9M23 decreased by 33% to Rp 0.8 trillion. The higher-for-longer interest rate environment has contributed to the slowing property markets in the USA, Canada, the EU and Japan, and consequently, low demand for wood products throughout 2023. However, thanks to our cost leadership strategy and

In Million Rupiah

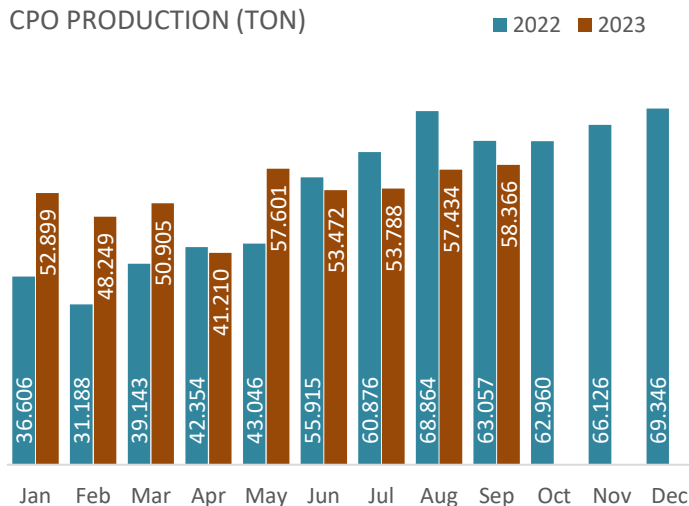
Profit and Loss	9M-2023	9M-2022	%	FY 2022
Revenue	6,564,144	6,585,788	(0.3)	9,633,671
- Palm Oil	5,771,429	5,398,674	6.9	8,117,134
- Wood Product	792,715	1,187,114	(33.2)	1,516,537
Cost of Revenue	(4,923,284)	(4,444,339)	10.8	(6,516,096)
Gross Profit	1,640,860	2,141,449	(23.4)	3,117,575
- Margin (%)	25.0	32.5		32.4
Operating Profit	980,620	1,557,758	(37.0)	2,172,475
- Margin (%)	14.9	23.7		22.6
Profit Before Tax	671,969	1,192,472	(43.6)	1,610,228
- Margin (%)	10.2	18.1		22.6
EBITDA	1,597,733	2,088,345	(23.5)	3,018,363
- Margin (%)	24.3	31.7		31.3
Profit	504,338	897,637	(43.8)	1,206,587
- Margin (%)	7.7	13.6		12.5
Core Profit	485,895	970,472	(49.9)	1,318,548

Financial Position	30 Sep 2023	31 Dec 2022	%
Total Assets	16,003,177	15,357,229	4.2
Total Liabilities	7,613,109	7,197,089	5.8
Equity	8,390,068	8,160,140	2.8

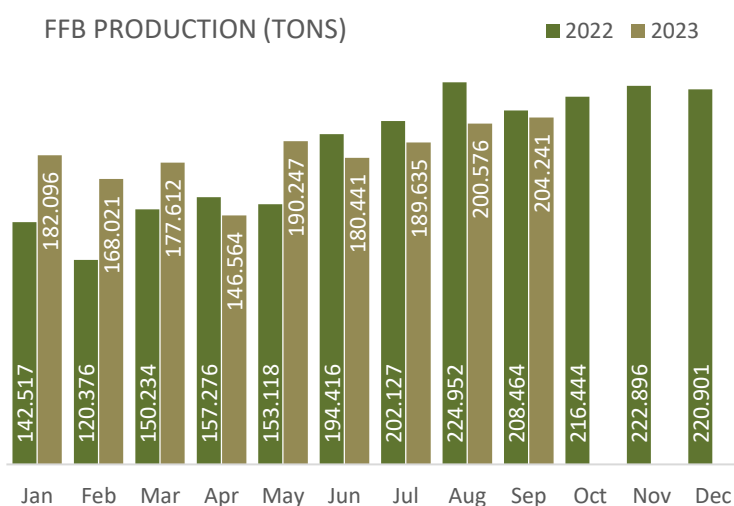
premium quality products, sales quantities were still growing quarter by quarter despite being 18% and 40% lower YoY, respectively, in comparison to 2022.

DSNG's total assets grew by Rp 0.65 billion or 4% to Rp 16 trillion, attributed to higher cash balance, inventories and fixed assets from realization of capex. Total liabilities increased by 6% to Rp 7,6 trillion, partly due to the additional utilization of working capital loans and the foreign exchange translation effect on its USD denominated loans following the weakening of IDR against USD.

CPO PRODUCTION (TON)



FFB PRODUCTION (TONS)



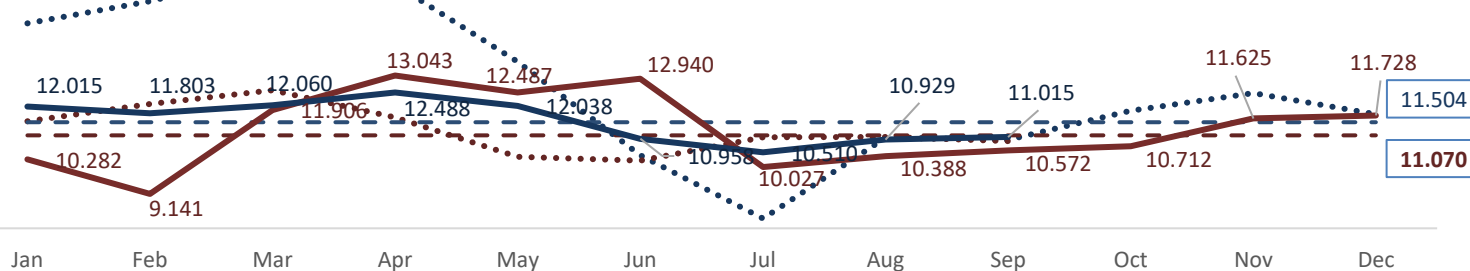
	9M-2023	9M-2022	%	Q1-2023	Q2-2023	Q3-2023	QoQ (%)	FY2022
Plantation Performance								
FFB Production (tons)	1,639,434	1,553,480	5.5	527,730	517,251	594,453	14.9	2,213,698
FFB Nucleus (tons)	1,298,669	1,230,989	5.5	421,494	408,862	468,313	14.5	1,758,257
FFB Plasma (tons)	340,765	322,491	5.7	106,236	108,389	126,140	16.4	455,442
Mill Performance								
FFB Processed (tons)	2,067,002	1,914,155	8.0	678,640	666,777	721,585	8.2	2,809,177
CPO Production (tons)	473,923	441,048	7.5	152,053	152,282	169,588	11.4	639,480
PK Production (tons)	86,990	81,342	6.9	27,748	27,776	31,467	13.3	117,622
PKO Production (tons)	28,359	25,645	10.6	9,101	9,149	10,109	10.5	37,970
CPO OER (%)	22.93	23.04	(0.5)	22.41	22.84	23.50	2.9	22.76
FFA (%)	3.00	3.82	(21.4)	3.30	2.85	2.88	1.4	3.78
Sales Performance								
CPO (tons)	456,479	425,192	7.4	140,646	157,917	157,916	0	639,518
PK (tons)	19,125	18,114	5.6	5,477	5,974	7,674	28.5	27,262
PKO (tons)	26,975	23,704	13.8	6,205	10,815	9,955	(8.0)	38,907
CPO ASP (Rp 'mio/Ton)	11,50	11,07	3.9	11.97	11.71	10.88	(7.1)	11.18
PKO ASP (Rp 'mio/Ton)	13,10	19,62	(33.2)	13.77	13.15	12.64	(3.9)	17.48

Although 9M23 FFB production only increased by 5.5% YoY, the Q3-23 FFB production of both nucleus and plasma exhibited notable increases against the Q2-23 production, with nucleus production rising by 14.5% rise and plasma of a 16.4% increase QoQ. In addition, the Oil Extraction Rate (OER) has also improved from 22.84% in Q2-2023 to 23.50% in Q3-2023 but remained slightly lower than the results achieved in the same period last year at 23.04%. As a result, CPO, PK, and PKO production QoQ experienced higher yields, with increments of 11%, 13%, and 11%, respectively.

Meanwhile, although the phenomenon of El Nino in 2023 can be visibly seen in many areas across Indonesia, its severeness in Kalimantan, where our operation estates are located, is less compared to the southern areas such as Java, Bali, Nusa Tenggara, South Sumatera, and Sulawesi. Thus, we expect the impact of El Nino on our 2024 production will be milder than the previous El Nino.

CPO ASP (IDR '000/TON)

..... KPB Medan 2022
 KPB Medan 2023
 - - - YTD DSN 2022
- - - YTD DSN 2023
 —— DSN 2022
 —— DSN 2023



PLANTED AREA

As of end of September 2023, the company's total planted area, including nucleus and plasma, were 112.5 thousand hectares, with mature areas of 106 thousand hectares and average age of 13.8 years.

Planted ('000 ha)	Average Age (yrs)	Planted Hectrage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	14.54	81.8	84.6
Plasma	11.16	24.2	27.9
Total	13.77	106.0	112.5

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WOOD PRODUCTS

	9M-2023	9M-2022	%	Q1-2023	Q2-2023	Q3-2023	QoQ (%)	FY 2022
Sales Volume								
Panel ('000 m3)	71,6	87,5	(18.2)	21,3	23,0	27,2	18.2	115.7
Engineered Flooring ('000 m2)	554,6	930,7	(40.4)	165,7	188,8	200,0	5.9	1.117.0
Average Selling Price (ASP)								
Panel (Rp mio /m3)	6,22	7.38	(15.8)	6.7	6.0	6.1	1.7	7.37
Engineered Flooring (Rp mio /m2)	0.45	0.44	4.1	0.48	0.43	0.46	6.4	0.44



During the past nine months, the sales volume of panels has consistently increased every quarter. In Q3-2023, the panel sales volume saw a rise of 18.2% compared to Q2-2023. Similarly, flooring sales increased marginally by 5.9% in Q3 compared to Q2 of this year. This positive quarterly trend was also accompanied by improved average selling prices (ASP), with panel ASP increasing by 1.7% and flooring ASP increasing by 6.4% QoQ.

However, on an annual basis, the sales volume has not demonstrated its best performance. Panel products experienced an 18% decline in sales volume due to reduced exports to Japan. Likewise, a similar trend was observed in engineered flooring products, with a year-to-date (YTD) production decrease of approximately 40%, influenced by a decreasing demand from the United States and Canada.

To support our strategy for future product expansion, we have distributed over a million Jabon tree seedlings to local farmers as part of our Hutan Rakyat Program. This program will enable us to gain access to raw materials supply for our future products while promoting sustainable use of wood resources. Moreover, the Company aims to establish a sustainable supply chain by actively assisting farmer groups in producing sustainable wood products.

LATEST UPDATE



DSNG was acknowledged as one of the top 50 companies in the Mid Capitalization category for effectively implementing Good Corporate Governance (GCG) principles. The assessment was conducted by the Indonesia Institute for Corporate Directorship (IICD).

The award aimed to encourage more Indonesian companies to enhance their competitiveness through Corporate Governance implementation aligned with the principles of the ASEAN CG Score Card.

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