



Date: May 14, 2024

Subject Management Discussion and Analysis for the year ended March 31, 2024

To Managing Director,
The Stock Exchange of Thailand

According to Asian Palm Oil Public Company Limited (“the Company”) had submitted the financial statements for the 1st Quarter Ending March 31, 2024, which audited by a certified public accountant to the Stock Exchange of Thailand. For the 1st Quarter Ending of the year 2024, the Company had net profit(loss) of THB (18.74) million, a decrease of THB 25.59 million or 373.58% compared to same period last year, with a net profit(loss) margin of (7.85%) which decrease from last year as of 1.96%. The reason for the change in operating results are as follows:

Summary of Operating Performance

Income Statement	Financial Statements (Audited)			
	January - March 2023		January - March 2024	
	MB	%	MB	%
Revenue from Sales	339.33	97.24%	230.07	96.41%
Revenue from By-product	9.61	2.76%	8.57	3.59%
Total revenue	348.94	100.00%	238.64	100.00%
Cost of Sales	327.40	93.83%	238.06	99.76%
Gross Profit	21.54	6.17%	0.58	0.24%
Other Income	1.01	0.29%	1.17	0.49%
Profit (Loss) Before Operating Expenses	22.55	6.46%	1.75	0.73%
Selling Expenses	4.02	1.15%	2.44	1.02%
Administrative Expenses	11.05	3.17%	19.09	8.00%
Operating Profit (Loss)	7.48	2.14%	(19.78)	(8.29%)
Finance Cost	0.41	0.12%	0.28	0.12%
Profit (Loss) Before Income Tax Expense	7.07	2.03%	(20.05)	(8.40%)
Income Tax Expense	(0.22)	(0.06%)	1.31	0.55%
Profit (Loss) for the Period	6.85	1.96%	(18.74)	(7.85%)



The Company operates the business of extracting and selling crude palm oil as a main product and selling by-products to domestic customers only. Additionally, the Company operates a biogas power plant which sells electricity to the Provincial Electricity Authority (PEA). Crude palm oil is a commodity that has price movements based on the market mechanisms in both supply and demand. The fresh fruit bunches (FFB) which are the main raw material which account for approximately 95 percent of the cost of sales. In general, the prices of crude palm oil and the FFB tend to increase or decrease in the same direction. However, the price movement may be changed in different proportions. Nevertheless, the Company cannot control external factors that affect the prices of products and raw materials.

The Company's revenue structure by product type for January – March of 2023 and 2024 as follow:

Revenue Structure	January – March 2023		January – March 2024	
	MB	%	MB	%
Revenue from sales				
Crude Palm Oil (CPO)	300.14	86.02%	193.26	80.98%
Palm Kernel (PK)	38.05	10.91%	34.87	14.61%
Electricity	1.13	0.32%	1.94	0.81%
By Product	9.61	2.76%	8.57	3.59%
Total revenue from sales	348.94	100.00%	238.64	100.00%
Other Income	1.01	0.29%	1.17	0.49%
Total Revenue	349.95	100.29%	239.81	100.49%

Remark: ¹ By-products include Palm kernel (Shell), Empty fruit bunch, and Palm acid oil (PAO)

² Other income consists of Interest income, Gains on Exchange Rate, Gain on Sale of Assets, Other income, and rental income



Revenue Analysis by Business Segment

1. Crude Palm Oil Extraction Business and Sales of Crude Palm Oil Extraction Products and By-Products

The 1st Quarter of the years 2023 and 2024, the Company generated revenue from crude palm oil extraction and by-products of 347.81 million baht and 236.71 million baht.

Item	January – March 2023		January – March 2024	
	MB	%	MB	%
Crude Palm Oil (CPO)	300.14	86.29%	193.26	81.65%
Palm Kernel (PK)	38.05	10.94%	34.87	14.73%
By Product ¹	9.61	2.76%	8.57	3.62%
Total Revenue	347.81	100.00%	236.71	100.00%

Remark: /1 By-products include Palm kernel (Shell), Empty fruit bunch, and Palm acid oil (PAO)

The revenue from the sale of all products shown in the table are products derived from the crude palm oil extraction business, both main and by-products. The main factors affecting the revenue of the crude palm oil extraction business consist of 2 factors: 1. Sales volume and 2. Selling price. When considering the sales volume factor, which is affected by 2 components which are raw materials that are introduced into the production process and the production yield rate. In terms of the procurement of fresh fruit bunches for the production process, since the Company's raw material is fresh fruit bunches, which is an agricultural product, the quantity and quality may be affected by the volatility of climate and seasonality (Seasonal).

Fresh fruit bunches (FFB) are a type of agricultural crop that must be considered for their freshness and quality. As a result, leaving FFB for a long time will affect the oil extraction rate. Therefore, the Company's procurement of FFB will be based on the production plan, ensuring an adequate supply of quality raw materials to be imported into the production process within 24 hours. Additionally, the quality inspection of FFB is important to producing high quality palm oil with high production yield of each type, especially for crude palm oil, which has the highest value. As a result, the oil extraction rate (OER) is an important factor for the Company to focus on and is therefore the origin of the Asian Plus+ quality palm project initiation in 2018.

The efficiency measurement of palm kernel (PK) production follows a similar pattern as it involves the same production process, resulting in simultaneous production of both palm kernels and crude palm oil (CPO). Therefore, the quantity of palm kernels is considered alongside the crude palm oil. This allows for the assessment of the quantity based on the raw materials input into the process and the Kernel Extraction Rate (KER), which measures the rate of kernel extraction from the palm fruit.



However, to analyze the sales volume factor, referencing the production volume achieved, the reasons can be explained by the two aforementioned components: raw materials introduced into the production process and the production yield rate. The details are as follows:

Item	Unit	January – March 2023	January- March 2024
Installed production capacity	Tons of fresh fruit bunches per hour	60	60
Maximum capacity	Tons	108,000	108,000
Quantity of fresh fruit bunches processed	Tons	55,225	45,238
Utilization rate	%	51.13%	41.89%
Crude palm oil produced	Tons	10,118	7,475
Crude palm oil extraction rate (OER)	%	18.32%	16.52%
Crude palm oil sales volume	Tons	9,868	5,855
Palm kernels produced	Tons	2,751	2,179
Kernel extraction rate (KER)	%	4.98%	4.82%
Palm kernel sales volume	Tons	2,725	2,156

Remark: Maximum capacity is calculated based on a production rate of 60 tons/hour by using a capacity of 24 hours/day, calculated over 300 days/year or 25 days/month

The 1st Quarter of the years 2024, the Company had sales volumes of 5,855 tons of crude palm oil, a decrease of 4,013 tons or 40.66 percent compared to the previous year. The company sold 2,156 tons of palm kernels, a decrease of 569 tons or 20.87 percent compared to the previous year. The decrease in sales was due to a decrease in the quantity of palm fruit entering the production process, which was 45,238 tons, a decrease of 9,987 tons or 18.08 percent compared to the previous year. The average capacity utilization rate was 41.89 percent, a decrease of 9.24 percent from the same period of the previous year. The decrease in capacity utilization of the 1st quarter of the year was due to a decrease in the yield of fresh palm fruit nationwide, which was 1,121,077 tons or 20.89 percent lower than the previous year. As a result, the decrease in yield was caused by the El Niño phenomenon, which led to a decrease in agricultural production during the mentioned period.



Revenue from crude palm oil (CPO) separated by volume and selling price.

Item	Unit	January – March	January- March
		2023	2024
Crude palm oil produced	Tons	9,868	5,855
Average selling price	Baht/kg.	30.42	33.01
Revenue from crude palm oil sales	MB	300.14	193.26

The 1st Quarter of the years 2024, the company had the sale volume of 5,855 tons of crude palm oil (CPO) at an average selling price of 30.01 baht/kg, resulting in revenue from CPO sales of 193.26 million baht, a decrease of 106.88 million baht or 35.61 percent compared to the year. The decrease was due to a 40.66 percent decrease in sales volume, as mentioned in the volume analysis, and a 2.59 baht/kg or 8.52 percent increase in average selling price compared to the previous year. Because of concerns from the Israeli-Palestinian war situation, the demand of crude palm oil stock has increased. Affecting the price increased initially. However, Such concerns have subsided, causing prices to rise over a period of time and then fall. As a result, the average price of the 1st Quarter of 2024 will be higher compared to the same period previous year.

(Source: Center for Oil Palm and Oil Palm Information, Department of Internal Trade)

2. Biogas Power Plant, which Sell Electricity to the Provincial Electricity Authority

The 1st Quarter of the years 2023 and 2024, the Company generated revenue from Biogas Power Plant, which Sell Electricity to the Provincial Electricity Authority of 1.13 million baht and 1.94 million baht, respectively.

The 1st Quarter of the years 2024, the Company's revenue from the biogas power generation business was 0.81 million baht or 71.91 percent compare to the year. Due to the continued improvement in the efficiency of the biogas power generation system since the year 2022, Once the production process was stabilized.. , the company considered the additional production capacity that could be added to reach the full production capacity under the power purchase agreement. As a result, additional electricity generation equipment was added in the third quarter of 2023, The 1st Quarter period of 2024, income from electricity sales increased. Even though wastewater entering the production process has decreased due to reduced utilization of production capacity from crude palm oil extraction. Shows better efficiency in electricity production per unit.



Cost of Sales and Gross Profit

Cost of Sales and Gross Profit Analysis by Business Segment

1. Manufacturing and Distributing of Crude Palm Oil and Its By-products Business

The Company's revenue, cost of sales, and gross profit are as follows:

Item	January – March 2023		January – March 2024	
	MB	%	MB	%
Revenue	347.81	100.00%	236.71	100.00%
Cost of sales	326.70	93.93%	235.81	99.62%
Gross profit (loss)	21.11	6.07%	0.89	0.38%

The main raw material in manufacturing and distributing crude palm oil and its by-products business is the fresh fruit bunches (FFB), which its price correlated with the price of crude palm oil. This directly affects the cost of sales, as well as the revenue. When the price of crude palm oil increases, the price of FFB will also increase; however, the change may not be at the same rate. Labor costs and production costs are additional factors that affect the profit margin.

The 1st Quarter of the years 2024, the Company had a cost of sales of 235.81 million baht, or 99.62 percent of the revenue, compared to the previous year that the company had a cost of goods sold of 326.70 million baht, representing a cost of goods sold ratio of 93.93 percent. As a result of the factors of crude palm fruit quantity and price, the quantity of fresh palm fronds entering the process was 45,238 tons, a decrease of 9,987 tons or 18.08 percent, which is close to the amount from the previous year. In addition the price of FFB, it fluctuates according to the price of crude palm oil, It make the cost of sales to decrease, fluctuates according to revenue compared to the same period last year.

The 1st Quarter of the years 2024, the company had a gross profit of 0.89 million baht, representing a gross profit margin of 0.38 percent. The gross profit margin decreased by 5.69 percent from the previous year, which had a gross profit margin of 6.07 % . The main factor was the volatility of FFB prices was caused by a decrease in FFB supply and inconsistent yields, as a result of the El Niño phenomenon. With the yield of fresh palm fruit nationwide during the 1st quarter of 2024 decreased 1,121,077 tons, or 20.89% compared to the same period of last year. As a result, the price of FFB fluctuated greatly and spiked at times due to concerns about a shortage of raw materials. This event in which the production of FFB fluctuates greatly is considered an abnormal period because the price of crude palm oil and the price of FFB prices usually positively correlated. If the El Niño phenomenon subsides, FFB prices should return to normal. such as, the gross profit margin for the 1st quarter of 2023 has not been affected by fluctuations in the price of fresh palm fruit raw materials as a result of the El Niño phenomenon. In contrast, the price factor of CPO for the 1st quarter of 2024, it has increased compared to the same period last year. Because of concerns from the Israeli-Palestinian war situation, the demand for crude palm oil stocks has increased. Affecting the price increased initially. However, Such concerns have subsided, causing prices to rise over a period of time and then fall. As a result, the average price of the 1st Quarter of 2024 will be higher compared to the same period last year.



2. Biogas Power Plant, which Sell Electricity to the Provincial Electricity Authority

The Company's revenue, cost of sales, and gross profit are as follows:

Item	January – March 2023		January – March 2024	
	MB	%	MB	%
Revenue	1.13	100.00%	1.94	100.00%
Cost of sales	0.70	61.68%	2.25	116.17%
Gross profit (loss)	0.43	38.32%	(0.31)	(16.17%)

For the Biogas power plant, there are no raw material costs in production because the Company utilized biogas that is generated from the wastewater treatment process to produce electricity. Therefore, the cost includes depreciation, cost of consumables, cost of repairment, salary and so forth. Therefore, the cost of sales for this business might not directly correlate with revenue. In the year 2022, which started operating in a stable manner. was made to increase the electricity generation per unit. Once the production process was stabilized, the company considered the additional production capacity that could be added to reach the full production capacity under the power purchase agreement. As a result, additional electricity generation equipment was added in the third quarter of 2023. As a result, The 1st Quarter period of 2024, income from electricity sales increased. Even though wastewater entering the production process has decreased due to reduced utilization of production capacity from crude palm oil extraction. Shows better efficiency in electricity production per unit. However, With the amount of wastewater entering the production process greatly reduced, electricity production has not yet reached the break-even point, resulting in an initial loss.

Distribution Costs

The Company's distribution costs in The 1st Quarter of the years 2023 and 2024 were 4.02 million baht and 2.44 million baht. This represents 1.15 percent and 1.02 percent of revenue, respectively. The main reason form portage costs in The 1st Quarter of the years 2024 that decreased according to the volume of Product As a result, distribution costs are reduced. And when considerate about percent of revenue decrease because Under the new terms, customers are responsible for picking up goods themselves increase compared to the same period last year

Administrative Expenses

The Company's administrative expenses in The 1st Quarter of the years 2023 and 2024 were 11.05 million baht and 19.09 million baht. This represents 3.17 percent and 8.00 percent of revenue, respectively. In 2024, The 1st Quarter of the years 2024, with the company having expenses that were not normal business activities. It is an expense related to IPO. And one reason is to set aside an allowance for unused assets. Therefore resulting in a loss.



Financial Costs

The company's financial costs in The 1st Quarter of the years 2023 and 2024 were 0.41 million baht and 0.28 million baht. This represents 0.12 percent and 0.12 percent of revenue. In 2024, Long-term loans from financial institutions are returned. Therefore, financial costs are reduced.

Net Profit (Loss) and Net Profit (Loss) Margin

Item	Unit	January – March 2023	January – March 2024
Utilization Rate	%	51.13%	41.89%
OER: Oil Extraction Rate	%	18.32%	16.52%
Crude Palm Oil Sales Volume	Tons	9,868	5,855

Item	January – March 2023	January – March 2024
Unit	MB	MB
Revenue from manufacturing and distributing of crude palm oil and its by-products	347.81	236.71
Revenue from biogas powerplant	1.13	1.94
Gross profit from manufacturing and distributing of crude palm oil and its by-products	21.11	0.89
Gross profit from biogas powerplant	0.43	(0.31)
Other income ¹	1.01	1.17
Profit before operating expenses	22.55	1.75
Distribution costs	4.02	2.44
Administrative expenses	11.05	19.09
Profit (loss) from operating activities	7.48	(19.78)
Financial costs	0.41	0.28
Profit (loss) before income tax expenses	7.07	(20.05)
Income tax expense	(0.22)	1.31
Net profit (loss) for the period	6.85	(18.74)

Remark: ¹Other income consists of Interest income, Gains on Exchange Rate, Gain on Sale of Assets, Other income, and rental



income (excluding income from the sale of by-products, which is included in income from the business of manufacturing

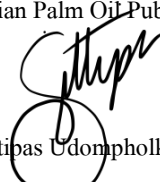
crude palm oil and selling products from the extraction of crude palm oil and by-products).

The Company's net profit (loss) for The 1st Quarter of the years 2023 and 2024 was 6.85 million baht and (18.74) million baht, this represents net profit margins of 1.96 percent and (7.85) percent. The details are as follows:

Net profit (loss) The 1st Quarter of the years 2024 was (18.74) million baht, or a net profit (loss) margin of (7.85) percent, a decrease from the previous year of 25.29 million baht, or a decrease of 373.58 percent. This was due to gross profit (loss) from the manufacturing and distributing of crude palm oil and its by-products business of 0.89 million baht, gross profit (loss) from the producing electricity from biogas business of (0.31) million baht, and other income of 1.17 million baht. This resulted in a profit before operating expenses of 1.75 million baht, a decrease of 20.80 million baht or 92.23 percent from the same period of the previous year. The decrease was due to a decrease in gross profit from the manufacturing and distributing of crude palm oil and its by-products business compared to the same period of the previous year. The main factor was the volatility of FFB prices was caused by a decrease in FFB supply and inconsistent yields, as a result of the El Niño phenomenon. With the yield of fresh palm fruit nationwide during the 1st quarter of 2024 decreased 1,121,077 tons, or 20.89% compared to the same period of last year. As a result, the price of FFB fluctuated greatly and spiked at times due to concerns about a shortage of raw materials. This event in which the production of FFB fluctuates greatly is considered an abnormal period because the price of crude palm oil and the price of FFB prices usually positively correlated. If the El Niño phenomenon subsides, FFB prices should return to normal. such as, the gross profit margin for the 1st quarter of 2023 has not been affected by fluctuations in the price of fresh palm fruit raw materials as a result of the El Niño phenomenon. In contrast, the price factor of CPO for the 1st quarter of 2024, it has increased compared to the same period last year. Because of concerns from the Israeli-Palestinian war situation, the demand for crude palm oil stocks has increased. In addition, administrative expenses increased by 8.04 million baht, with the company having expenses that were not normal business activities. It is an expense related IPO. And one reason is to set aside an allowance for unused assets. Therefore, resulting in a loss.

Yours faithfully,

Asian Palm Oil Public Company Limited


Sittipas Udompholkul
Chief Executive Officer

cc : The Secretary-General

The Securities and Exchange Commission