



Asian Palm Oil Public Company Limited

MANAGEMENT DISCUSSION & ANALYSIS

Q2/2024





Executive Summary

Operating Highlights	Q2/23	Q1/24	Q2/24	Change +/-		1H/23	1H/24	Change +/-
Unit: Million Bath				%YoY	%QoQ			%YoY
Operating Revenue	390.28	238.64	694.35	77.91%	190.96%	739.22	932.99	26.21%
- Crude Palm Oil Business	388.35	236.71	690.48	77.80%	191.70%	736.16	927.18	25.95%
- Electricity from Biogas Business	1.94	1.94	3.87	100.11%	99.98%	3.06	5.81	89.74%
Cost of goods sold	377.20	238.06	578.11	53.26%	142.84%	704.60	816.17	15.83%
Gross Profit	13.08	0.58	116.24	788.87%	19,886.95%	34.62	116.82	237.47%
Other Income	1.34	1.17	0.76	(43.41%)	(35.06%)	2.35	1.93	(17.95%)
Selling and Distribution Expenses	3.68	2.44	3.67	(0.36%)	50.25%	7.71	6.11	(20.71%)
Administrative Expenses	10.80	19.09	11.45	5.94%	(40.03%)	21.85	30.53	39.73%
Financial Cost	0.99	0.28	0.66	(33.63%)	137.59%	1.40	0.94	(33.10%)
Profit (loss) before Income Tax	(1.06)	(20.05)	101.23	9,656.04%	604.80%	6.01	81.18	1,250.05%
Tax Expenses	0.34	(1.31)	16.69	4,856.31%	1,375.06%	0.56	15.38	2,654.25%
Net profit (Loss) for the Company	(1.40)	(18.74)	84.54	6,155.15%	551.00%	5.45	65.79	1,106.26%

Remarks: Values may differ by decimal point due to rounding.

In Q2/2024, the Company recorded Operating Revenue of Baht 694.35 million, increased by Baht 304.07 million or 77.91% from Q2/2023 due to the growth from both the Crude Palm Oil Business and Electricity from Biogas Business which can be explained as follows:

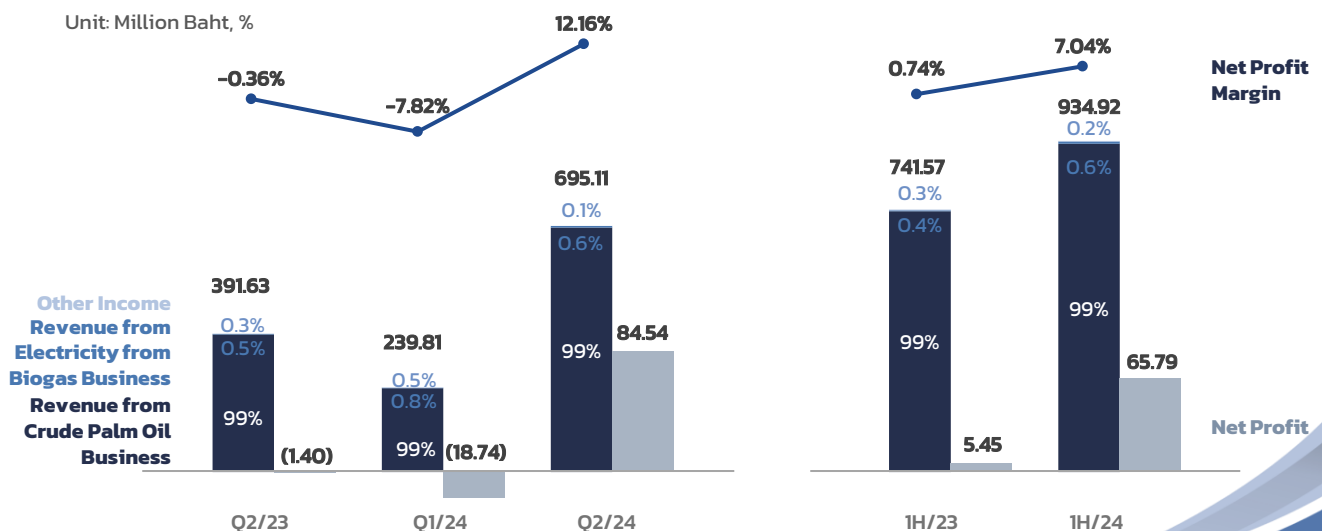
 **Crude Palm Oil Business** recorded Operating Revenue of Baht 690.48 million, increased by Baht 302.13 million or 77.80% from Q2/2023 due to the higher volume of fresh palm fruit bunches and the result from the Asia Plus+ project that the Company collaborated with local farmers to grow high-quality fresh palm fruit bunches for production; resulting in higher crude palm oil extraction rate. However, the quantity and quality of the fresh palm fruit bunches entering the production process, considered as an agricultural product (commodity), fluctuates according to the weather and seasonality factors, impacting the amount of fresh fruit bunch entering the production process in each quarter. For this reason, the Company forecasts the fresh fruit bunches in advanced and plans the extraction production accordingly.

 **Electricity from Biogas Business** recorded Operating Revenue of Baht 3.87 million, increased by Baht 1.94 million or 100.11% from Q2/2023 due to the increased in electricity generation capacity from the installation of additional power-generating machine during Q3/2023. In addition, the amount of wastewater generated from the crude palm oil production process also increased, leading to higher electricity production.

During 2H/2024, **Crude Palm Oil Business** is expected to remain stable as the price of fresh palm fruit bunches is likely to increase due to the seasonal decline in the availability of fresh palm fruit in the market. It is anticipated that palm oil prices will remain steady, as major producers in Indonesia and Malaysia are expected to increase their exports. However, the Company can operate at full production capacity and continue to focus on importing high-quality fresh palm fruit bunches to maintain a consistently high oil extraction rate. Meanwhile, in the **Electricity from Biogas Business** where production capacity has increased, the Company remains committed to improving the system's stability by reducing the amount of wastewater used in electricity production to enhance the efficiency of electricity generation per unit. Additionally, the Company continues to seek opportunities to expand its electricity production capacity in line with the Country's 2024 Power Development Plan (PDP), which emphasizes on increasing electricity production from clean energy sources to ensure a sustainable and continuous growth.

Revenue Breakdown by Business, Net Profit and Net Profit Margin

Unit: Million Baht, %



Q2/2024 Significant Events

01 Successfully IPO on the Stock Exchange of Thailand



Asian Palm Oil Public Company Limited (APO) was listed and started trading on the Stock Exchange of Thailand on April 9, 2024, in the agriculture and food industry sector. The trading abbreviation for the securities is APO, and the opening price was Baht 1.74, an increase of Baht 0.75 or 75.76% from the IPO price of Baht 0.99. The offering value was Baht 99 million, with a market capitalization at the IPO price of Baht 336.60 million. The funds raised will be used to invest in upgrading production machineries, changing from horizontal to vertical steamers to reduce production process, reduce production time, labor, and ultimately, the production cost.

02 Providing Funds to Improve Landscape around the Office of Ao Luek Tai Subdistrict Administrative Organization



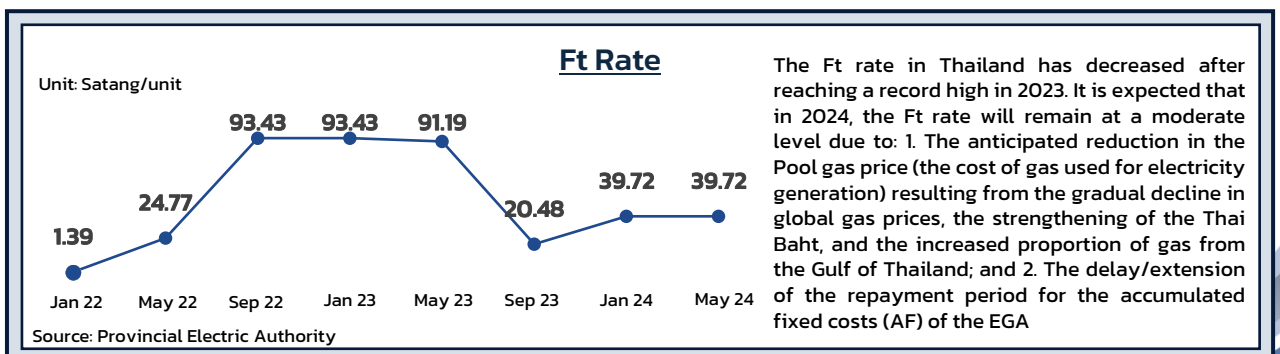
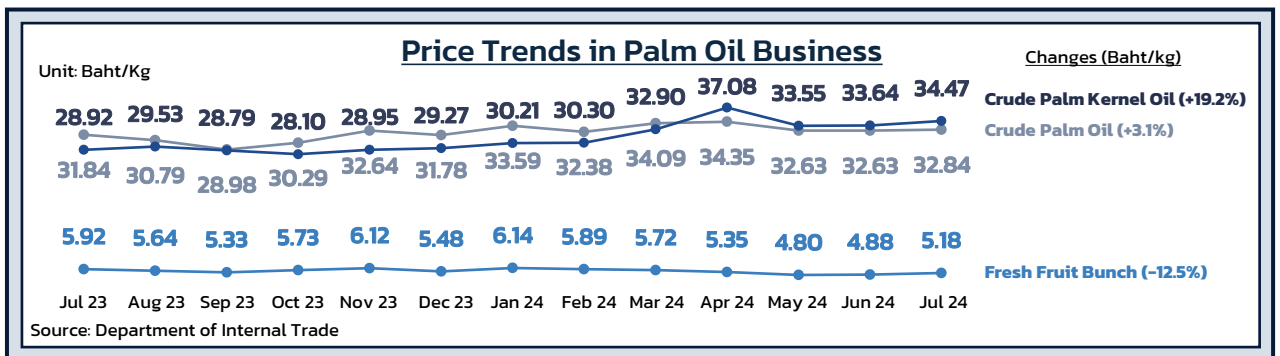
Mr. Nantakon Udompholkul (Chief Strategy Officer) and Mr. Jittaboon Rangnoktai (Vice President Strategy) represented Asian Palm Oil Public Company Limited in providing financial support for a landscape improvement project around the Office of Ao Luek Tai Subdistrict Administrative Organization. This project aims to create a space for the community, including the public, government, and private sectors, to use for various purposes. It will serve as a recreational and exercise area and a venue for different sports competitions, fostering a sense of love and unity within the community.

03 Strengthens Sustainability Practices with RSPO Training

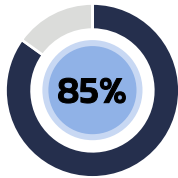


Asian Palm Oil Public Company Limited participated in a training program organized by the Roundtable on Sustainable Palm Oil (RSPO) focusing on workplace safety, legal wages, child labor protection, chemical management, and sustainable palm oil harvesting. The aim is to enhance the Company's Environmental, Social, and Governance (ESG) standards, leading to sustainable palm oil production.

Palm Oil Industry Update



Operating Revenue Structure

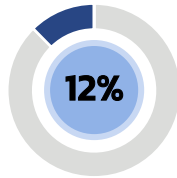


Crude Palm Oil (CPO)



Crude palm oil (CPO) is the main product of the Company and is sold mainly to domestic customers. CPO are used in many types of industries including:

- Food Industry
- Biodiesel Industry
- Oleo Chemical Industry

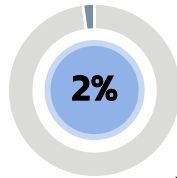


Palm Kernel (PK)



The Company sells Palm Kernels to Palm Kernel Oil Extraction Plants, Palm Oil Extraction Plants that can Extract Palm Kernel Oil, and traders in which can be further developed in many industries such as:

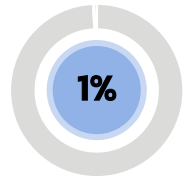
- Cosmetic Industry
- Bakery Industry



By-Products ^{/1}



- Palm Kernel (Shell) distributed to Fuel Trading Companies
- Empty Fruit Bunch are used as an alternative fuel in the palm oil production process
- Palm Acid Oil (PAO) is distributed to buyers to produce soap domestically and are also exported abroad
- Palm Fiber is used as an alternative fuel in the electricity production process



Electricity



The Company has entered into a power purchase agreement (PPA) with the Provincial Electricity Authority (PEA), as a Very Small Power Producer (VSPP) to produce electricity from renewable energy at the maximum amount of 1MW at 33,000 volts.

Remarks: ^{/1} By-products include Palm Kernel (Shells), Empty Fruit Bunches, and Palm Acid Oil (PAO)

Q2/2024 Overall Operating Results

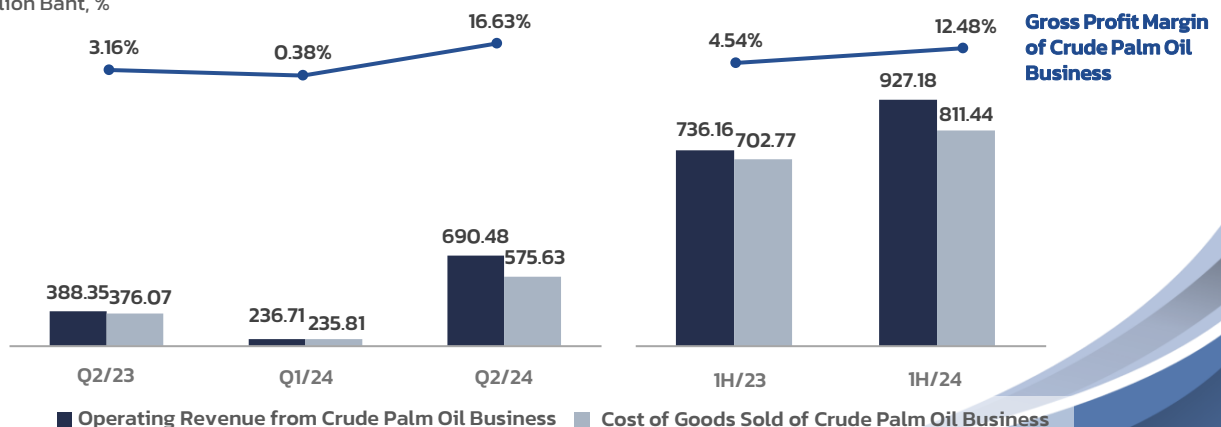
Revenue Analysis by Business Segment

1. Crude Palm Oil Business

>> Operating Results of Crude Palm Oil Extraction Business and Sales of Crude Palm Oil Extraction Products and By-Products

Operating Results of Crude Palm Oil Business	Q2/23	Q1/24	Q2/24	Change +/-		1H/23	1H/24	Change +/-
Unit: Million Baht				%YoY	%QoQ			%YoY
Crude Palm Oil (CPO)	338.64	193.26	589.93	74.21%	205.25%	638.78	783.19	22.61%
Palm Kernel (PK)	40.42	34.87	85.85	112.39%	146.17%	78.47	120.72	53.83%
By Products	9.29	8.57	14.70	58.26%	71.45%	18.90	23.27	23.12%
Operating Revenue from Crude Palm Oil Business	388.35	236.71	690.48	77.80%	191.70%	736.16	927.18	25.95%
Cost of Goods Sold of Crude Palm Oil Business	376.07	235.81	575.63	53.07%	144.11%	702.77	811.44	15.46%
Gross Profit from Crude Palm Oil Business	12.28	0.89	114.85	835.15%	12,735.35%	33.39	115.74	246.67%

Unit: Million Baht, %



> Key Drivers

Production Capacity	Unit	Q2/23	Q1/24	Q2/24
Installed Production Capacity	Tons	108,000.00	108,000.00	108,000.00
Utilization Rate	%	50.51%	41.89%	98.23%
Crude Palm Oil Extraction Rate (OER)	%	18.22%	16.52%	16.25%
Crude Palm Oil Produced	Tons	9,936.00	7,474.00	17,242.00
Crude Palm Oil Sale Volume	Tons	10,646.00	5,855.00	17,742.00
Palm Kernel Sale Volume	Tons	2,843.00	2,156.00	5,131.00

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

For the Crude Palm Oil Business, the Company primarily sells crude palm oil and by-products to domestic customers. The key factors affecting the revenue of the crude palm oil business are selling price and sales volume. In terms of selling price, crude palm oil is a commodity, and its price fluctuates according to market demand and supply. The price of fresh palm fruit bunches (the main raw material in production) moves in the same direction as the price of crude palm oil. As for sales volume, it depends on the output obtained from the palm oil extraction process, where the yield of all products depends on the quality of the fresh fruit bunches (FFB) entering the production process. Therefore, the Company has initiated the 'Asian Plus+ Project' to ensure that the Company receives high-quality fresh palm fruit bunches for production. The volume of fresh palm fruit bunches in the market fluctuates according to weather conditions and seasonal factors, so the Company forecasts the fresh fruit bunches production in advance and plans the extraction production accordingly. These two factors directly impact the business's revenue, while the details are explained below:

YoY: Q2/2024 vs Q2/2023

- **Revenue from Crude Palm Oil Business:** was Baht 690.48 million, increased by Baht 302.13 million or 77.80% from Q2/2023. This was primarily due to the increase in utilization rate, following the higher volume of fresh palm fruit bunches entering the production process, which has resulted in higher crude palm oil extraction. Additionally, the average selling price of crude palm oil has risen due to concerns over the Israel-Palestine conflict and the increase in demand for palm oil in India, leading to higher demands for crude palm oil stocks.
- **Cost of Goods Sold of Crude Palm Oil Business:** was Baht 575.63 million, increased by Baht 199.56 million or 53.07% from Q2/2023 as the Company increased its purchase of fresh palm fruit bunches, the main raw material in the production process, by 51,544 tons, or 94.49%.
- **Gross Profit from Crude Palm Oil Business:** was Baht 114.85 million, increased by Baht 102.57 million or 835.15% from Q2/2023, while Gross Profit Margin from Crude Palm Oil Business was 16.63%, increased from 3.16% in Q2/2023 mainly due to the increase in revenue from Crude Palm Oil, while the Gross Profit Margin improved primarily due to the higher selling price of crude palm oil. In addition, the Company's higher utilization rate has also led to lower cost per unit due to economies of scale.

QoQ: Q2/2024 vs Q1/2024

- **Revenue from Crude Palm Oil Business:** was Baht 690.48 million, increased by Baht 453.77 million or 191.70% from Q1/2024, mainly due to the increase in utilization rate following the higher volume of fresh palm fruit bunches entering the production process, which has resulted in higher crude palm oil extraction. Additionally, extraction plant has resumed after the maintenance shutdown during February 2024 allowing the Company to fully utilize its production capacity more efficiently during this quarter.
- **Cost of Goods Sold of Crude Palm Oil Business:** was Baht 575.63 million, increased by Baht 339.82 million or 144.11% from Q1/2024 as the Company increased its purchase of fresh palm fruit bunches, the main raw material in the production process, by 60,854 tons, or 134.52%.
- **Gross Profit from Crude Palm Oil Business:** was 114.85 million, increased by Baht 113.95 million or 12,735.35% from Q1/2024, while Gross Profit Margin from Crude Palm Oil Business was 16.63%, increased from 0.38% in Q1/2024 mainly due to the increase in revenue from Crude Palm Oil, while the Gross Profit Margin improved primarily due to the higher selling price of crude palm oil. In addition, the Company's higher utilization rate has also led to lower cost per unit due to economies of scale.

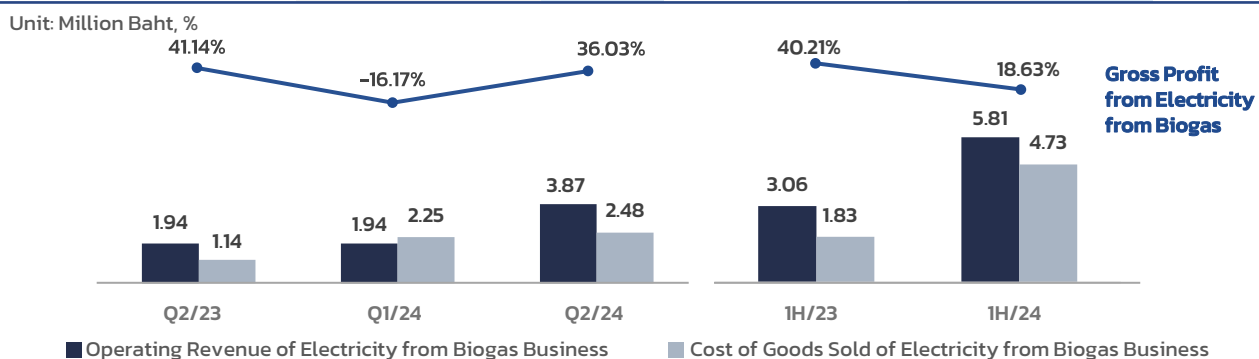
YoY: 1H/2024 vs 1H/2023

- **Revenue from Crude Palm Oil Business:** was Baht 927.18 million, increased by Baht 191.02 million or 25.95% from 1H/2023, mainly due to increase in utilization rate, following the higher volume of fresh palm fruit bunches entering the production process, which has resulted in higher crude palm oil extraction. Additionally, the average selling price of crude palm oil has risen due to concerns over the Israel-Palestine conflict and the increase in demand for palm oil in India, leading to higher demands for crude palm oil stocks.
- **Cost of Goods Sold of Crude Palm Oil Business:** was Baht 811.44 million, increased by Baht 108.67 million or 15.46% from 1H/2023, as the Company increased its purchase of fresh palm fruit bunches, the main raw material in the production process, by 41,56 tons or 37.86%.
- **Gross Profit from Crude Palm Oil Business:** was Baht 115.74 million, increased by Baht 82.36 million or 246.67% from 1H/2023, while Gross Profit Margin from Crude Palm Oil Business was 12.48%, increased from 4.54% in 1H/2023 mainly due to the increase in revenue from Crude Palm Oil, while the Gross Profit Margin improved primarily due to the higher selling price of crude palm oil. In addition, the Company's higher utilization rate has also led to lower cost per unit due to economies of scale.

2. Electricity from Biogas Business

➤ Operating Results of Sales Electricity to Provincial Electricity Authority (PEA)

Operating Results of Electricity from Biogas Business	Q2/23	Q1/24	Q2/24	Change +/-		1H/23	1H/24	Change +/-
Unit: Million Baht				%YoY	%QoQ			%YoY
Operating Revenue from Electricity from Biogas Business	1.94	1.94	3.87	100.11%	99.98%	3.06	5.81	89.74%
Cost of Goods Sold of Electricity from Biogas Business	1.14	2.25	2.48	117.50%	10.12%	1.83	4.73	158.20%
Gross Profit from Electricity from Biogas	0.80	(0.31)	1.40	75.24%	545.68%	1.23	1.08	(12.09%)



For the Electricity from Biogas Business, the Company has no raw material costs in production since the raw material used is wastewater from the crude palm oil production process. This wastewater is treated to produce biogas, which is then used to generate electricity. Therefore, the majority of the costs come from depreciation, consumable materials, spare parts for repairs, and employee compensation in the production department. The details are explained as follows:

YoY: Q2/2024 vs Q2/2023

- **Revenue from Electricity from Biogas Business:** was Baht 3.87 million, increased by Baht 1.94 million or 100.11% from Q2/2023. This was primarily due to the increased in electricity generation capacity from the installation of additional power-generating machine during Q3/2023. In addition, the amount of wastewater generated from the crude palm oil production process also increased, leading to higher electricity production.
- **Cost of Goods Sold of Electricity from Biogas Business:** was Baht 2.48 million, increased by Baht 1.34 million or 117.50% from Q2/2023 as a result from the depreciation cost of the additional machinery installed during Q3/2023.
- **Gross Profit Margin of Electricity from Biogas Business:** was Baht 1.40 million, increased by Baht 0.60 million or 75.24% from Q2/2023 mainly due to the increase in revenue from electricity sales. While Gross Profit Margin from Electricity from Biogas Business was 36.03%, decreased from 41.14% in Q2/2023 mainly due to the increase in depreciation cost from the installation of the additional power-generating machine during Q3/2023.

QoQ: Q2/2024 vs Q1/2024

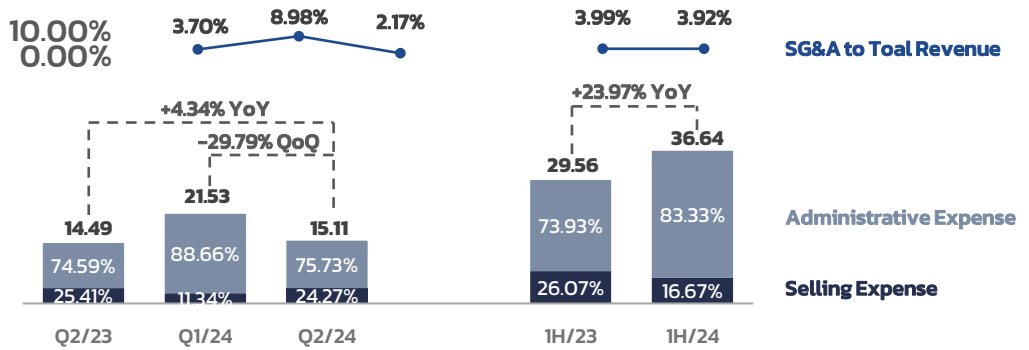
- **Revenue from Electricity from Biogas Business:** was Baht 3.87 million, increased by Baht 1.94 million or 99.98% from Q1/2024 mainly due to the increase in wastewater generated from the crude palm oil production process, leading to higher electricity production.
- **Cost of Goods Sold of Electricity from Biogas Business:** was Baht 2.48 million, slightly increased by Baht 0.23 million or 10.12% from Q1/2024 mainly due to increase in expenses related to the restructuring of the management system.
- **Gross Profit Margin of Electricity from Biogas Business:** was Baht 1.40 million, increased by Baht 1.71 million or 545.68% from Q1/2024. While Gross Profit Margin from Electricity from Biogas Business was 36.03%, increased from (16.17%) in Q1/2024 corresponding to the increase in revenue from electricity.

YoY: 1H/2024 vs 1H/2023

- **Revenue from Electricity from Biogas Business:** was Baht 5.81 million, increased by Baht 2.75 million or 89.74% from 1H/2023. This was primarily due to the increased in electricity generation capacity from the installation of additional power-generating machine during Q3/2023. In addition, the amount of wastewater generated from the crude palm oil production process also increased, leading to higher electricity production.
- **Cost of Goods Sold of Electricity from Biogas Business:** was Baht 4.73 million, increased by Baht 2.90 million or 158.20% from 1H/2023 mainly due to the increase in revenue from electricity sales and the increase in expenses related to the restructuring of the management system.
- **Gross Profit Margin from Electricity from Biogas Business:** was Baht 1.08 million, slightly decreased by Baht 0.15 million or 12.09% from 1H/2023, resulting from the decrease in revenue from electricity sales. While Gross Profit Margin from Electricity from Biogas Business was 18.63%, decreased from 40.21% in 1H/2023 mainly due to the increase in depreciation cost from the installation of the additional power-generating machine during Q3/2023 and the increase in expenses related to the restructuring of the management system.

Selling, General and Administrative Expenses

Unit: Million Baht, %



YoY: Q2/2024 vs Q2/2023

SG&A: In Q2/2024, the Company recorded Selling, General, and Administrative Expenses of Baht 15.11 million, increased by Baht 0.63 million or 4.34% from Q2/2023 due to the increase in expenses corresponding to the increase in sales

SG&A to Total Revenue: was 2.17%, improved from 3.70% in Q2/2023 due to the increase in operating revenue

QoQ: Q2/2024 vs Q1/2024

SG&A: In Q2/2024, the Company recorded Selling, General, and Administrative Expenses of Baht 15.11 million, increased by Baht 6.41 million or 29.79% from Q1/2024 mainly from the decrease in administrative expenses as in the Q1/2024, the Company incurred special expenses related to entering the Stock Exchange of Thailand and setting aside provisions for non-operational assets.

SG&A to Total Revenue: was 2.17%, improved from 8.98% in Q1/2024 corresponding to the increase in the operating revenue and the decrease in administrative expenses due to recognition of special expenses related to entering the Stock Exchange of Thailand and setting aside provisions for non-operational assets.

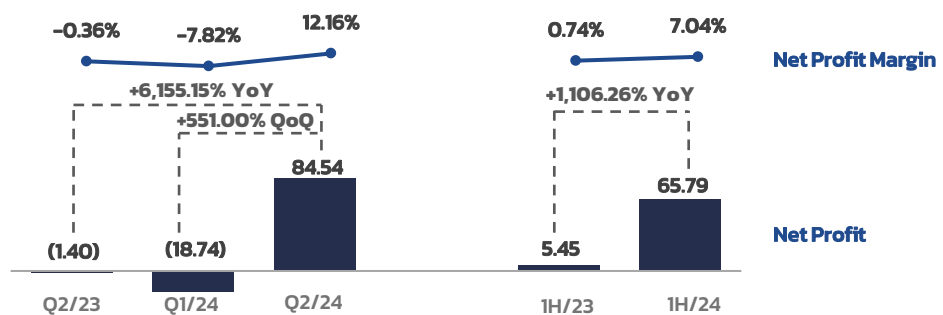
YoY: 1H/2024 vs 1H/2023

SG&A: In 1H/2024, the Company recorded Selling, General, and Administrative Expenses of Baht 36.64 million, increased by Baht 7.08 million or 23.97% from 1H/2023 mainly due to the increase in expenses corresponding to the increase in sales. In addition, the Company incurred special expenses related to entering the Stock Exchange of Thailand and setting aside provisions for non-operational assets.

SG&A to Total Revenue: was 3.92%, improved from 3.99% in 1H/2023 corresponding to the increase in operating revenue.

Net Profit and Net Profit Margin

Unit: Million Baht, %



YoY: Q2/2024 vs Q2/2023

Net Profit: In Q2/2024, the Company recorded Net Profit of Baht 84.54 million, increased by Baht 85.94 million or 6,155.15% from Q2/2023 mainly from the increase in the operating revenue.

Net Profit Margin: In Q2/2024, the Company recorded Net Profit Margin of 12.16%, increased from (0.36%) in Q2/2023 due to the increase in the operating revenue and the decrease in cost per unit.

QoQ: Q2/2024 vs Q1/2024

Net Profit: In Q2/2024, the Company recorded Net Profit of Baht 84.54 million, increased by Baht 103.28 million or 551.00% from Q1/2024 corresponding to the increase in the operating revenue.

Net Profit Margin: In Q2/2024, the Company recorded Net Profit Margin of 12.16%, increased from (7.82%) in Q1/2024 mainly from the increase in the operating revenue and the decrease in cost per unit.

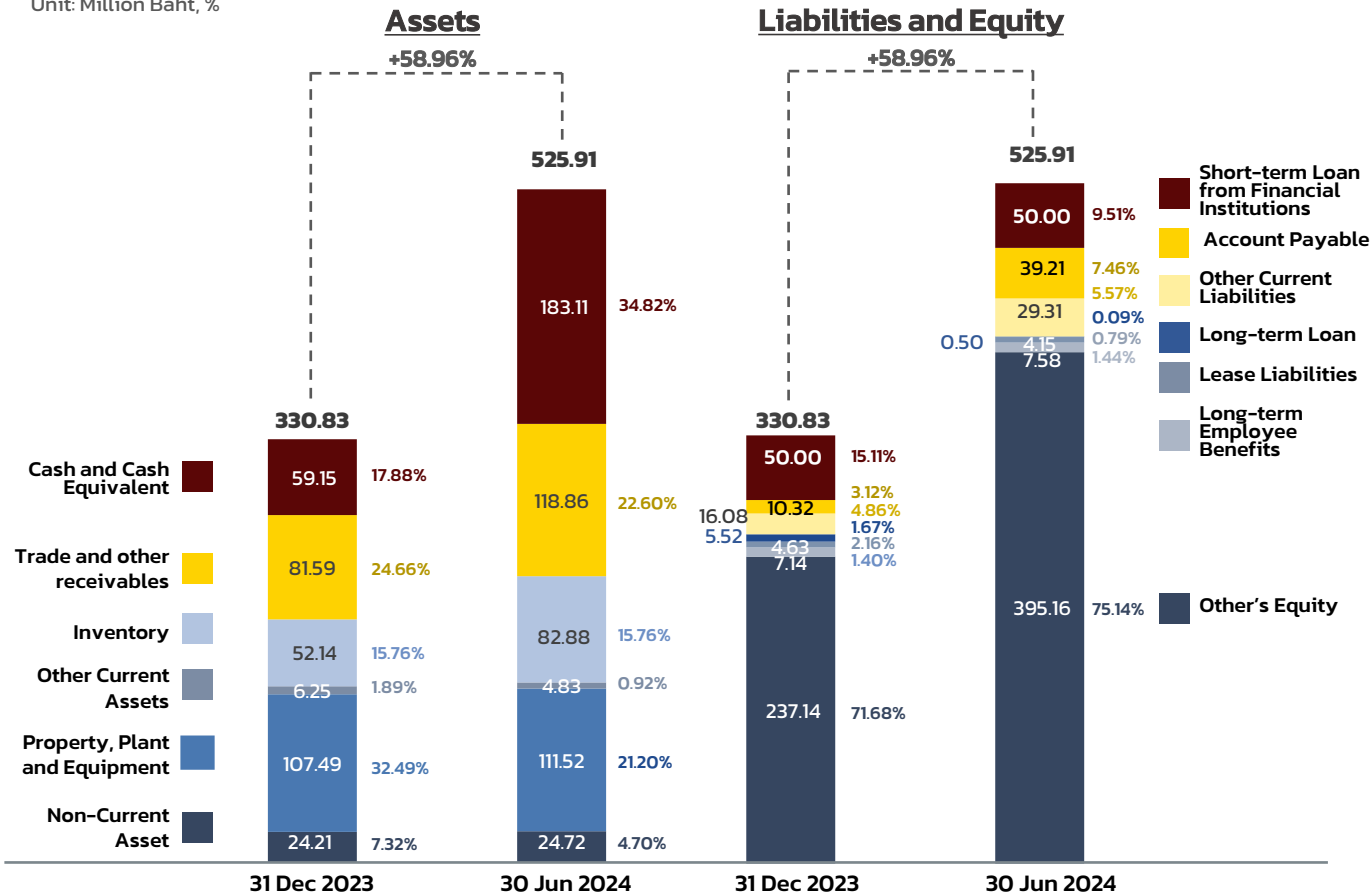
YoY: 1H/2024 vs 1H/2023

Net Profit: In 1H/2024, the Company recorded Net Profit of Baht 65.79 million, increased by Baht 60.34 million or 1,106.26% from 1H/2023 due to the increase in the operating revenue.

Net Profit Margin: In 1H/2024, the Company recorded Net Profit Margin of 7.04%, increased by 0.74% in 1H/2023 mainly due to the increase in the operating revenue and the decrease in a cost per unit.

Statement of Financial Position

Unit: Million Baht, %



» Total Assets

As of 30 June 2024, the Total Assets of the Company was Baht 525.91 million, increased by Baht 195.07 million or 58.96% from 31 December 2023. The significant changes are as follows:

- **Cash and Cash Equivalent:** was Baht 183.11 million, increased by Baht 123.96 million corresponding to the increase in operating revenue
- **Trade and Other Receivable:** was Baht 118.86 million, increased by Baht 37.27 million corresponding to the increase in sales
- **Inventory:** was Baht 82.88 million, increased by Baht 30.74 million corresponding to the increase in sales
- **Property, Plant and Equipment** was Baht 111.52 million, increased by Baht 4.03 million due to the purchase and maintenance of machineries in the production line

» Total Liabilities

As of 30 June 2024, the Total Liabilities of the Company was Baht 130.75 million, increased by Baht 37.06 million or 39.55% from 31 December 2023. The significant changes are as follows:

- **Account Payable:** was Baht 39.21 million, increased by Baht 28.89 million mainly due to the increase in the purchase of raw materials for the production process
- **Long-term Loan:** was Baht 0.50 million, decreased by Baht 5.03 million due to the settlement of long-term loan to financial institutions

» Total Shareholder's Equity

As of 30 June 2024, the Total Shareholder's Equity of the Company was Baht 395.16 million, increased by Baht 158.02 million or 66.63% from 31 December 2023 mainly due to the Company's Initial Public Offering (IPO) on the Stock Exchange of Thailand, with a paid-up capital of Baht 170.00 million.

Key Financial Ratios

1. Liquidity Ratios

Current Ratio

Unit: Times



Q2/23

Q1/24

Q2/24

Quick Ratio

Unit: Times



Q2/23

Q1/24

Q2/24

2. Leverage Ratios

D/E ratio

Unit: Times



Q2/23

Q1/24

Q2/24

IBD/E Ratio

Unit: Times



Q2/23

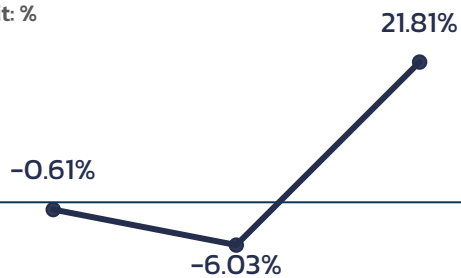
Q1/24

Q2/24

3. Profitability Ratios

ROE

Unit: %



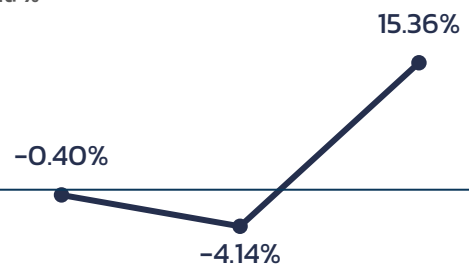
Q2/23

Q1/24

Q2/24

ROA

Unit: %



Q2/23

Q1/24

Q2/24