



**Asian Palm Oil Public Company Limited**

# **MANAGEMENT DISCUSSION & ANALYSIS**

**Q3/2024**





## Executive Summary

Operating Highlights	Q3/23	Q2/24	Q3/24	Change +/-		9M/23	9M/24	Change +/-
Unit: Million Baht				%YoY	%QoQ			%YoY
<b>Operating Revenue</b>	<b>409.90</b>	<b>694.35</b>	<b>589.03</b>	<b>43.70%</b>	<b>(15.17%)</b>	<b>1,149.12</b>	<b>1,522.02</b>	<b>32.45%</b>
- Crude Palm Oil Business	407.91	690.48	584.14	43.20%	(15.40%)	1,144.07	1,511.32	32.10%
- Electricity from Biogas Business	2.00	3.87	4.89	145.02%	26.21%	5.06	10.70	111.55%
Cost of goods sold	384.94	578.11	514.79	33.73%	(10.95%)	1,089.54	1,330.96	22.16%
<b>Gross Profit</b>	<b>24.96</b>	<b>116.24</b>	<b>74.24</b>	<b>197.38%</b>	<b>(36.14%)</b>	<b>59.58</b>	<b>191.06</b>	<b>220.67%</b>
Other Income	0.12	0.76	0.25	109.47%	(67.29%)	2.47	2.18	(11.84%)
Selling and Distribution Expenses	4.32	3.67	4.34	0.63%	18.40%	12.02	10.45	(13.05%)
Administrative Expenses	11.34	11.45	11.57	2.10%	1.12%	33.19	42.11	26.88%
Financial Cost	0.48	0.66	0.27	(44.09%)	(59.68%)	1.88	1.20	(35.88%)
<b>Profit (loss) before Income Tax</b>	<b>8.95</b>	<b>101.23</b>	<b>58.30</b>	<b>551.08%</b>	<b>(42.40%)</b>	<b>14.97</b>	<b>139.48</b>	<b>831.87%</b>
Tax Expenses	(0.15)	16.69	12.16	8,050%	(27.14%)	0.41	27.54	6,691.96%
<b>Net profit (Loss) for the Company</b>	<b>9.11</b>	<b>84.54</b>	<b>46.14</b>	<b>406.62%</b>	<b>(45.42%)</b>	<b>14.56</b>	<b>111.93</b>	<b>668.67%</b>

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

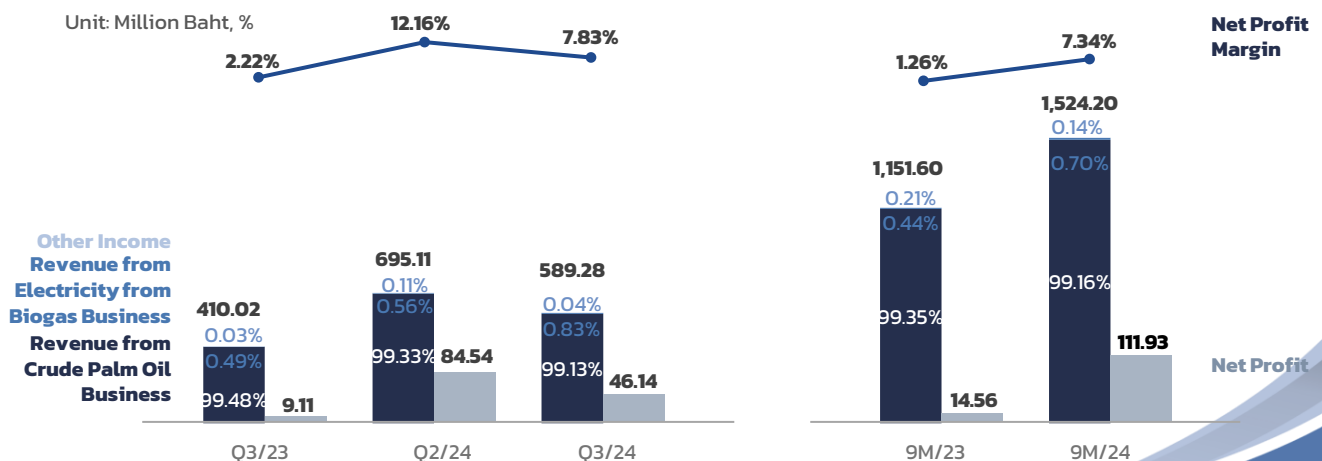
In 9M/2024, the Company recorded Operating Revenue of Baht 1,522.02 million, increased by Baht 372.90 million or 32.45% from 9M/2023, while **Gross Profit Margin** was 12.55%, increased from 5.18% in 9M/2023 mainly due to the growth from both the Crude Palm Oil Business and Electricity from Biogas Business which can be explained as follows:

 **Crude Palm Oil Business** recorded Operating Revenue of Baht 1,511.32 million, increased by Baht 367.26 million or 32.10% from 9M/2023 while **Gross Profit Margin from Crude Palm Oil Business** was 12.48%, increased from 5.14% in 9M/2023 due to the higher volume of fresh fruit bunches, which is the main raw material for production, and benefits from the Asia Plus+ project, a collaboration project with local farmers to improve the quality of raw materials, resulting in a higher crude palm oil extraction rate. However, the quantity and quality of the fresh fruit bunches, being an agricultural product (commodity), also fluctuates with weather conditions and seasonal factors. This results in varying amounts of fresh fruit bunches entering the production process each quarter. For this reason, the Company has been forecasting the quantity of fresh fruit bunches in advance and planning production accordingly to address these seasonal factors.

 **Electricity from Biogas Business** recorded Operating Revenue of Baht 10.70 million, increased by Baht 5.64 million or 111.55% from 9M/2023 while **Gross Profit Margin from Electricity from Biogas Business** was 23.26%, increased from 15.28% in 9M/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 crude palm oil production also increased, leading to higher electricity production.

In Q4/2024, the Company expects the **Crude Palm Oil Business** to remain stable, driven by the anticipated increase in fresh fruit bunch prices due to the seasonal decrease in market availability. At the same time, palm oil prices are expected to increase, primarily due to higher demand for crude palm oil for consumption and energy use. To manage the risk of fresh fruit bunch price fluctuations, the Company has planned its procurement strategy, focusing on purchasing fresh fruit bunch mainly from farmers in the Asian Plus+ program. This approach does not only help to control costs effectively but also ensures high quality of fresh fruit bunches, leading to consistently high oil extraction rates. As for the **Electricity from Biogas Business**, with increased production capacity, the Company remains committed to improving system stability by reducing wastewater used in electricity production to enhance efficiency per unit of power generated. In addition, the Company continues to explore opportunities to expand its electricity generation capacity in line with the 2024 Power Development Plan (PDP), which emphasizes increased clean energy production, fostering continuous and sustainable growth for the Company

### Revenue Breakdown by Business, Net Profit and Net Profit Margin



## Q3/2024 Significant Events

### 01 The Company has received RSPO certification, reinforcing its position as a sustainable palm oil producer



The Company received RSPO (Roundtable on Sustainable Palm Oil) certification on September 30, 2024, reaffirming its commitment to producing sustainable palm oil according to international standards. The Company is now accepting applications for the second phase of membership to expand its network of farmers, aiming for 100 members. Members will have the opportunity to participate in training programs to develop agricultural skills such as palm plantation management, efficient fertilizer use, cost control planning, and safety, as well as raising awareness of environmental and health impacts on farmers to improve their quality of life and promote sustainable palm oil production.

### 02 The Company visited farmers' palm plantations to provide guidance on effective palm plantation management



The Company visited the palm plantations of farmers involved in the Asian Plus+ project to provide guidance on effective palm plantation management. These techniques aim to increase both the quantity and quality of yields, while reducing maintenance costs, ensuring a stable income for farmers. In addition, the visit strengthens the relationship between the Company and its partner farmers, demonstrating the Company's commitment to supporting sustainable agricultural development.

### 03 The Company donated 30,000 baht to the Ao Luk Tai School women's rugby team



The Company has donated Baht 30,000 to the women's rugby team of Ao Luk Tai School to support their participation in the 2024 Thailand Regional Rugby Championship. This sponsorship reflects the Company's commitment to being part of the youth development process, helping young people grow both physically and mentally through sports. In addition, this initiative have strengthened the Company's relationship with the community and promotes the development of local sports.

## ESG Goals Aligned with (SDGs)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



The Company recognizes the limited natural resources and therefore applies the circular economy model in line with its business strategy.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



The Company is committed to driving sustainable industrial development by enhancing its competitiveness through technological advancement. The Company has been researching and developing environmentally friendly production innovations.

8 DECENT WORK AND ECONOMIC GROWTH



The Company is committed to growing together with local farmers by establishing the Asian Plus+ project to develop the knowledge and skills of local farmers. This will help create a stable income, stimulate the local economy, and contribute positively to the sustainable development of the area.

## Implementing RSPO practices

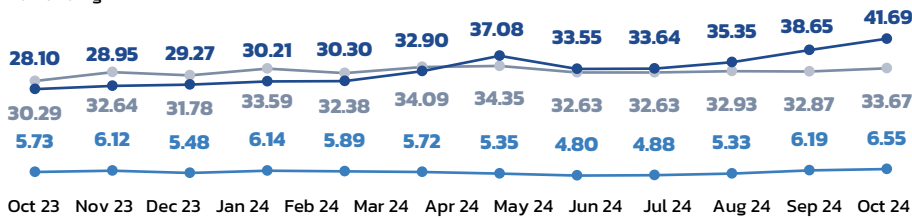
The Company has been certified by RSPO, an international certification recognizing sustainable palm oil cultivation and production. The Company adheres to a comprehensive set of criteria covering economic, social, environmental, and labor aspects as follows:

1. Environmental Protection: Palm oil cultivation must not destroy ecologically significant forests, and greenhouse gas emissions from related activities must be reduced.
2. Labor Care: The Company prioritizes the rights and welfare of workers, such as fair wages, safe working conditions, and the prohibition of child labor or forced labor.
3. Economic and Social Development: Promoting development in local communities and supporting smallholder farmers to access resources and technologies to increase productivity.
4. Efficient Use of Natural Resources: Proper use of chemicals and fertilizers to reduce environmental impact and increase production efficiency.

# Palm Oil Industry Update

## Price Trends in Palm Oil Business

Unit: Baht/Kg



Changes (Baht/kg)

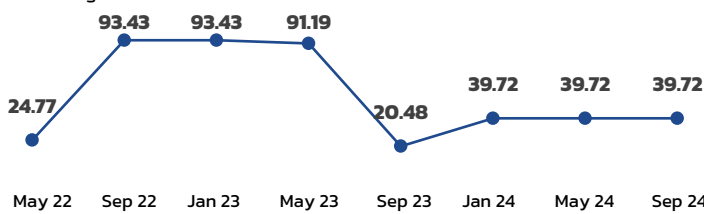
- Crude Palm Kernel Oil (+48.36%)
- Crude Palm Oil (+11.16%)
- Fresh Fruit Bunch (14.31%)

Source: Department of Internal Trade

During the fourth quarter, Crude palm oil prices is expected to continue to increase due to the decrease in fresh fruit bunch (FFB) production in the domestic market, influenced by seasonality factors, contrasting with the ongoing demand for crude palm oil for both consumption and energy purposes. In addition, Malaysia is experiencing an increase in demand for crude palm oil, while Indonesia is also increasing its crude palm oil requirements for the biodiesel production, with a biodiesel blend ratio set to increase from 35% to 40% in 2025. This adjustment will lead to an additional demand of 400,000–500,000 tons per quarter, which will play a key role in driving global crude palm oil prices to be higher.

## Ft Rate Trend

Unit: Baht/Kg



Source: Provincial Electric Authority

FT (Fuel Adjustment Cost) in Thailand has decreased after reaching a record high in 2023. For 2024, the FT is expected to stabilize at a moderate level due to two main factors: 1) The anticipated decrease in the Pool gas price, driven by decreasing global gas prices, the strengthening of Thai Baht, and the increased in proportion of domestic gas production; 2) the delay/extension of the repayment period for the accumulated fuel adjustment (AF) of the Electricity Generating Authority of Thailand (EGAT).

## APO Strategic Direction

2024

2025

2026

### Strengthening capabilities

- Strengthening the Asian Plus+ project
- Enhance operational efficiency to generate sustainable profit margins

### Sustainable growth

- Developing automated machinery systems to increase profit margins
- Expanding into cultivation (upstream business)
- Exploring business opportunities in extracting oil from palm kernels

### Leading palm oil producer in the country

- Continuously increase production capacity
- Exploring business opportunities in international markets

## APO Strategy



### Sourcing Excellence

The Company has launched the "Asian Plus+" project to educate partner farmers on proper harvesting technique for fresh fruit bunches (FFB), aiming to maintain a consistently high oil extraction rate of crude palm oil.



### Operational Improvement

Enhancing long-term production efficiency through the development of automatic system which will help reduce costs and minimize losses during the production process, as well as decrease greenhouse gas emissions.



### Proactive Marketing

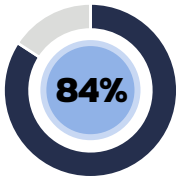
The Company has proactive marketing strategies and ensures to diversify its customer base in order to reduce risks and increase opportunities for continuous growth.



### Synergy Business

The Company utilizes wastewater from crude palm oil production as a raw material for biomass energy generation, promoting business diversification and enhance future profitability.

## Operating Revenue Structure

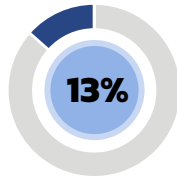


### Crude Palm Oil (CPO)



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

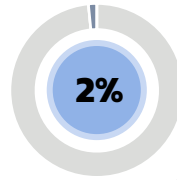


### Palm Kernel (PK)



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:

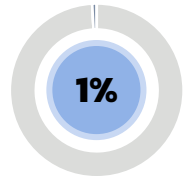
- Cosmetic Industry
- Bakery Industry



### By-Products <sup>/1</sup>



- 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 (VSP) to produce electricity from renewable energy at the maximum amount of 1MW at 33,000 volts.

Remarks: <sup>/1</sup> By-products include Palm Kernel (Shells), Empty Fruit Bunches, and Palm Acid Oil (PAO)

## Q3/2024 Overall Operating Results

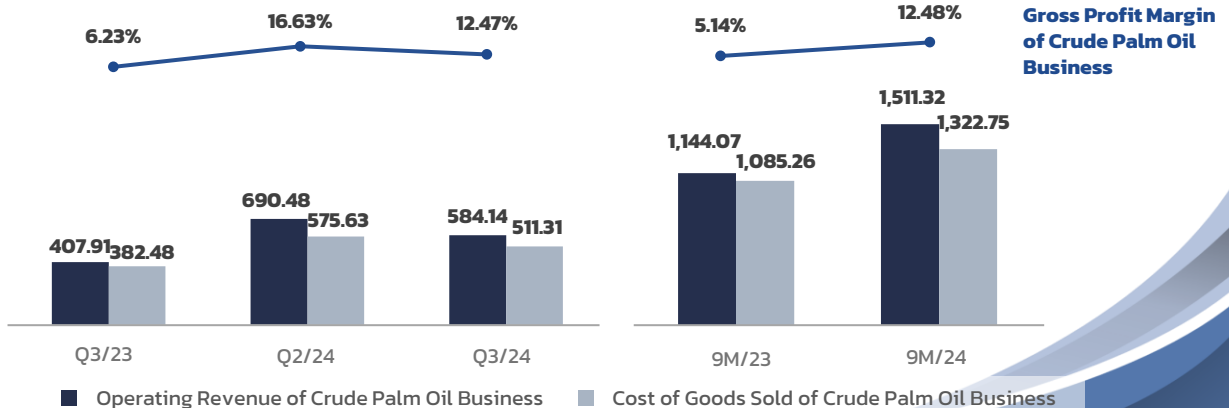
### Revenue Analysis

#### 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	Q3/23	Q2/24	Q3/24	Change +/-		9M/23	9M/24	Change +/-
Unit: Million Baht				%YoY	%QoQ			%YoY
Crude Palm Oil (CPO)	341.25	589.93	495.91	45.32%	(15.94%)	980.03	1,279.10	30.52%
Palm Kernel (PK)	51.57	85.85	79.05	53.31%	(7.91%)	130.04	199.77	53.62%
By Products	15.09	14.70	9.17	(39.22%)	(37.58%)	34.00	32.45	(4.56%)
<b>Operating Revenue from Crude Palm Oil Business</b>	<b>407.91</b>	<b>690.48</b>	<b>584.14</b>	<b>43.20%</b>	<b>(15.40%)</b>	<b>1,144.07</b>	<b>1,511.32</b>	<b>32.10%</b>
Cost of Goods Sold of Crude Palm Oil Business	382.48	575.63	511.31	33.68%	(11.17%)	1,085.26	1,322.75	21.88%
<b>Gross Profit from Crude Palm Oil Business</b>	<b>25.42</b>	<b>114.85</b>	<b>72.83</b>	<b>186.49%</b>	<b>(36.58%)</b>	<b>58.81</b>	<b>188.57</b>	<b>220.66%</b>

Unit: Million Baht, %



## > Key Drivers

Production Capacity	Unit	Q3/23	Q2/24	Q3/24
Installed Production Capacity	Tons	108,000.00	108,000.00	108,000.00
Utilization Rate	%	59.40%	98.23%	71.91%
Crude Palm Oil Extraction Rate (OER)	%	18.73%	16.25%	19.12%
Crude Palm Oil Produced	Tons	12,016.00	17,242.00	14,846.40
Crude Palm Oil Sale Volume	Tons	11,373.00	17,742.00	15,122.00
Palm Kernel Sale Volume	Tons	3,510.00	5,131.00	4,337.00

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, with prices fluctuating based on market supply and demand. 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, this depends on the output obtained from the palm oil extraction process, where the yield 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 seasonality 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: Q3/2024 vs Q3/2023

- **Revenue from Crude Palm Oil Business:** was Baht 584.14 million, increased by Baht 176.23 million or 43.20% from Q3/2023, mainly due to the increased in utilization rate from the higher volume of fresh fruit bunches being processed, leading to higher crude palm oil extraction. In addition, the average selling price of crude palm oil also increased due to concerns about the Israel-Palestine conflict, as well as the increased in demand for palm oil in India and the export tax barriers imposed by Malaysia, leading to the increased in demand for crude palm oil stocks.
- **Cost of Goods Sold of Crude Palm Oil Business:** was Baht 511.31 million, increased by Baht 128.82 million or 33.68% from Q3/2023 due to the Company's increased procurement of fresh fruit bunches, the main raw material for production, by 13,506.80 tons or 21.05%.
- **Gross Profit from Crude Palm Oil Business:** was Baht 72.83 million, increased by Baht 47.41 million or 186.49% from Q3/2023, while **Gross Profit Margin from crude palm oil business** was 12.47%, increased from 6.23% in Q3/2023 mainly due to the increase in revenue from crude palm oil corresponding to the higher selling price of crude palm oil, along with the higher utilization rate leading to lower costs per unit and economies of scale.

### QoQ: Q3/2024 vs Q2/2024

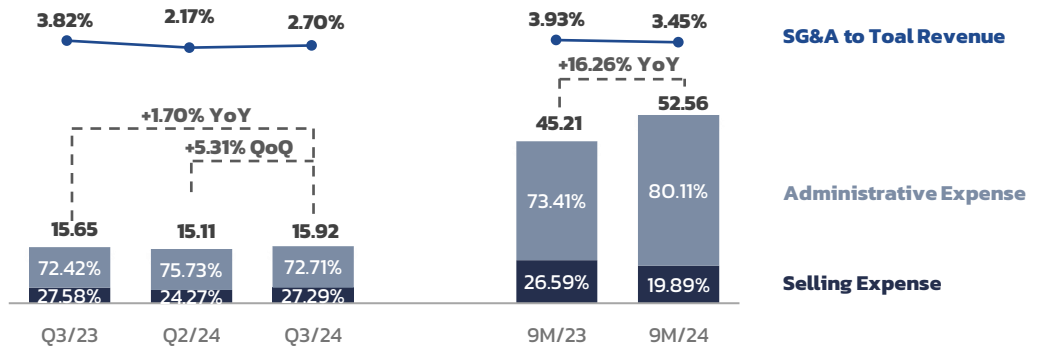
- **Revenue from Crude Palm Oil Business:** was Baht 584.14 million, decreased by Baht 106.34 million or 15.40% from Q2/2024, mainly due to the decrease in utilization rate from the decrease in the quantity of fresh fruit bunches entering the production process, resulting in lower crude palm oil extraction. The decrease was affected by weather conditions and seasonality factors.
- **Cost of Goods Sold of Crude Palm Oil Business:** was Baht 511.31 million, decreased by Baht 64.32 million or 11.17% from Q2/2024, due to the decrease in the purchase of fresh fruit bunches, the main raw material for the production process.
- **Gross Profit from Crude Palm Oil Business:** was Baht 72.83 million, decreased by Baht 42.02 million or 36.58% from Q2/2024, while **Gross Profit Margin from Crude Palm Oil Business** was 12.47%, decreased from 16.63% in Q2/2024 mainly due to the decrease in revenue from crude palm oil sales and higher raw material costs corresponding to the decrease in volume of fresh fruit bunches entering the production process and the higher price of fresh fruit bunches, due to the seasonality factors. However, the Company remains committed to continuously improving production efficiency by implementing the "Asian Plus+" project to obtain higher quality fresh fruit bunches and to increase crude palm oil extraction rate. In this quarter, the Company achieved a higher crude palm oil extraction rate of 19.12%, increased from 16.25%.

### YoY: 9M/2024 vs 9M/2023

- **Revenue from Crude Palm Oil Business:** was Baht 1,511.32 million, increased by Baht 367.26 million or 32.10% from 9M/2023, mainly due to the increase in utilization rate, resulting from the higher volume of fresh fruit bunches entering the production process, leading to higher crude palm oil extraction. In addition, the average selling price of crude palm oil increased due to concerns about the Israel-Palestine conflict, as well as the increased in demand for palm oil in India and export tax barriers imposed by Malaysia, leading to the increased in demand for crude palm oil stocks.
- **Cost of Goods Sold of Crude Palm Oil Business:** was Baht 1,322.75 million, increased by Baht 237.49 million or 21.88% from 9M/2023 due to the Company's increased procurement of fresh fruit bunches, the main raw material for production, by 55,063.80 tons or 31.66%.
- **Gross Profit from Crude Palm Oil Business:** was Baht 188.57 million, increased by Baht 129.77 million or 220.66% from 9M/2023, while **Gross Profit Margin from Crude Palm Oil Business** was 12.48%, increased from 5.14% in 9M/2023 mainly due to the increase in revenue from crude palm oil sales corresponding to the higher selling price of crude palm oil, along with the higher utilization rate leading to lower costs per unit and economies of scale.

## Selling, General and Administrative Expenses

Unit: Million Baht, %



### YoY: Q3/2024 vs Q3/2023

**SG&A:** In Q3/2024, the Company recorded Selling and Administrative Expenses of Baht 15.92 million, slightly increased by Baht 0.27 million or 1.70% from Q3/2023 mainly due to the increase in administrative expenses corresponding to the increase in sales.  
**SG&A to Total Revenue:** In Q3/2024, the Company recorded SG&A to Total Revenue of 2.70%, improved from 3.82% in Q3/2023 corresponding to the increase in operating revenue.

### QoQ: Q3/2024 vs Q2/2024

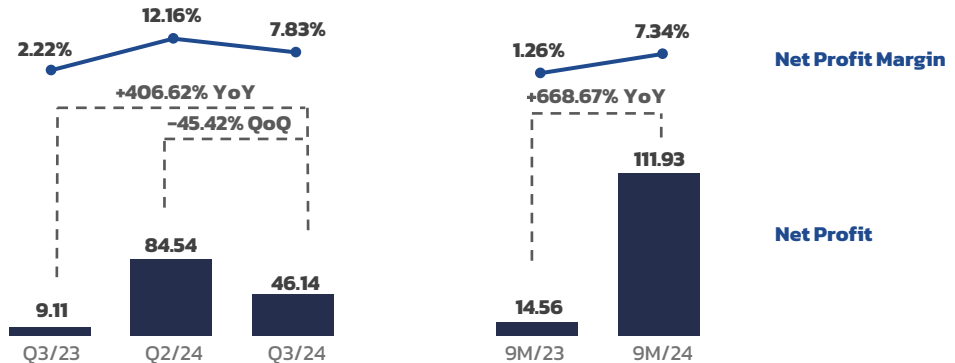
**SG&A:** In Q3/2024, the Company recorded Selling and Administrative Expenses of Baht 15.92 million, increased by Baht 0.80 million or 5.31% from Q2/2024 mainly due to the increase in selling expenses from marketing activities.  
**SG&A to Total Revenue:** In Q3/2024, the Company recorded SG&A to Total Revenue of 2.70%, increased from 2.17% in Q2/2024 corresponding to the increase in selling expenses from marketing activities.

### YoY: 9M/2024 vs 9M/2023

**SG&A:** In 9M/2024, the Company recorded Selling and Administrative Expenses of Baht 52.56 million, increased by Baht 7.35 million or 16.26% from 9M/2023 mainly due to the increase in administrative expenses corresponding to the increase in sales. In addition, the Company incurred special expenses related to its initial public offering (IPO) and the allowance for impairment of unused assets.  
**SG&A to Total Revenue:** In 9M/2024, the Company recorded SG&A to Total Revenue of 3.45%, improved from 3.93% in 9M/2023 corresponding to the increase in operating revenue.

## Net Profit and Net Profit Margin

Unit: Million Baht, %



### YoY: Q3/2024 vs Q3/2023

**Net Profit:** In Q3/2024, the Company recorded Net Profit of Baht 46.14 million, increased by Baht 37.03 million or 406.62% from Q3/2023 mainly due to the increase in the operating revenue.  
**Net Profit Margin:** In Q3/2024, the Company recorded Net Profit Margin of 7.83%, increased from 2.22% in Q3/2023 mainly due to the increase in the operating revenue and the decrease in cost per unit.

### QoQ: Q3/2024 vs Q2/2024

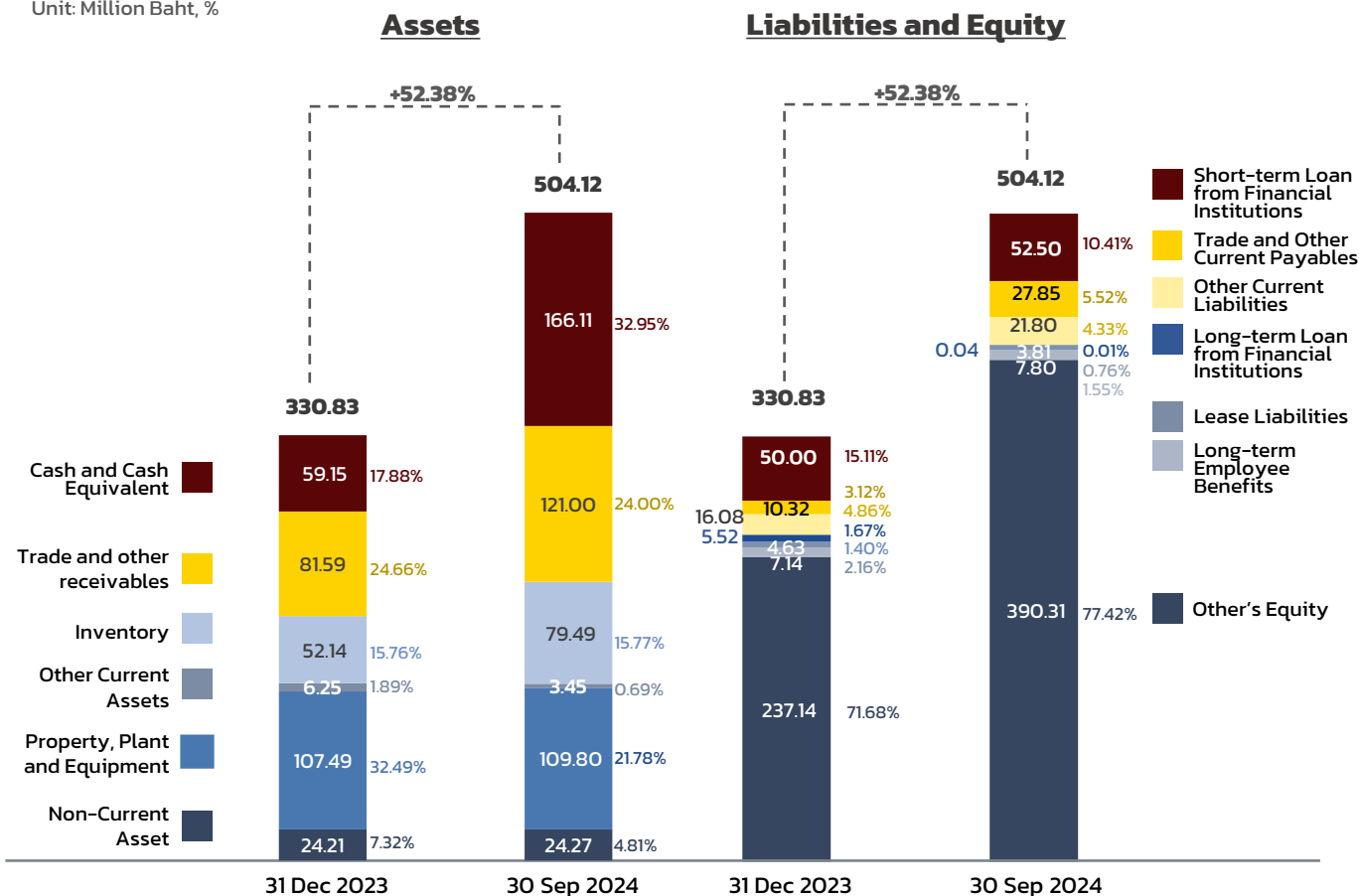
**Net Profit:** In Q3/2024, the Company recorded Net Profit of Baht 46.14 million, decreased by Baht 38.40 million or 45.42% from Q2/2024 corresponding to the decrease in the operating revenue.  
**Net Profit Margin:** In Q3/2024, the Company recorded Net Profit Margin of 7.83%, decreased from 12.16% in Q2/2024 mainly due to the decrease in the operating revenue.

### YoY: 9M/2024 vs 9M/2023

**Net Profit:** In 9M/2024, the Company recorded Net Profit of Baht 111.93 million, increased by Baht 97.37 million or 668.67% from 9M/2023 due to the increase in the operating revenue.  
**Net Profit Margin:** In 9M/2024, the Company recorded Net Profit Margin of 7.34%, increased by 1.26% in 9M/2023 mainly due to the increase in the operating revenue and the decrease in cost per unit.

# Statement of Financial Position

Unit: Million Baht, %



## » Total Assets

As of 30 September 2024, the Total Assets of the Company was Baht 504.12 million, increased by Baht 173.29 million or 52.38% from 31 December 2023. The significant changes are as follows:

- **Cash and Cash Equivalent:** was Baht 166.11 million, increased by Baht 106.96 million corresponding to the increase in operating revenue
- **Trade and Other Receivable:** was Baht 121.00 million, increased by Baht 39.41 million corresponding to the increase in sales
- **Inventory:** was Baht 79.49 million, increased by Baht 27.35 million corresponding to the increase in sales
- **Property, Plant and Equipment:** was Baht 109.80 million, increased by Baht 2.31 million due to the purchase and maintenance of machinery in the production line

## » Total Liabilities

As of 30 September 2024, the Total Liabilities of the Company was Baht 113.81 million, increased by Baht 20.12 million or 21.47% from 31 December 2023. The significant changes are as follows:

- **Trade and Other Current Payables:** was Baht 27.85 million, increased by Baht 17.53 million due to the increase in the purchase of raw materials for the production process
- **Long-term Loan from Financial Institutions:** was Baht 0.04 million, decreased by Baht 5.48 million from the repayment of long-term loans to financial institutions

## » Total Shareholder's Equity

As of 30 September 2024, the Total Shareholder's Equity of the Company was Baht 390.31 million, increased by Baht 153.17 million or 64.59% from 31 December 2023 mainly due to the Company's Initial Public Offering (IPO) in Q2/2024, which resulted in a paid-up capital of Baht 170.00 million after the offering.



## Key Financial Ratios

### 1. Liquidity Ratios

#### Current Ratio

Unit: Times



YE23

9M/24

#### Quick Ratio

Unit: Times



YE23

9M/24

### 2. Leverage Ratios

#### D/E ratio

Unit: Times



YE23

9M/24

#### IBD/E Ratio

Unit: Times



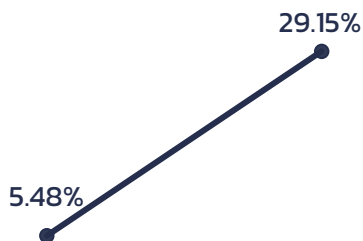
YE23

9M/24

### 3. Profitability Ratios

#### ROE

Unit: %

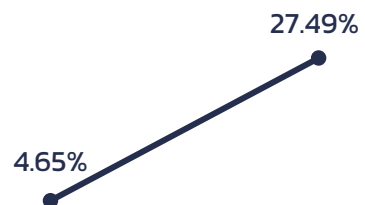


YE23

9M/24

#### ROA

Unit: %



YE23

9M/24