



Asian Palm Oil Public Company Limited

MANAGEMENT

DISCUSSION

& ANALYSIS

2025



APO Strategic Direction

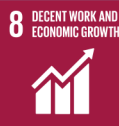
ESG Goals Aligned with (SDGs)



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



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.



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 the RSPO (Roundtable on Sustainable Palm Oil), which is a certification for sustainable palm oil cultivation and production according to international standards. The company adheres to various criteria covering economic, social, environmental, and labor aspects as follows:

- **Environmental protection** : Palm oil cultivation must not destroy ecologically important forest areas, including reducing greenhouse gas emissions from related activities.
- **Labor care** : The company emphasizes labor rights and welfare, such as fair wages, safe working conditions, and the absence of child or forced labor.
- **Economic and social development** : Promote development in local communities and support smallholder farmers in accessing resources and technology to increase productivity.
- **Efficient use of natural resources** : Proper use of chemicals and fertilizers to minimize environmental impact and enhance production efficiency.

APO Strategy



Sourcing Excellence

- Asian Plus+ Project
- Advance raw material procurement planning
- Control raw material costs efficiently
- Build productivity knowledge for the community



Operational Improvement

- Automate machinery
- Increasing Revenue from By-products
- Develop eco-friendly production processes
- Reduce greenhouse gas emissions



Proactive Marketing

- Strengthen proactive marketing strategies to broaden the customer portfolio, reduce dependency risk, and enhance long-term revenue resilience.



SynergyBusiness

- Strengthen business synergy across the value chain
- Generate electricity from biogas
- Expand into plantation (upstream integration)
- Explore palm kernel oil extraction (downstream expansion)

Scaling Value Creation : 2026 Strategic Priorities

"In 2026, the Company expects sustained growth in the palm oil industry, underpinned by its strategic emphasis on a fully integrated value chain. Central to this strategy is the continued execution of the "Asian Plus+" initiative, which strengthens upstream sourcing through close collaboration with smallholders and plantation networks. This program enhances the procurement of high-quality fresh fruit bunches (FFB), mitigates seasonal supply volatility, and supports a consistently competitive Oil Extraction Rate (OER).

The Company is also reinforcing its sustainability leadership through enhanced RSPO standards, strengthening product differentiation and expanding access to international markets. This aligns with solid regional demand driven by clean energy policies, including Indonesia's B40 biodiesel mandate, as well as growth in the global food sector.

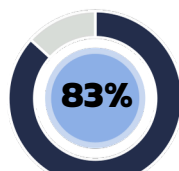
In parallel, investments in high-quality oil palm seedlings and the transition toward Smart Manufacturing are expected to act as key catalysts for cost optimization, operational efficiency, and margin enhancement. Through disciplined strategic execution, the Company is well-positioned to enhance profitability, strengthen its competitive edge, and deliver sustainable long-term value amid evolving global market dynamics."

Executive Summary

Operating Highlights	Q4/24	Q3/25	Q4/25	Change +/-		2024	2025	Change +/-
<i>Unit: Million Bath</i>				%YoY	%QoQ			%YoY
Operating Revenue	273.23	482.56	544.66	99.34%	12.87%	1,795.25	2,130.87	18.69%
- Crude Palm Oil Business	271.00	479.04	541.62	99.86%	13.06%	1,782.32	2,121.20	19.01%
- Electricity from Biogas Business	2.23	3.30	2.79	25.23%	(15.33%)	12.93	9.20	(28.82%)
- Palm seedlings for sales	-	0.22	0.25	n/a	11.57%	-	0.46	n/a
Less Cost of goods sold	259.98	413.40	526.74	102.61%	27.42%	1,590.94	1,883.62	18.40%
Gross Profit	13.25	69.15	17.91	35.24%	(74.10%)	204.31	247.25	21.03%
Other Income	0.68	0.91	0.54	(21.76%)	(40.96%)	2.86	3.06	6.74%
Less Selling and Distribution Expense	2.80	4.81	4.46	59.16%	(7.16%)	13.26	15.50	16.91%
Less Administrative Expense	16.99	11.99	25.67	51.10%	113.97%	59.09	60.06	1.64%
Less Financial Cost	0.25	0.22	0.18	(28.87%)	(18.29%)	1.46	1.22	(16.19%)
Gain from Fair Adjustments of Biological Assets	0.06	(1.90)	(1.02)	1,480.22%	(153.60%)	0.06	1.40	2,078.19
Profit (loss) before Income Tax	(6.05)	51.14	(10.84)	79.24%	(121.20%)	133.43	174.92	31.10%
Tax Expense	1.18	(0.99)	1.78	51.41%	79.76%	(26.37)	(3.27)	(87.61%)
Net Profit (loss)	(4.87)	52.13	(9.06)	85.97%	(117.38%)	107.06	171.66	60.34%

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

2025 Operating Revenue Structure

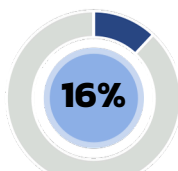


Crude Palm Oil (CPO)



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

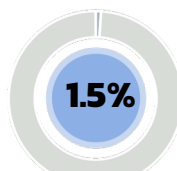


Palm Kernel (PK)



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:

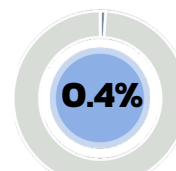
- Cosmetic Industry
- Bakery Industry



By-Products



- **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

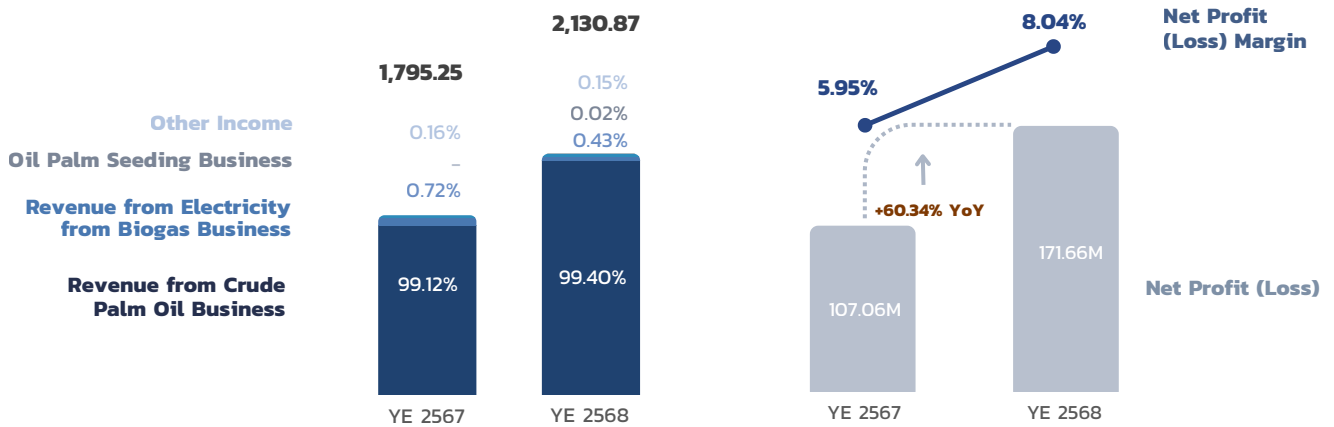
>Key Drivers

Production Capacity	Unit	2023	2024	2025
Maximum Capacity	Tons	432,000.00	432,000.00	432,000.00
Utilization Rate	%	53.85	59.47%	64.84%
Crude palm oil extraction rate (OER)	%	18.36%	17.53%	18.30%
Crude palm oil produced	Tons	42,754.00	44,659.42	51,432.61
Crude palm oil sale volume	Tons	42,500.00	43,970.53	50,187.74
Palm kernel sales volume	Tons	11,936.00	13,088.61	13,102.92

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.

Revenue Breakdown by Business, Net Profit and Net Profit Margin

Unit: Million Baht, %



Overview of Operating Performance

In 2025, the Company reported total operating revenue of Baht 2,130.87 million, representing an increase of Baht 335.62 million or 18.69% compared to 2024. This growth was primarily driven by the significant expansion of the palm oil business, which remains the Group's core revenue contributor. The increase was supported by higher production and sales volumes, together with an improvement in crude palm oil (CPO) selling prices compared to the previous year.

Despite higher cost of sales in line with increased production volumes and raw material prices, effective production planning and cost management enabled the Company to maintain strong profitability. Net profit totaled Baht 171.66 million, an increase of Baht 64.60 million or 60.34% year-on-year, reflecting the quality of earnings growth and enhanced operational efficiency.

Palm Oil Business : Revenue from the palm oil business amounted to Baht 2,121.20 million, increasing by Baht 338.88 million or 19.01% from 2024. Growth was mainly supported by stronger demand for CPO from both the food and energy sectors, alongside higher production volumes driven by improved capacity utilization.

In 2025, fresh fruit bunches (FFB) processed increased to 280,103.50 tons from 256,922.92 tons in the prior year. The average utilization rate rose to 64.84% from 59.47%, while the crude palm oil extraction rate (OER) improved to 18.30%, reflecting enhanced production efficiency and improved raw material management. These results demonstrate the Company's ability to effectively manage its supply chain and sales operations during periods of higher market output.

Biogas Power Generation Business : Revenue from the biogas power generation business totaled Baht 9.20 million, decreasing from the previous year due to temporary machinery shutdowns and process rehabilitation during the early part of the year. Nevertheless, this business continues to play a strategic role in value creation from production waste and supports the Company's commitment to sustainable operations.

Oil Palm Seedling Business : The oil palm seedling business commenced revenue recognition in 2025. Although revenue contribution remains modest, this marks a strategic step toward upstream integration, strengthening long-term raw material security and supporting sustainable production quality enhancement.

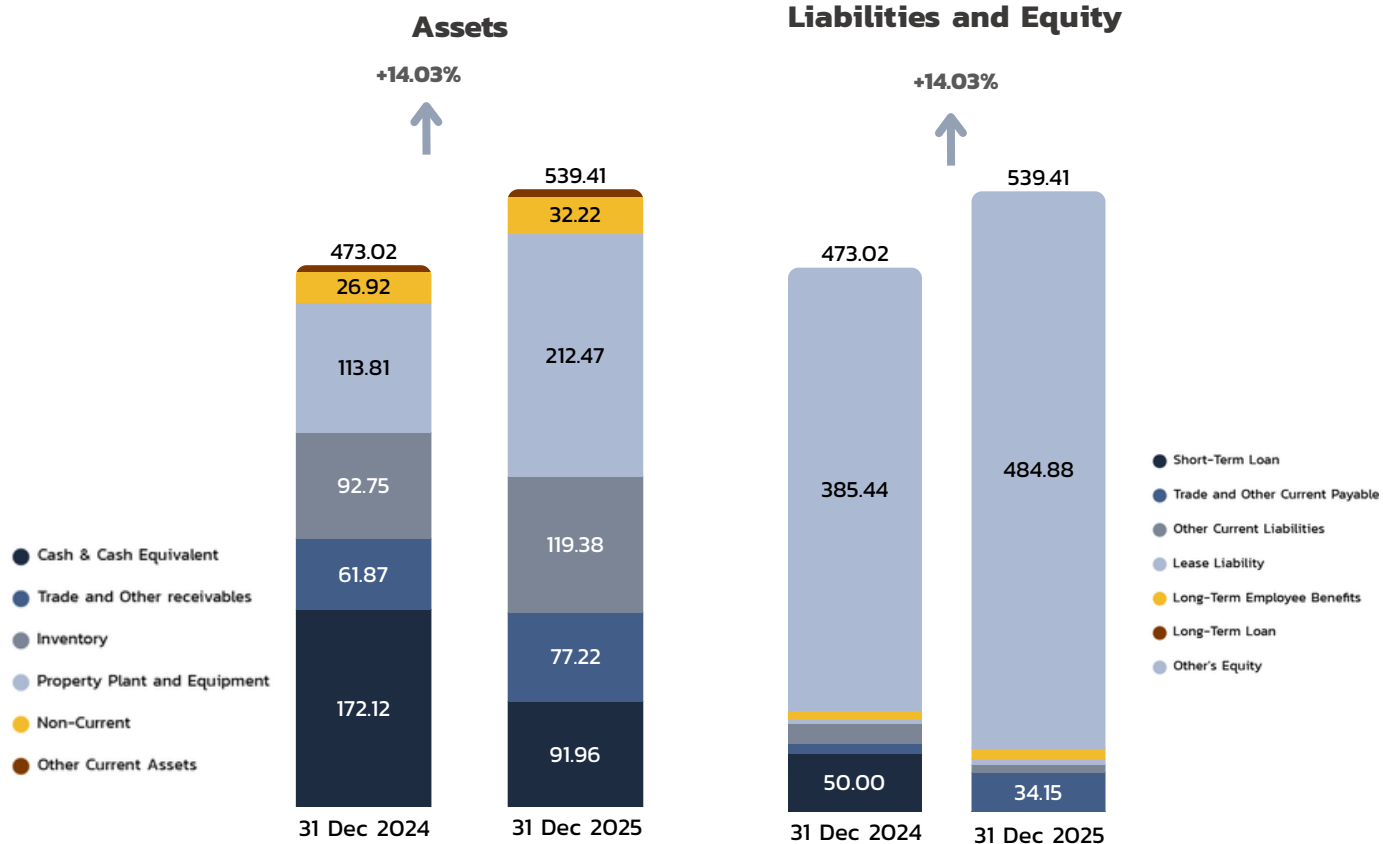
Profitability and Cost Management

The Company reported gross profit of Baht 247.25 million, representing an increase of 21.02% from the previous year. Although cost of sales rose by 18.40% in line with higher production volumes and raw material costs, the improved capacity utilization enabled more efficient allocation of fixed costs, supporting a healthy gross margin level. Administrative expenses totaled Baht 60.06 million, reflecting only a marginal increase from the prior year despite revenue expansion, demonstrating effective control over fixed operating costs. Meanwhile, finance costs decreased following the repayment of interest-bearing loans from financial institutions, contributing to a significant improvement in overall operating performance.

As a result, the Company recorded net profit of Baht 171.66 million, with net profit margin increasing to 8.04% from 5.95% in the previous year. This improvement reflects disciplined cost management, enhanced production efficiency, and a strengthened financial structure.

Statement of Financial Position

Unit: Million Baht, %



» Total Assets

As of 31 December 2025, total assets stood at Baht 539.41 million, representing an increase of Baht 66.38 million or 14.03% year-on-year. The expansion reflects disciplined capital deployment to support capacity enhancement and long-term operational growth. **Property, plant and equipment** increased by Baht 98.66 million or 86.69%, driven by strategic investments in machinery and production facilities to strengthen efficiency and expand throughput capacity. **Inventories** rose by Baht 26.64 million or 28.72% in line with higher production levels, while trade and other receivables increased by Baht 15.35 million or 24.80%, reflecting business expansion and higher sales activity. **Cash and cash equivalents** decreased by Baht 80.15 million or 46.57%, primarily due to capital expenditures and debt repayment. This resulted in a deliberate rebalancing of the asset structure toward productive operating assets, reinforcing the Company's long-term growth platform while strengthening its financial discipline.

» Total Liabilities

As of 31 December 2025, total liabilities amounted to Baht 54.53 million, decreasing by Baht 33.05 million or 37.74% from 2024. The decline was primarily driven by the repayment of both short-term and long-term interest-bearing loans, resulting in minimal outstanding borrowings at year-end and a materially lower leverage profile. Trade and other payables increased by Baht 24.80 million in line with higher production activity and raw material procurement. Other current liabilities decreased by Baht 10.43 million following the settlement of certain short-term obligations. Lease liabilities and provisions for long-term employee benefits increased in accordance with contractual commitments and updated actuarial assessments.

» Total Shareholder's Equity

Total shareholders' equity stood at Baht 484.88 million, increasing by Baht 99.44 million or 25.80% from the prior year, primarily driven by improved operating performance and continued earnings accumulation. The debt-to-equity (D/E) ratio declined significantly from 0.23 at the end of 2024 to 0.11 at the end of 2025, reflecting a strengthened capital structure, reduced financial risk, and enhanced liquidity to support future operations and investments.

» Overview

As of year-end 2025, the Company's financial position strengthened materially compared to the previous year. Total assets increased following strategic investment in fixed assets to support long-term growth, while total liabilities declined due to disciplined debt repayment. Equity expanded from sustained profitability, resulting in a more resilient capital structure and reinforcing the Company's capacity to fund future expansion and create sustainable long-term value.