



Asian Palm Oil Public Company Limited

MANAGEMENT

DISCUSSION

& ANALYSIS

Q1/2026



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.

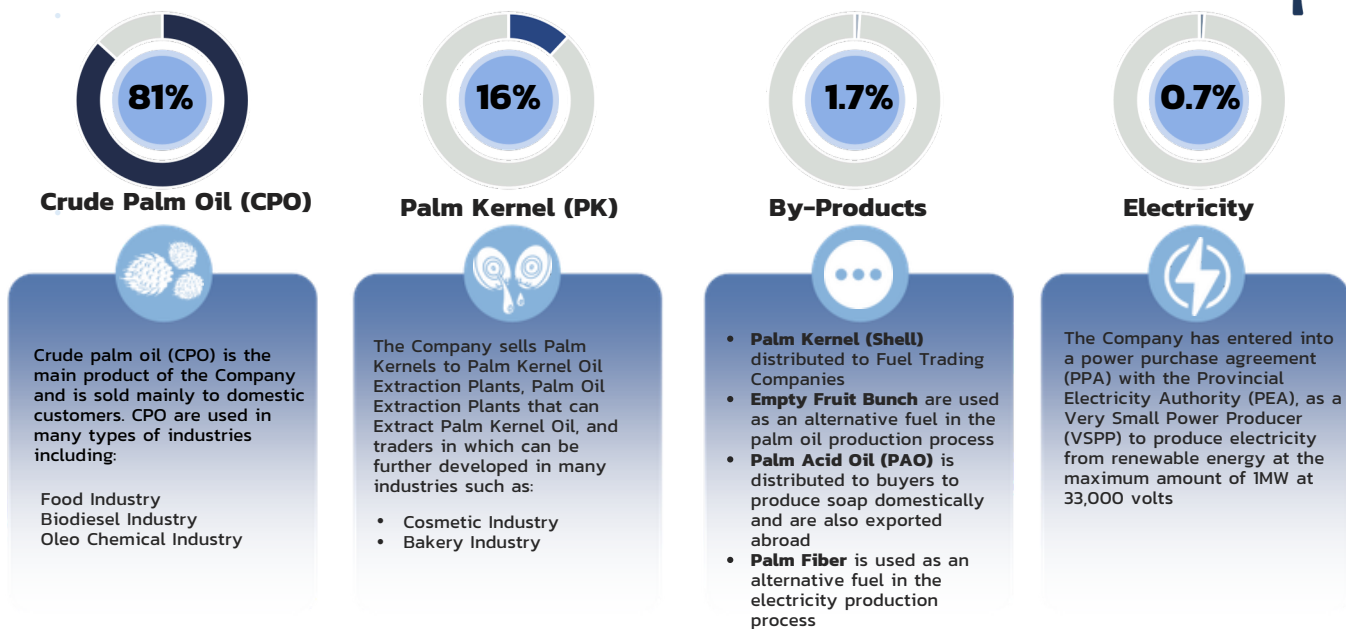
In parallel, investments in high-quality oil palm seedlings and the transition toward Smart Manufacturing are expected to act as key catalysts for cost optimization, operational efficiency, and margin enhancement. Through disciplined strategic execution, the Company is well-positioned to enhance profitability,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

Executive Summary

Operating Highlights	Q1/2025	Q4/2025	Q1/2026	เปลี่ยนแปลง (+/-)	
<i>Unit: Million Bath</i>				% YoY	% QoQ
Operating Revenue	336.99	536.56	447.86	32.90%	(16.53%)
- Crude Palm Oil Business (CPO&PK)	336.53	533.52	444.88	32.20%	(16.61%)
- Electricity from Biogas Business	0.46	2.79	2.98	547.67%	6.78%
- Palm seedlings for sales	-	0.25	0.001	-	(99.87%)
Less Cost of goods sold	344.30	526.74	(456.23)	32.51%	(13.39%)
Gross Profit	(7.31)	9.82	(8.36)	14.39%	(185.22%)
Plus - Revenue from by Products	4.56	8.10	7.70	68.85%	(4.92%)
- Other Income	0.23	0.53	0.29	30.01%	(45.13%)
Profit (Loss) before Operating Expense	(2.53)	18.45	(0.37)	(85.33%)	(102.01%)
Less Selling and Administrative Expense	13.12	30.13	16.55	26.14%	(45.05%)
Financial Cost	0.21	0.18	0.14	(30.51%)	(20.86%)
Gain (Loss) from Fair Adjustments of Biological Assets	0.89	1.02	(0.27)	(129.99%)	(126.24%)
Profit (Loss) before Income Tax Expense	(14.97)	(10.84)	(16.80)	12.26%	54.94%
Tax Income (Expense)	2.93	1.78	1.57	(46.48%)	(11.97%)
Net Profit (Loss)	(12.03)	(9.06)	(15.77)	31.01%	73.99%

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

Q1/2026 Operating Revenue Structure



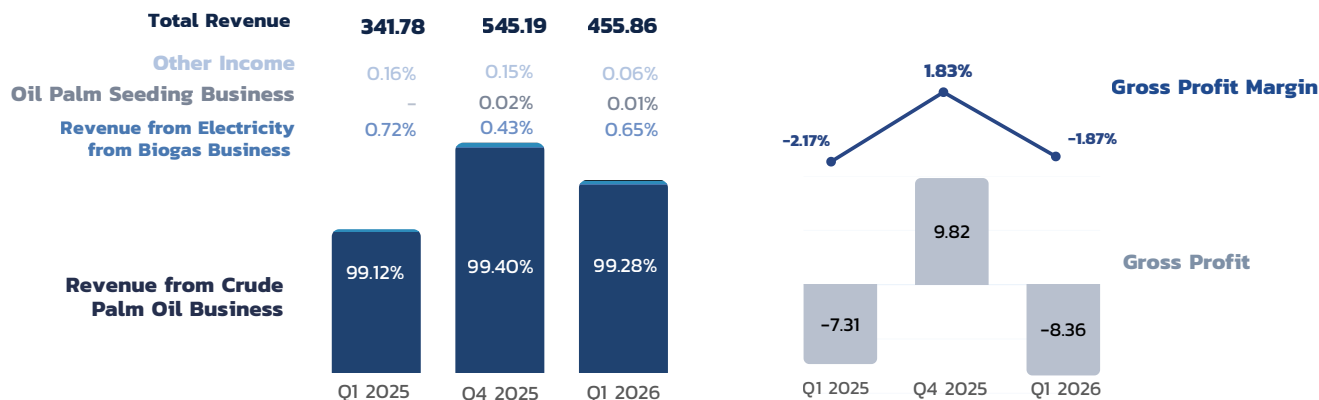
>Key Drivers

Production Capacity	Unit	Q1/2568	Q4/2568	Q1/2569
Maximum Capacity	Tons	108,000	108,000	108,000
Utilization Rate	%	38.64%	58.45%	57.83%
Crude palm oil extraction rate (OER)	%	16.58%	19.00%	18.78%
Crude palm oil produced	Tons	6,921.32	11,996.69	11,729.57
Crude palm oil sale volume	Tons	7,278.45	13,227.04	11,115.05
Palm kernel sales volume	Tons	1,568.07	2,624.61	3,039.65

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, %



Executive Summary : 1Q2026 Operational Performance

Operational Overview For the first quarter of 2026 (1Q2026), the Company reported total operating revenue of THB 447.86 million, representing a substantial year-on-year (YoY) increase of THB 110.87 million, or 32.90%. This robust growth was primarily driven by the expansion of the palm oil business—the Company's core revenue generator—which successfully offset a decline in average selling prices (ASP) caused by prevailing market conditions.

Production Efficiency and Capacity Utilization The YoY revenue appreciation was underpinned by a significant surge in raw material throughput. Fresh Fruit Bunch (FFB) processed during the period rose to 62,452.30 tons, a 49.65% increase from 41,734.50 tons in the prior year. Consequently, the average utilization rate improved markedly to 57.83%, up from 38.64% YoY. Crude Palm Oil (CPO) production volumes subsequently climbed to 11,729.57 tons, a 69.47% YoY increase, with palm kernel production following a similar upward trajectory. These metrics underscore our enhanced operational efficiency and optimized supply chain management.

Price Volatility and Market Challenges Conversely, operating revenue contracted by 16.53% on a quarter-on-quarter (QoQ) basis, largely due to softened selling prices. The ASP for CPO fell to THB 33.29/kg, compared to THB 35.22/kg in 4Q2025 and THB 42.21/kg in 1Q2025. Similarly, Palm Kernel prices faced downward pressure both YoY and QoQ, reflecting the inherent volatility in agricultural commodity markets.

Furthermore, despite the industry entering its peak harvest season—which typically correlates with lower procurement costs—1Q2026 FFB prices remained uncharacteristically high. This anomaly was driven by tight supply dynamics exacerbated by erratic weather patterns, including the lingering effects of global warming and the El Niño/La Niña phenomena. The resulting supply deficit kept raw material costs elevated even as downstream product prices softened, thereby exerting significant pressure on the Company's profit margins this quarter.

Ancillary Business Segments

- **Biogas Power Generation:** Revenue from this segment reached THB 2.98 million, showing YoY improvement. This growth follows the successful restoration and continuous operation of production systems. The biogas business continues to play a strategic role in waste-to-value initiatives, aligning with our commitment to sustainable operations.
- **Oil Palm Saplings:** While currently contributing a minor portion of total revenue, this segment remains a key pillar of our upstream integration strategy. It serves to bolster raw material security and support the Company's long-term growth objectives.

Cost Management and Operational Resilience under Market Volatility

Raw Material Dynamics and Supply Chain Pressures In 1Q2026, the Company's profitability remained under pressure due to a narrowing spread between declining Average Selling Prices (ASP) for CPO and Palm Kernel, and stubbornly high raw material costs. Despite entering the peak harvest season, Fresh Fruit Bunch (FFB) prices remained elevated due to supply-side constraints. These were exacerbated by climatic volatility—specifically the residual impacts of global warming alongside El Niño and La Niña phenomena—which resulted in lower-than-anticipated crop yields and a persistent supply deficit in the market.

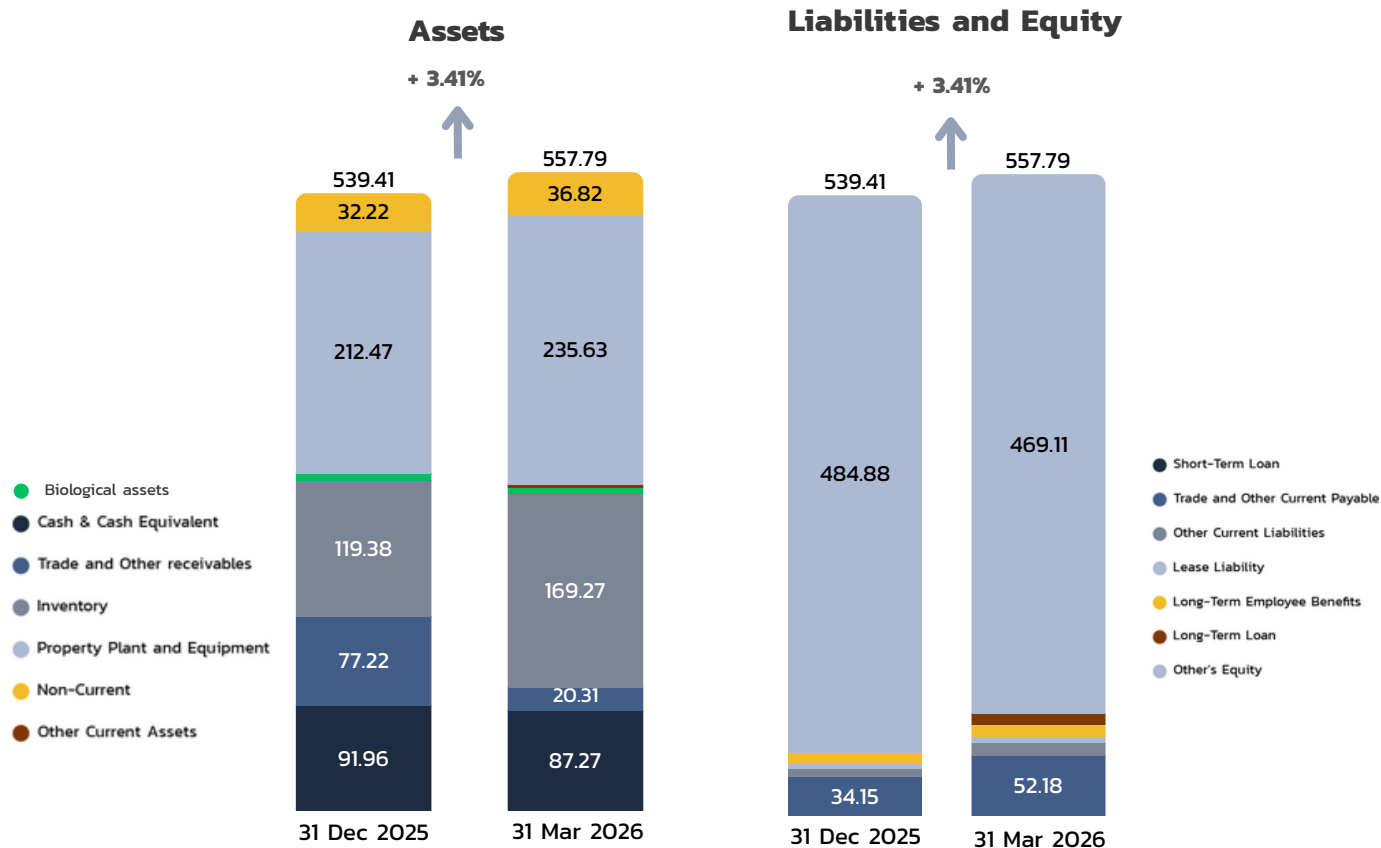
Production Efficiency and Fixed Cost Absorption In response to these headwinds, the Company maintained a rigorous focus on production efficiency and cost optimization. The average utilization rate was sustained at 57.83%, consistent with the previous quarter and significantly higher than the 38.64% recorded in 1Q2025. This elevated throughput facilitated better fixed-cost absorption. Furthermore, the Oil Extraction Rate (OER) stood at 18.78%, showing a marked year-on-year improvement from 16.58%, underscoring our continuous enhancement of raw material handling and milling processes.

Opex Optimization and Financial Position Regarding expenditure control, Selling and Administrative (S&A) expenses were efficiently managed at THB 16.55 million, despite high operational activity levels. This reflects the Company's agility in aligning overheads with current market conditions. Additionally, finance costs decreased to THB 0.14 million, a 20.86% reduction quarter-on-quarter, driven by proactive liquidity management and strategic debt servicing.

Profitability Outlook The compressed margin environment—stemming from output prices declining faster than input costs—resulted in a net loss for the period. Nevertheless, the Company remains committed to optimizing production yields, maintaining high capacity utilization, and strengthening cost-control frameworks to navigate agricultural commodity volatility and ensure long-term operational stability.

Statement of Financial Position

Unit: Million Baht, %



Assets

As of March 31, 2026, the Company's **total assets stood at THB 557.79 million**, an increase of THB 18.38 million or 3.41% from December 31, 2025. This appreciation was primarily driven by growth in inventories and Property, Plant, and Equipment (PP&E). Specifically, inventory levels rose by THB 49.89 million, or 41.79%, reflecting strategic stock management amid market volatility. Meanwhile, PP&E increased by THB 23.16 million, or 10.90%, following capital expenditures in machinery and facility upgrades aimed at enhancing long-term operational efficiency.

Liquidity and Receivables Conversely, trade receivables saw a significant contraction of THB 56.91 million, or 73.70%, in accordance with the Company's standard collection cycles. Cash and cash equivalents experienced a marginal decline, primarily utilized for working capital requirements and strategic long-term asset investments.

Liabilities

As of March 31, 2026, total **liabilities rose to THB 88.68 million (+62.62% YTD)**. This increase was primarily driven by an THB 18.04 million rise in trade and other current payables (+52.83%), consistent with higher raw material procurement and operational activity. Additionally, the Company recognized long-term loans to secure funding for investments and working capital.

These financial obligations were managed amidst global economic and commodity market volatility, characterized by elevated raw material costs, climatic uncertainty, and fluctuating global demand affecting overall operational overheads.

Shareholders' equity

As of March 31, 2026, **shareholders' equity** totaled THB 469.11 million, a THB 15.77 million decrease (-3.25% YTD) primarily due to the net loss incurred in IQ2026 affecting unappropriated retained earnings.

Despite this, the Company maintains a robust capital structure with a Debt-to-Equity (D/E) ratio of 0.19x (up from 0.11x at year-end 2025). This remains exceptionally low, reflecting strong financial stability and the capacity to fund long-term operations and investments amid ongoing market volatility.

Management Summary & Future Outlook

Operational Resilience Despite headwinds from volatile commodity prices, elevated raw material costs, and climatic pressures, the Company maintained operational stability. This is evidenced by a robust capital structure, manageable leverage, and sustained high capacity utilization.

Strategic Roadmap & Efficiency Moving forward, the Company will prioritize enhancing production efficiency through technological upgrades and comprehensive supply chain cost management. These initiatives aim to bolster competitiveness and mitigate long-term industry volatility. To support these objectives, the Company may pursue strategic investments in capacity expansion, funded by optimized capital allocation or long-term financing as market conditions permit.

Commitment to Sustainable Growth The Company remains dedicated to prudent growth and strict financial discipline. By balancing operational scaling with risk management, we aim to ensure business continuity and long-term value creation amidst a highly uncertain global and industrial landscape.