Asian Palm Oil Public Company Limited

MANAGEMENT DISCUSSION & ANALYSIS

Q2/2026

APO Strategic Direction

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 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.

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."

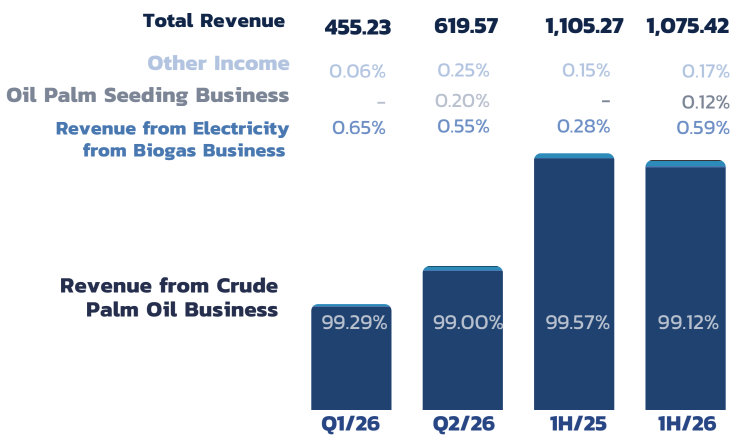
Executive Summary

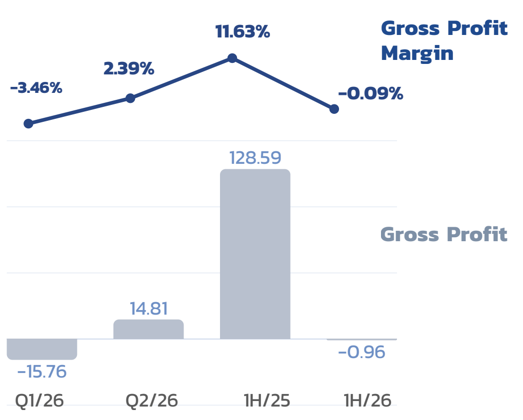
Operating Highlights	Qtr.1/2026	Qtr.2/2026	QoQ	1H/2025	1H/2026	YoY
Operating Revenue	**447.86**	**604.25**	34.92%	**1,086.99**	**1,052.07**	(3.21%)
• Crude Palm Oil Business (CPO&PK)	444.88	599.61	34.78%	1,083.88	1,044.45	(3.64%)
• Revenue from Electricity from Biogas	2.98	3.38	13.54%	3.12	6.36	104.23%
• Revenue from Palm oil seedling	0.00	1.26	N/A	0	1.26	N/A
Less Cost of goods sold	**(456.23)**	**(578.84)**	26.88%	**(943.48)**	**(1,035.07)**	9.71%
Gross Profit	**(8.36)**	**25.41**	203.73%	**143.52**	**17.00**	(88.16%)
Plus Revenue from by Products and Other Income	7.99	15.32	91.64%	18.28	23.36	27.77%
Less Selling and Administrative Expense	(16.55)	(21.76)	31.47%	(28.63)	(38.32)	33.79%
Profit (Loss) From Operations	**(16.92)**	**18.97**	211.79%	**133.16**	**2.04**	(98.47%)
Finance costs and income tax (Deferred Tax)	1.16	(4.16)	635.04%	(4.57)	(3.00)	(34.35%)
Net Profit (Loss)	**(15.76)**	**14.81**	193.93%	**128.59**	**(0.96)**	(100.74%)
Net Profit Margin	**(3.46%)**	**2.39%**		**11.63%**	(0.09%)	

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

Revenue Breakdown by Business, Net Profit and Net Profit Margin

Unit: Million Baht, %





Executive Summary

Executive Summary : 2Q2026 Operational Performance

In the second quarter of 2026, the Company recorded total operating revenue of THB 604.25 million, an increase of THB 156.39 million, or 34.92%, from the previous quarter, reflecting a clear recovery in operating performance.

The improvement was driven primarily by the palm oil business, which remains the Company's core source of revenue, supported both by higher output as the industry entered the peak production season (Peak Season) and by improved average selling prices compared with the prior quarter.

The volume of fresh fruit bunches (FFB) processed increase of 23.90%, raising the average capacity utilization rate (Utilization Rate) to 59.71% from 48.19% in the previous quarter. Meanwhile, crude palm oil (CPO) production increased 19.62%, while the average selling price of crude palm oil improved, in line with a higher average selling price of palm kernels.

As a result of these simultaneous improvements in both output volumes and prices, the Company returned to a gross profit of THB 25.41 million, reversing a gross loss of THB 8.36 million in the previous quarter, and recorded a net profit of THB 14.81 million, reversing a net loss of THB 15.76 million in the previous quarter, representing a net profit margin of 2.39%

Ancillary Business Segments
- Biogas Power Generation : the Company recorded revenue of THB 3.38 million, an increase from the previous quarter, reflecting continuous operations following the partial upgrade and rehabilitation of the production system. This business continues to add value from production waste and supports the Company's sustainable business approach.
- As for the palm seedling business, the Company began recognizing revenue of THB 1.26 million, forming part of the Company's upstream expansion strategy aimed at strengthening raw material security and supporting the Company's long-term growth.

Executive Summary : 1H/2026 Operational Performance

In the second quarter of 2026, the palm oil industry entered its peak production season (Peak Season), resulting in a significant increase in the volume of fresh fruit bunches entering the production process. At the same time, average selling prices of downstream products improved in line with market conditions. Nevertheless, overall raw material costs remained elevated, owing to the continued tightness in fresh fruit bunch supply, which was affected by volatile weather conditions, including global warming and the recent El Nino and La Nina phenomena that impacted palm oil yields across many areas.

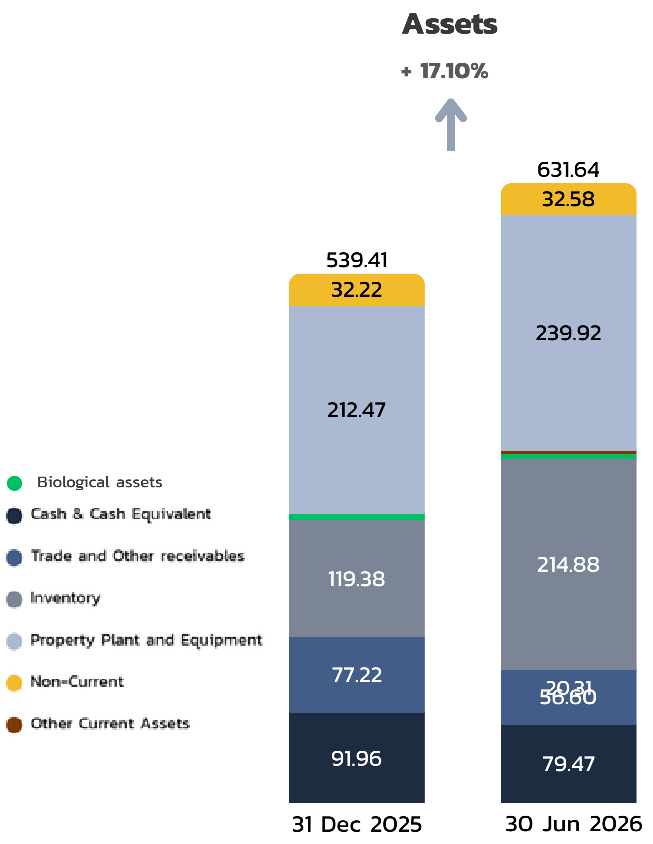
Under these conditions, the Company continued to place strong emphasis on improving production efficiency and closely controlling costs. During the quarter, the Company raised its average capacity utilization rate (Utilization Rate) to 59.71%, from 48.19% in the previous quarter, which improved fixed cost absorption. Meanwhile, the crude palm oil extraction rate (OER) stood at 18.13%, reflecting stable and effective management of raw materials and production processes, consistent with the growth in CPO production compared with the prior quarter.

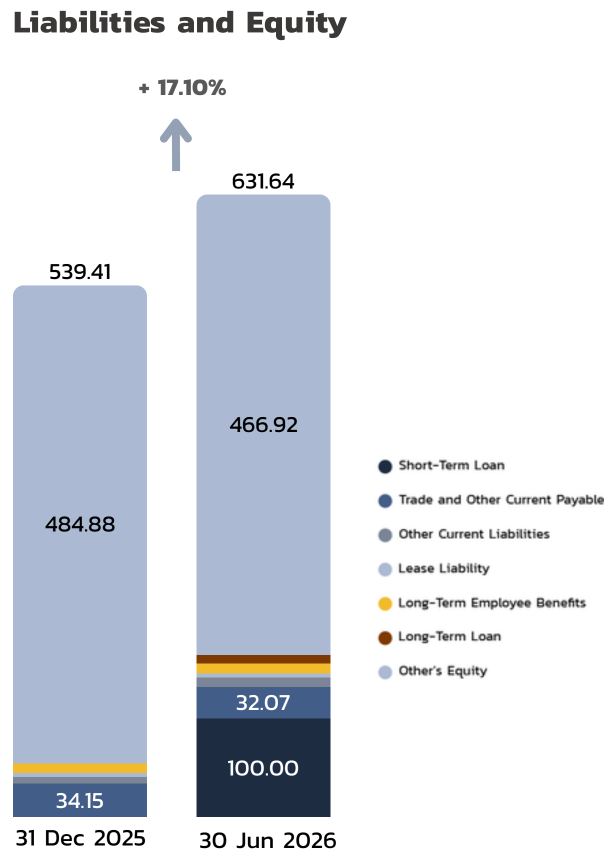
In terms of expense control, the Company recorded selling and administrative expenses (SG&A) of THB 21.76 million, an increase from the previous quarter in line with higher sales volumes and business activity. Nonetheless, such expenses represented 3.60% of palm oil business revenue, reflecting the Company's ability to keep expenses aligned with the expanded level of activity. Finance costs remained low, reflecting effective management of liquidity and financial debt obligations.

For the first half of 2026 (1H/2026), the Company recorded total operating revenue of THB 1,052.07 million, broadly in line with THB 1,086.99 million in the same period of the prior year, a slight decrease of only 3.21%, reflecting the Company's ability to maintain revenue at a comparable level despite lower selling prices. However, as average product selling prices declined at a faster pace than the decline in raw material costs, the gross profit margin for the first half was pressured, leaving operating results for 1H/2026 near breakeven. The return to profitability in the second quarter nevertheless signals a progressively improving recovery trend. The Company remains focused on cost management, enhancing production efficiency, and maintaining an appropriate level of capacity utilization, in order to accommodate the volatility of agricultural commodity markets and to strengthen the long-term stability of its operating performance..

Statement of Financial Position

Unit: Million Baht, %





Assets

As of June 30, 2026, the Company's total assets amounted to Baht 631.64 million, representing an increase of Baht 92.23 million, or 17.10%, compared with December 31, 2025. The increase was mainly attributable to inventories, which increased by Baht 95.50 million, or 79.99%, primarily due to higher inventory costs and the management of raw materials and inventories in line with prevailing market conditions, which remained volatile. In addition, property, plant and equipment increased by Baht 27.45 million, or 12.92%, mainly due to investments in machinery and improvements to production efficiency to support the Company's long-term operations. Cash and cash equivalents decreased, mainly due to their utilization for working capital requirements and investments in assets aimed at enhancing the Company's operational efficiency over the long term.

Liabilities

As of June 30, 2026, the Company's total liabilities amounted to Baht 164.72 million, representing an increase of Baht 110.19 million, or 202.07%, compared with December 31, 2025. The increase was mainly attributable to higher short-term and long-term borrowings to support the Company's investments and working capital requirements amid continued volatility in agricultural commodity markets and the global economy. In addition, the Company faced elevated raw material costs, climate-related uncertainties, and global economic conditions, which affected commodity price trends and overall operating costs.

Shareholders' equity

As of June 30, 2026, the Company's shareholders' equity amounted to Baht 466.92 million, a decrease of Baht 17.96 million, or 3.70%, from December 31, 2025, mainly due to the net loss incurred during the first half of 2026 and dividend payments. Nevertheless, the Company maintained a sound financial position and appropriate capital structure. The D/E Ratio increased to 0.35 times from 0.11 times at year-end 2025, but remained at a relatively low level, reflecting the Company's ability to manage its capital structure and financial risks amid volatile economic and market conditions.

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.