



บริษัท วโรปกรณ์ จำกัด (มหาชน)
VAROPAKORN PUBLIC COMPANY LIMITED

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Subject: Management Discussion and Analysis (MD&A) for the First Quarter Ended 31 March 2026

To: Managing Director
The Stock Exchange of Thailand

1. Business Overview, Economic Conditions, and Industry Environment Affecting Operations

Operating Results

(Unit: Million Baht)

	Q1-25	Q4-25	Q1-26	Change YOY	Change QoQ
Sales Revenue	923	694	802	(122)	108
Gross Profit	90	56	82	(8)	26
Gross Profit Ratio (%)	9.8%	8.1%	10.2%	0.4%	2.2%
Other Revenues	4	3	2	(2)	(1)
Selling & Admin. Expenses	26	23	25	(1)	(2)
Financial Costs	(15)	(7)	(8)	7	(1)
Gain (Loss) on Exchange and Derivative Revaluation	13	(7)	10	(3)	17
Net Profit	66	22	62	(4)	40

Remark: Information referenced from the Statement of Comprehensive Income

In the first quarter of 2026, the Company faced challenges arising from a decline in sales revenue compared with the corresponding period of the previous year. The principal causes were the slowdown in demand in the Thailand market and across the Asian region. Nevertheless, the Company was able to maintain a slight improvement in its gross profit margin to 10.2% and efficiently manage its financial costs, resulting in only a marginal decrease in net profit for the period, despite the impact of foreign exchange losses incurred during the quarter.

2. Significant Events and Developments During the Quarter

During Q1/2026, the Company continued to prioritize the retention of its existing customer base and risk management, with the following key developments:

- Sales through related parties: The Company recorded sales of products through related group companies amounting to Baht 229 million for distribution to Japanese customers.
- Investment commitments: The Company continued to expand its investments, with capital expenditure commitments for the purchase of raw materials, machinery, equipment, and factory building construction totaling approximately USD 2 million, RMB 10 million, and Baht 9 million, to enhance production efficiency in the future.

3. Analysis of Operating Results

3.1 Sales Revenue

- Total sales revenue amounted to Baht 801.5 million, representing a decrease of 13.2% from the previous year. Revenue from customers in Thailand declined to Baht 284 million (from Baht 343 million), while revenue from the Asian region decreased to Baht 434 million (from Baht 518 million). In contrast, the European market recorded growth to Baht 54 million.

3.2 Other Income

- Total other income amounted to Baht 21.4 million. The principal item was a gain on fair value adjustment of derivative instruments amounting to Baht 19.1 million, which increased significantly from the previous year.

3.3 Costs and Expenses

- Cost of sales: Amounted to Baht 719.6 million, decreasing in line with the decline in sales revenue.
- Selling and administrative expenses (SG&A): Amounted to Baht 25.2 million, slightly decreasing by Baht 1.0 million from the previous year.
- Finance costs: Decreased significantly to Baht 7.9 million (a decrease of 46%) due to lower interest rates and a reduction in certain debt obligations.

3.4 Profit for the Period

- The Company reported a net profit of Baht 61.8 million, representing only a 5.4% decrease from the previous year, despite lower revenue and foreign exchange losses of Baht 8.8 million, as gains from derivative instruments and lower finance costs helped offset such impacts.

4. Financial Position Analysis

4.1 Assets

- Total assets amounted to Baht 2,414.6 million, increasing from the end of 2025, mainly due to an increase in trade receivables to Baht 801.1 million and an increase in derivative assets.

4.2 Liabilities

- Total liabilities increased to Baht 1,349.6 million, primarily due to an increase in Trust Receipts payable to Baht 892.3 million for the procurement of raw materials used in working capital operations.

- Debt-to-equity ratio (D/E Ratio): Stood at 1.27 times, slightly increasing from 1.18 times as of the end of 2025.

4.3 Cash Flow Analysis

- During the period, the Company recorded net cash used in operating activities of Baht 234.5 million, mainly attributable to increases in trade receivables and inventories.
- Net cash generated from financing activities increased by Baht 238.7 million, primarily resulting from the increase in Trust Receipts payables.

4.4 Shareholders' Equity

- Shareholders' equity increased to Baht 1,064.9 million due to higher retained earnings generated during the current period.

5. Factors That May Affect Future Operations

- Production capacity expansion: Commitments for the purchase of machinery and the construction of factory buildings with substantial investment value are expected to enhance the Company's production capabilities and market expansion opportunities in the future.
- Foreign exchange volatility: The Company remains exposed to gains and losses arising from exchange rate fluctuations; however, derivative instruments have been continuously utilized as part of its risk management strategy.

6. Sustainability Development

The Company has elevated its sustainability initiatives through the "JUMP+ Plan" strategic framework (2026–2028), with the objective of integrating transparency into every operational process and concretely reducing environmental impact. Key developments during Q1/2026 are as follows:

6.1 Climate Action

The Company has established a proactive target to reduce carbon intensity by 15% within three years (equivalent to an average reduction of 5% per year), aiming to achieve a level of 1.02 tCO₂e/Ton by 2028. For 2026, the Company has adopted the following key implementation guidelines:

- Data infrastructure enhancement: The Company has commenced the implementation of software for Greenhouse Gas (GHG) Inventory management, covering Scope 1, 2, and 3 emissions, to ensure accurate monitoring in accordance with ISO 14064-1 standards.
- Physical efficiency improvements: The Company continues to focus on maintaining furnace temperatures at optimal efficiency levels, upgrading kiln systems to continuously reduce heat loss, and conducting preventive maintenance (PM) to prevent leakage in air piping systems.

- Investment in clean technology: The Company is in the process of maximizing the efficiency of electricity generated from Solar Roof systems and implementing IoT Monitoring systems for real-time energy consumption control in order to mitigate risks arising from energy price volatility.

6.2 Governance

The Company places significant emphasis on building a “Trust Shield” through strong governance practices:

- Anti-corruption and data management: In 2026, the Company initiated the approval of its Anti-Corruption Policy and Internal Data Management Policy in pursuit of ISO 37001 certification and its declaration of intent to join Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC).
- Human Resource Development (HRD): The Company has begun identifying Critical Roles and developing Succession Plans, together with the implementation of Individual Development Plans (IDP) to strengthen long-term workforce readiness.

These initiatives not only help reduce environmental impact but also contribute to lowering production costs and enhancing the Company’s competitiveness at the international level, in alignment with its vision of creating sustainable value for all stakeholders.

Notification of Operating Results for Q1/2026

The Company hereby reports its operating results for the first quarter ended 31 March 2026 as detailed above. In this regard, the Company has duly submitted the financial statements for the period ended 31 March 2026, which have been reviewed by the certified auditor, through the SETLink electronic system of the The Stock Exchange of Thailand.

Please be informed accordingly.

Yours faithfully,

Thanawat Sornjai

(Mr. Thanawat Sornjai)
Managing Director