

Premier Quality Starch Public Company Limited

Management Discussion and Analysis

For Earnings Result of Q1/2026

Ending 31 March 2026

Released on 15 May 2026



Executive Summary and Key Events in Q1/2026

Premier Quality Starch Public Company Limited ("the Company") reported its operating results for Q1/2026, posting total revenue of THB 668.0mn, up THB 190.0mn, or 39.7% YoY, and net profit of THB 19.9mn. The results reflect continued improvement from the previous quarter. Profitability also improved, with a gross profit margin of 13.2% and a return to positive net profit margin at 3.0%. The Company's financial position remains strong. As of 31 March 2026, total assets stood at THB 3,056.6mn, total liabilities at THB 1,025.6mn, total shareholders' equity at THB 2,030.9mn, and cash and cash equivalents at THB 288.0mn.

Revenue and profit margins improved significantly, supported by both internal and external factors. Internally, this was driven by modified starch production at the Mukdahan plant and higher production volume after the Kalasin plant resumed operations in December 2025, allowing production throughout Q1/2026. Externally, tapioca starch prices showed a clear recovery trend, particularly in Q1, with domestic prices rising to around THB 16.2 per kilogram in March from around THB 13.4-14.1 per kilogram at the end of 2025. Export prices also began to improve, increasing from around USD 480 per ton at the end of 2025 to around USD 490-525 per ton.

However, prices remain below historical peaks due to structural pressure from continued reliance on the Chinese market, where demand has slowed, together with price competition from neighboring countries. As a result, the volume-driven growth model is becoming more constrained, while supply remains tight due to lower domestic output and reduced imports. Against this backdrop, the Company is accelerating its shift toward value-added products such as Modified Starch, upgrading product positioning toward Gluten-Free and Non-GMO, expanding into new markets, and strengthening the supply chain through technologies such as IoT and Traceability to serve premium markets and reduce long-term raw material risk.

Regarding dividends, although the Company maintains a healthy financial position and a low debt-to-equity ratio, it needs to preserve liquidity to support operations under its near-term business plan. The Company therefore proposes no dividend payment for the second half of the year. For 2025, the Company already paid an interim dividend for the first-half operating period at THB 0.03 per share on 670,000,000 common shares, for a total dividend payment of THB 20.1mn, on 5 September 2025.

In February 2026, the Company welcomed potential trading partners from across Asia to visit its plant and modified tapioca starch production process to review production capability, quality standards, and supply chain management, with the aim of developing long-term business cooperation. The visit reflected confidence in the Company's production standards, particularly the PQS Model, a structural risk management framework built around farmer collaboration, cultivation data, and raw material analysis to reduce supply volatility and maintain consistent long-term quality.

Management Outlook 2026

The situation in the Middle East has affected businesses worldwide. Although the Company has not been directly affected, it has been indirectly impacted by higher oil prices and the slowdown in the global economy. These effects may not yet be reflected in the Company's Q1/2026 operating results, but they may become more apparent in subsequent quarters. Amid such uncertainty, the Company continues to maintain a strong financial structure and believes its strategy will enable it to navigate long-term volatility.

For 2026, the Company views the cassava industry as likely to remain stable, with prices beginning to improve. However, the Company does not rely solely on external factors. Since 2025, it has been implementing the PQS Model to upgrade operations across the supply chain through collaboration with farmers and partners, applying technology such as Smart Farmer, IoT, and Traceability to develop low-carbon cassava output for premium markets. The Company is already seeing positive results in both quantity and quality. At the same time, it is expanding into new markets, particularly in ASEAN and Japan, to reduce long-term dependence on China. These collaborations also strengthen raw material security by improving farmer management and cultivation systems at the upstream level, enabling better control over raw material quality and volume while reducing the impact of yield volatility and procurement constraints when domestic output and imports from neighboring countries are uncertain.

The modified tapioca starch plant in Mukdahan Province and the full resumption of operations at the Kalasin branch since late 2025 will be key contributors to production capability in 2026 in terms of volume, quality, and cost efficiency. Modified tapioca starch products will be the main vehicle for expanding into the food and pharmaceutical industries, as well as into bioproducts and biomaterials. At the same time, the Company continues to manage costs through higher logistics efficiency by its subsidiary and energy management through its biogas power business, strengthening long-term cost competitiveness.

Supported by these developments, together with signs of recovery in gross profit margin and net profit margin in Q4/2025 and Q1/2026, the Company is beginning to see a gradual recovery in operating performance. Although the global economy remains uncertain, the return to full production capacity and an upgraded product mix toward modified tapioca starch products will strengthen the Company's revenue structure and profitability, supporting entry into the next upcycle.

Economic and Industry Outlook

Thailand's economy in Q1/2026 is expected to expand at a low rate, with GDP projected to grow by approximately 0.8% QoQ, while full-year 2026 growth is forecast at 1.5%-2.0%. This reflects pressure from exports that have begun to weaken following a high base in 2025, together with the impact of Thai baht appreciation, while domestic demand remains limited by high household debt of around 86% of GDP. The tourism sector continues to recover but has not yet returned to pre-crisis levels, while early-year inflation stood at approximately -0.8%, indicating still-fragile demand. As a result, the overall economy remains in a slowdown phase. Tensions in the Middle East are affecting Thailand's economy in several ways, particularly through higher energy prices, which are increasing production and transportation costs. At the same time, geopolitical uncertainty is affecting global trade sentiment and investor confidence and may further slow Thai exports. However, the direct impact on Thailand remains limited because Thailand's trade share with Middle Eastern countries is still relatively low. The

main risk remains the indirect impact through energy prices and the global economy, which could further strain Thailand's still-fragile recovery in 2026.

Regarding the cassava industry, Thailand remains one of the world's major exporters of tapioca starch, with diverse end markets including China, the United States, the Philippines, and Malaysia. However, Thailand's cassava export industry remains heavily dependent on China, accounting for more than 50% of export value, meaning fluctuations in Chinese demand directly affect Thai operators. Throughout 2025 and Q1/2026, the overall picture has reflected a slowdown as China gradually reduces its dependence on imports and increasingly shifts toward substitute raw materials. At the same time, Thai exporters continue to face more intense price competition from neighboring countries such as Vietnam and Cambodia, where raw material costs and cost structures have become more competitive. This has made the limitations of Thailand's volume-driven growth model increasingly evident.

Under these pressures, the Thai industry is accelerating strategic adjustment, shifting from basic Native Starch toward value-added products such as Modified Starch, which can serve a broader range of downstream industries including processed food, health-related industries, and bio-based industries. Alongside this, the industry is building new global positioning around Gluten-Free and Non-GMO, in line with global consumer trends that increasingly emphasize health, safety, and sustainability. This repositioning is not merely about adding product value; it is about redefining Thailand's competitive advantage in the global market, shifting from price competition to competition based on quality, innovation, and standards.

In terms of end markets, Thailand is accelerating its risk diversification strategy away from dependence on China, particularly through deeper penetration of the Japanese market. This is not just a short-term product sales effort, but a long-term structural relationship-building strategy. Most recently, Thailand sent a delegation of more than 37 representatives to Tokyo to negotiate and build partnerships with Japanese importers and manufacturers. The objective is not limited to increasing sales, but to position Thai cassava as part of Japan's industrial supply chain, both in feed formulations and industrial applications. This reflects a shift in Thailand's role from a commodity exporter to an industrial partner. At the same time, the Department of Foreign Trade collaborated with Thai private sector participants in more than 150 business matching meetings related to the cassava industry, bringing 17 Thai operators together with more than 20 Chinese buyers. The focus was on cassava applications in modified starch, adhesives, paper, and chemicals, as well as studying the logistics system of the Chongqing Inland International Logistics Hub to improve distribution efficiency into western China. Chongqing is developing into the economic center of western China, with demand from a wide range of industries including food, animal feed, and bioenergy such as ethanol. This shows that while China remains the main export market, the structure of demand is changing significantly.

In terms of fresh cassava root supply, over the past 3-4 years Thailand's cassava industry has faced significant contraction in both cultivation area and output. Planted area declined from around 10mn rai in 2021/2022 to around 8mn rai in 2023/2024, while fresh root output fell from 33.5mn tons to 21.8mn tons. This reflects pressure from past price volatility, higher production costs, plant disease issues, and a shift by farmers toward alternative crops such as sugarcane and corn, causing the country's supply structure to become increasingly tight. Although in 2024/2025 planted area remained stable at around 8.4mn rai and output is expected to recover to around 25mn tons due to more favorable weather and better price incentives, this recovery is only an improvement from a low base and has not returned to historical peaks. At the same time, lower imports of fresh cassava roots from neighboring countries, especially Cambodia, which used to be an important raw material source for Thailand, have further intensified domestic supply tightness. Restrictions on cross-border transportation and shifting trade

flows among regional exporters have materially reduced raw material inflows, leading to greater competition for procurement and putting pressure on costs for domestic processors. Overall, the industry remains in a tight supply environment.

Tapioca starch export value in the first three months of 2026 declined to THB 9,361mn from THB 12,318mn, a contraction of approximately 24% YoY. The main pressure continued to come from major markets such as China, where export value declined to THB 5,914mn from THB 6,396mn (-8% YoY), and Indonesia, which dropped sharply from THB 1,492mn to just THB 291mn (-80% YoY). Several other markets also weakened, including Taiwan, which fell to THB 791mn from THB 920mn (-14% YoY), and Malaysia, which declined to THB 657mn from THB 847mn (-22% YoY). Although some markets still expanded, such as Japan, where export value rose to THB 376mn from THB 350mn (+7% YoY), this was not enough to offset the slowdown in the main markets. Export value to China still declined, but the contraction was relatively limited compared with some other major markets, consistent with the broader picture of demand that remains soft but has not collapsed as sharply as in some markets. Export volume fell to 654,773 tons from 913,287 tons (-28% YoY), indicating that the decline in export revenue during this period was driven primarily by lower volume rather than by price factors alone.

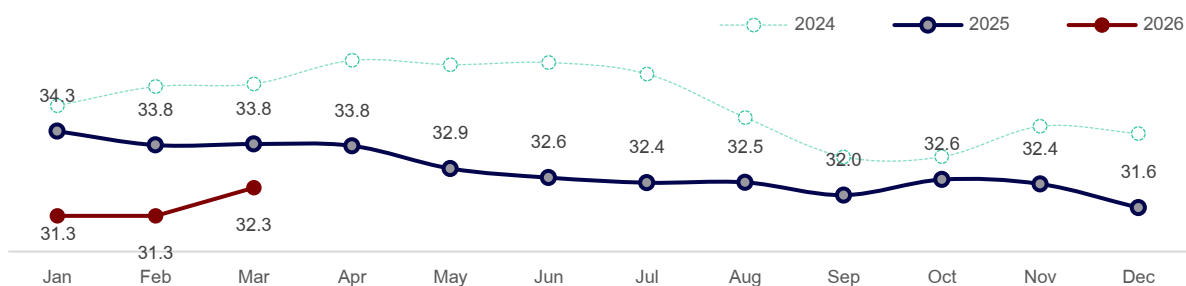
Thailand's Export Tapioca Value ¹		
Countries that imported from Thailand	Value (THB mn)	
	3M/2025	3M/2026
CHINA	6,396	5,914
TAIWAN	920	791
MALAYSIA	847	657
U.S.A.	542	391
JAPAN	350	376
INDONESIA	1,492	291
SINGAPORE	296	167
PHILIPPINES	395	115
NETHERLANDS	102	107
AUSTRALIA	65	72
Others	912	480
Total value	12,318	9,361
Quantity (Tons)	913,287	654,773

In 2026, domestic cassava and tapioca starch prices demonstrated a clear recovery trend, particularly in Q1, with domestic prices rising to approximately THB 16.2 per kilogram in March from around THB 13.4-14.1 per kilogram at the end of 2025. This improvement reflects tightening cassava root supply following the low-price period in the previous year, together with the seasonal effect of early-year production, which is a period of high raw material demand. The increase in domestic prices helped support income in the agricultural sector and upstream industries. However, price levels remain below the peak seen in early 2024, indicating that the market is still in a gradual recovery phase. Export prices in 2026 were volatile but began to show positive signs, rising from approximately USD 480 per ton at the end of 2025 to around USD 490-525 per ton in Q1/2026. This recovery was supported by gradually improving global demand and supply

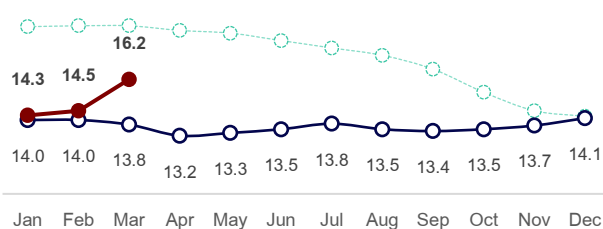
tightness in certain regions. Nevertheless, export prices have not returned to the previous peak of approximately USD 580 per ton seen in early 2024, reflecting continued price sensitivity among global customers and still-limited price recovery.

¹ <https://tradereport.moc.go.th/th/stat/reportscodeexport01>

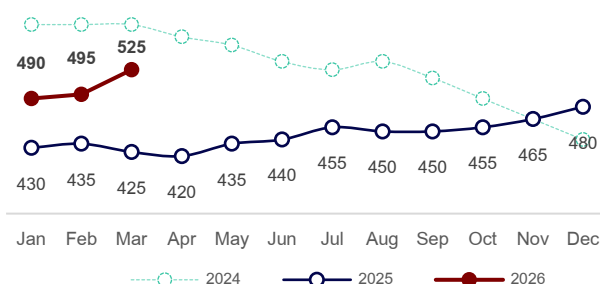
Exchange rate (THB/USD) ¹



Domestic Tapioca Prices (THB/kilogram) ²



Tapioca Export Price (FOB) (USD/Tonne) ¹



Financial Performance

Profit and Loss Statement

(unit: THB mn)	3-month				
	Q1/2025	Q4/2025	Q1/2026	%QoQ	%YoY
Revenue from sales and services	458.9	512.4	630.4	23.0%	37.4%
Cost of sales and services	331.9	468.7	547.2	16.7%	64.9%
Gross profit	127.1	43.7	83.3	90.5%	(34.5%)
Other income*	12.8	10.3	27.7	170.4%	116.7%
Gain (loss) from derivatives and exchange rates - Net	6.3	(4.0)	0.5	112.7%	(91.8%)
Selling and administrative expenses	83.8	76.5	84.6	10.5%	0.9%
Profit before finance costs and income tax expense	62.3	(26.6)	26.9	201.1%	(56.8%)
Financial costs	6.2	4.8	6.4	31.7%	2.9%
Income tax expense	4.5	0.8	0.6	(20.2%)	(85.8%)
Net Profit (loss)	51.6	(32.2)	19.9	161.7%	(61.5%)

* Other income (expenses) comprise the sales of scrap materials obtained from cassava processing, such as cassava pulp, cassava roots, soil peel, peel wash, wastewater, scraps/materials, interest income, for example.

¹ https://app.bot.or.th/BTWS_STAT/statistics/BOTWEBSTAT.aspx?reportID=123&language=TH

² [Thai Tapioca Starch Association](#)

The details of the income statement for Q1/2026

Revenues from sales

In Q1/2026, the Company recorded revenue from sales and services of THB 630.4mn, comprising revenue from tapioca starch sales, electricity sales, and logistics services. Compared with the same period last year, revenue from sales and services increased by THB 171.5mn, or 37.4% YoY. Revenue from tapioca starch sales increased by THB 171.5mn from the same period last year, or 38.1% YoY, due to the operation of the Kalasin branch and the rise in tapioca starch prices. In Q1/2026, the Kalasin branch was able to operate at full production capacity, whereas in Q1/2025 it had only just begun operations. Electricity sales revenue in this quarter was THB 6.5mn, a decrease of THB 2.0mn from the same

period last year, or 23.5% YoY, due to lower electricity generation from biogas. Revenue from logistics services in this quarter was THB 2.0mn, an increase of THB 2.0mn from the same period last year, when there was no such service revenue.

Compared with the previous quarter, revenue from sales and services increased by THB 118.0mn, or 23.0% QoQ. Revenue from tapioca starch sales increased by THB 116.3mn, or 23.0% QoQ, due to the resumption of operations at the Kalasin branch and the rise in tapioca starch prices. In Q4/2025, the Kalasin branch temporarily suspended operations and resumed normal operations on 18 December 2025. In addition, there was a seasonal factor, as Q1 of each year is the period with the highest production and sales volume of tapioca starch. Electricity sales revenue increased by THB 1.4mn, or 26.4% QoQ, in line with higher tapioca starch production. Revenue from logistics services increased by THB 0.4mn, or 23.3% QoQ. The logistics services business has continued to grow since its launch in H2/2025.

Other income

Other income mainly consists of revenue from the sale of by-products from tapioca starch production, such as cassava pulp, cassava stems, soil peel, washed peel, wastewater, interest income, and government support. In Q1/2026, the Company recorded other income of THB 27.7mn, an increase of THB 14.9mn from the same period last year, or 116.7% YoY, in line with higher production volume. Compared with the previous quarter, other income increased by THB 17.5mn, or 170.4% QoQ, also in line with higher production volume and seasonal factors, as Q1 is typically the peak production season for tapioca starch each year.

Cost of sales

In Q1/2026, cost of sales and services amounted to THB 547.2mn, an increase of THB 215.3mn from the same period last year, or 64.9% YoY, and an increase of THB 78.5mn from the previous quarter, or 16.7% QoQ. The quarter-on-quarter increase was in line with higher sales. However, compared with the same period last year, cost of sales and services increased at a much higher rate than revenue from sales and services because raw material prices for cassava roots rose faster than product prices for tapioca starch.

Total revenue contribution Q1/2026

Other income, 5.6%



Gross profit and gross profit margin

Gross profit in Q1/2026 was THB 83.3mn, a decrease of THB 43.8mn from the same period last year, or 34.5% YoY. Although revenue grew strongly, cost of sales and services increased at a faster rate. However, gross profit increased by THB 39.5mn from the previous quarter, or 90.5% QoQ, due to higher production volume, which generated economies of scale. As a result, the gross profit margin in this quarter was 13.2%, down from 27.7% in Q1/2025 but up from 8.5% in the previous quarter.

Selling and administrative expenses

Selling and administrative expenses in this quarter amounted to THB 84.6mn, an increase of THB 0.8mn from the same period last year, or 0.9% YoY, and an increase of THB 8.1mn from the previous quarter, or 10.5% QoQ.

Selling expenses increased both YoY and QoQ in line with higher sales. Meanwhile, administrative expenses decreased by THB 4.0mn from the same period last year, or 10.4% YoY. However, compared with the previous quarter, administrative expenses increased by THB 1.1mn, or 3.1% QoQ. The downward trend in administrative expenses was partly driven by cost reduction measures to align with uncertain market conditions.

Finance cost

Finance costs totaled THB 6.4mn, an increase of THB 0.2mn from the same period last year and an increase of THB 1.5mn from the previous quarter, mainly due to higher long-term borrowings from financial institutions during Q1/2026.

Net profit and net profit margin

In Q1/2026, the Company reported net profit of THB 19.9mn, a decrease of THB 31.7mn from the same period last year, or 61.5% YoY. Compared with the previous quarter, net profit turned positive from a net loss of THB 32.2mn in the previous quarter. Net profit moved in line with gross profit: on a quarter-on-quarter basis, it improved with higher sales, while on a year-on-year basis it declined because raw material prices for cassava roots rose faster than product prices for tapioca starch.

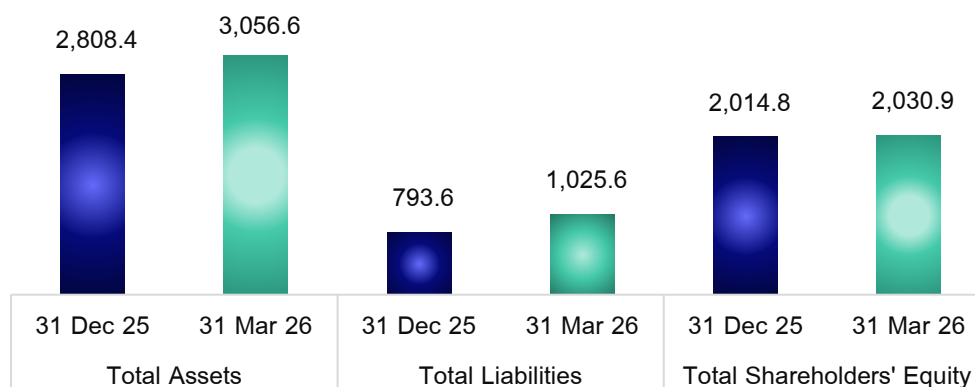
As a result, the net profit margin in this quarter was 3.0%, down from 10.8% in the same period last year, and turned positive from -6.2% in the previous quarter.

Summary of Profit Margins

	3-month				
	Q1/2025	Q4/2025	Q1/2026	%QoQ	%YoY
EBITDA (THB mn)	104.0	19.8	74.1	275.0%	(28.8%)
EBITDA margin (%)	21.8%	3.8%	11.1%	7.3 ppts	(10.7 ppts)
EBIT (THB mn)	62.3	(26.6)	26.9	201.1%	(56.8%)
EBIT margin (%)	13.0%	(5.1%)	4.0%	9.2 ppts	(9.0 ppts)
Net profit (loss) (THB mn)	51.6	(32.2)	19.9	161.7%	(61.5%)
Net profit margin (%)	10.8%	(6.2%)	3.0%	9.2 ppts	(7.8 ppts)
Earnings per share (THB)	0.077	(0.048)	0.030	161.7%	(61.5%)

Statement of Financial Position

(Unit: THB mn)



Total Assets

As of 31 March 2026, totalled THB 3,056.6mn, an increase of 8.8% from THB 2,808.4mn at the end of 2025.

- Current assets** As of 31 March 2026, current assets totalled THB 984.6mn, an increase of THB 237.5mn from THB 747.1mn at the end of 2025. The main reasons were an increase in inventories of THB 201.1mn and an increase in trade and other receivables of THB 47.6mn. The increase in inventories was driven by seasonal factors, as Q1 of each year is the period with the highest cassava output, resulting in production volume exceeding sales volume.
- Non-current assets** Non-current assets as of 31 March 2026 totalled THB 2,072.0mn, an increase of THB 10.7mn, or 0.5%, from THB 2,061.3mn at the end of 2025. The main reason was an increase in right-of-use assets of THB 18.2mn, although property, plant and equipment decreased by THB 7.1mn.

Total Liabilities

As of 31 March 2026, totalled THB 1,025.6mn, an increase of 29.2% from THB 793.6mn at the end of 2025.

- Current liabilities** Current liabilities as of 31 March 2026 totalled THB 690.7mn, an increase of THB 25.7mn from THB 665.1mn at the end of 2025. The main reasons were an increase in the current portion of long-term loans from financial institutions of THB 38.3mn, an increase in trade and other payables of THB 10.7mn, and an increase in derivative liabilities of THB 12.9mn, although short-term loans from financial institutions decreased by THB 40.0mn.
- Non-current liabilities** Non-current liabilities as of 31 March 2026 totalled THB 334.9mn, an increase of THB 206.4mn from THB 128.5mn at the end of 2025. The main reasons were an increase in long-term loans from financial institutions of THB 192.8mn, an increase in lease liabilities of THB 12.9mn, and an increase in employee benefit obligations of THB 0.7mn.

Shareholders' Equity

As of 31 March 2026, totalled THB 2,030.9mn, an increase of THB 16.1mn, or 0.8%, from THB 2,014.8mn as of the end of 2025. The primary reason for this was the return to positive net profit.

Cash Flow

For Q1/2026, the Company generated cash flows from the following activities:

- **Net cash used in operating activities** Net cash used in operating activities for Q1/2026 was THB 155.2mn, mainly due to the seasonal increase in inventories. Q1 of each year is the period with the highest cassava output, resulting in production volume exceeding sales volume.
- **Net cash used in investing activities** Net cash used in investing activities for Q1/2026 was THB 41.4mn, mainly consisting of maintenance capex to repair or maintain assets so they can continue operating normally.
- **Net cash used in financing activities** Net cash provided by financing activities for Q1/2026 was THB 185.2mn, mainly due to an increase in long-term borrowings from financial institutions.
- As a result of the above, net cash decreased by THB 11.3mn from the end of 2025. As of 31 March 2026, the Company had cash and cash equivalents of THB 288.0mn.

(unit: THB mn)	3M/2025	3M/2026
Net cash from (used in) operating activities	(137.5)	(155.2)
Net cash from (used in) investing activities	(60.0)	(41.4)
Net cash from (used in) financing activities	(2.6)	185.2
Cash and cash equivalent increased (decreased) - net	(200.0)	(11.3)
Cash and cash equivalent at the beginning of the period	467.8	299.4
Cash and cash equivalent at the end of the period	267.7	288.0

Key Financial Ratios

	Q1/2025	Q1/2026
ROE * (%)	7.5%	(5.3%)
ROA ** (%)	6.4%	(3.1%)
D/E (times)	0.4 times	0.5 times

* ROE คำนวณจาก กำไร (ขาดทุน) ของส่วนที่เป็นของบริษัทใหญ่ ของผลประกอบการ ย้อนหลัง 12 เดือนล่าสุด (Trailing 12 Months)

** ROA คำนวณจาก กำไรจากการดำเนินงาน+ส่วนแบ่งกำไร (ขาดทุน) จากเงินลงทุนในบริษัทร่วม+รายได้ทางการเงิน ของผลประกอบการ ย้อนหลัง 12 เดือนล่าสุด (Trailing 12 Months)

Risks and Opportunities

1. War Situation in the Middle East

Tensions in the Middle East have led to higher volatility in energy prices and freight rates, directly pressuring production and transportation costs for tapioca starch exporters, particularly fuel, electricity, and maritime shipping costs. In addition, uncertainty in international logistics routes has extended lead times and increased order management risk. At the same time, a global economic slowdown driven by energy pressures may reduce demand for products in downstream industries.

2. Thailand-Cambodia Border Closure

Restrictions on importing cassava roots from neighboring countries, especially Cambodia, have reduced the inflow of raw materials into the system and tightened domestic raw material availability, causing cassava root prices to rise continuously. This factor pressures production costs and may prevent some factories from operating at full efficiency, particularly operators that rely on the spot market and lack strong procurement networks. However, tight raw material conditions may help support selling prices in certain periods if those costs can be passed on to customers.

3. Climate Change

Climate change affects cassava root yields through rising temperatures and variability in rainfall. Although cassava is a drought-tolerant crop, prolonged temperatures above optimal levels reduce photosynthesis efficiency and starch accumulation in the roots. At the same time, irregular rainfall patterns, such as prolonged dry spells or excessive rainfall, may lead to water stress or root rot, all of which reduce yield per rai and root quality. In addition, the increased frequency of El Nino and La Nina events makes production more volatile and harder to predict.

Climate change also encourages the spread of pests and diseases and makes some cultivation areas less suitable than before, causing some farmers to switch to other crops. This results in greater long-term uncertainty in raw material supply. Overall, the impact of climate change is not limited to lower yields; it also increases supply volatility, which is transmitted to global cassava prices and creates risks to revenue stability and profit margins for operators in the industry.

4. Tapioca Starch Price Volatility

Tapioca starch prices are volatile and directly affect the Company's revenue. For example, in 2025 China's demand for tapioca starch imports trended downward as China restructured its supply chain by increasing raw material sourcing from new sources such as CLMV countries (Cambodia, Laos, Myanmar, and Vietnam) and investing upstream to control costs and strengthen raw material security. This put greater competitive pressure on existing exporters such as Thailand and Vietnam and made global tapioca starch prices highly volatile. When China slows imports, it creates excess supply and price declines, while a return to purchasing during periods of tight supply can quickly push prices higher.

5. Trends in Cassava Cultivation Area and Cassava Root Imports

Cassava cultivation area in Thailand remains below previous levels, reflecting constraints on expanding domestic raw material supply. At the same time, uncertainty surrounding cassava root imports from neighboring countries has further tightened supply, increasing competition for raw material procurement and putting pressure on producers' cost structures, especially for

factories without efficient raw material source management. These factors also limit the potential for further expansion in production capacity and exports.

6. Government Support for Export Market Expansion

Expanding export markets to Japan and to new areas in China, such as Chongqing, is an important supporting factor that helps reduce reliance on traditional Chinese markets and increases opportunities to access customers in higher value-added industries. The Japanese market in particular places strong emphasis on product quality, standards, and safety, while Chongqing serves as a logistics and industrial hub in western China, helping broaden the customer base into new regions. These factors have the potential to create long-term revenue stability. However, penetrating such markets requires stronger product standards and the ability to meet specific customer requirements.

7. Expansion into Value-Added Products

The trend toward developing products into value-added offerings, such as Modified Starch and products that respond to health and environmental trends, including Gluten-Free, Non-GMO, and customer segments that emphasize ESG and sustainability, is an important factor supporting stronger profitability and lower volatility from commodity prices. Shifting the product portfolio toward more differentiated and higher value-added products also strengthens competitiveness in international markets. However, investment in technology, research and development, and production standards is necessary to upgrade such products.

8. Low Carbon Starch

The Company has established a strategic partnership with Sojitz Agriculture DX Co., Ltd. (KDX) and Sojitz Corporation, a leading international trading group from Japan, with the goal of developing Low Carbon Starch with traceability throughout the supply chain. The project uses KDX Connect technology to collect data from farmers, including cultivation information, satellite imagery, and AI analysis, in order to calculate the product's carbon footprint. It began with a pilot group of 20 farmers and plans to expand to 200 farmers in the next phase. Carbon reduction approaches include optimizing fertilizer use based on soil conditions, using organic fertilizer, and applying biochar, as well as transferring knowledge to farmers to improve production efficiency. This collaboration aims to elevate Thai tapioca starch into markets that place importance on ESG and sustainability.

The collaboration above will be an important factor in executing the Company's product value enhancement strategy. By applying digital technology and traceability systems throughout the supply chain, the Company can better meet the needs of customers that place greater emphasis on ESG and sustainability. This gives the Company an opportunity to expand into customer segments with strong value-added potential and reduce reliance on price competition in commodity markets.

At the same time, this collaboration also helps strengthen raw material security by developing farmer management and upstream cultivation systems, enabling the Company to improve control over raw material quality and quantity while reducing the long-term impact of yield volatility and domestic raw material sourcing constraints. Farmer development and cultivation improvement approaches also help increase yield per rai and raise raw material quality to meet the requirements of high-standard markets, enabling the Company to manage costs and production continuity more effectively.

Sustainability Performance

The Sustainability and ESG Committee has revised the Vision and Mission to reflect current and future conditions, as follows:

Vision

“Driving sustainable starch business with innovation, good governance, and responsible growth for people and the planet.”

PQS strives to be a leader in the tapioca starch and related products industry, driven by innovation, global standards, and a strong commitment to social and environmental responsibility. We aim to create a balance between business growth and sustainable care for the world.

Mission

- Embed ESG into all levels of strategy and operations.
- Build a transparent, resilient, and inclusive cassava supply chain.
- Pursue Net Zero through effective energy, water, and waste management.
- Elevate communities and partners through shared value creation.
- Foster a culture of governance, transparency, and lifelong learning.

Key ESG Developments in 2026

- In February 2026, PQS achieved a major milestone in ESG development by signing a contract with **Sojitz Corporation** and its subsidiary, **Kaset DX (KDX)**. This partnership aims to jointly develop sustainable cassava farming in the Northeastern region of Thailand. This collaboration reflects PQS's commitment to becoming a leader in **Low-carbon Starch production by 2030**. Furthermore, this initiative is a key project under the "PQS Model," which fosters cooperation between the company and cassava farmers. The model focuses on increasing yield per rai through precise and cost-effective fertilizer application to ensure long-term sustainability within the company's raw material supply chain.
- The company was awarded an "A" rating in the 2025 SET ESG Ratings.



Environmental Performance (E)

- Empower farmers with landholdings of 20–100 rai per person by providing production inputs, real-time cultivation monitoring, and management strategies to reduce excessive fertilizer use. This initiative aims to increase yield per rai, reduce greenhouse gas emissions, and elevate the Low-Carbon Cassava Supply Chain in alignment with Responsible Sourcing practices and international environmental standards—including IFRS S2, GRI 305-5, EU Green Deal, CBAM, and Scope 3 Accounting—while restoring soil quality for long-term sustainable farming.
- Conduct Research and Development (R&D) through Smart Experimental Plots covering a total area of 40 hectares (250 rai). These are divided into sub-plots to study yield optimization and determine the ideal harvest window of 8–10 months, ensuring maximum cassava root quality and starch content.
- Distribute disease-resistant stems of the "Itti 1, 2, and 3" varieties to combat Cassava Mosaic Disease (CMD). As of the end of March 2026, 67,500 stems have been delivered, covering area of 135 rai across Mukdahan, Kalasin, and Sakon Nakhon provinces.

	2024	2025	Q1/2026
Greenhouse Gas Emissions (tCo ₂ e)	In Progress	45,109	5,038
Water Consumption per Unit of Production (m ³ / ton starch)	7.97	9.81	8.22
Share of Renewable Energy in Production Process (%)	48.77%	51.22%	49.65%

Note: In 2025, the Group expanded its business operations, resulting in increased operating activities. Consequently, energy consumption and water usage per ton of starch increased compared to 2024.

Impact on the Company from Environmental Initiatives:

1. **Market and Customers:** Enhanced the Company's product positioning toward sustainability-focused markets, particularly among major food and beverage manufacturers committed to carbon reduction. This aligns with environmental disclosure frameworks such as IFRS S2 and GRI indicators (e.g., GRI 305-5), strengthening PQS's potential to access premium markets and expand its international customer base.
2. **Operational Efficiency:** Securing higher-quality and more consistent raw materials has reduced production cost volatility, improved accuracy in financial forecasting, and enhanced cash flow management, thereby lowering long-term financial risk exposure.
3. **Supply Chain Stability:** Strengthened supply security of cassava raw materials enables continuous production and delivery planning, supporting future market expansion. This stability also enhances the Company's reliability and global brand reputation within the starch industry.

Social Performance (S)

- Implemented the Precision Agriculture Promotion Project to equip farmers with practical knowledge and technology, improving cost management, boosting yields, and increasing income while reinforcing long-term supply chain stability.
- Support the expansion of cassava propagation and the transfer of accelerated cassava seedling cultivation technology (X20) to enhance access to disease-resistant, high-yield varieties.
- Conducted employee training programs on Integrated Pest Management (IPM), Quality Management, and forklift operation to enhance employee knowledge and foster a working environment that supports operational efficiency.
- Maintain effective management of occupational health, safety, and working conditions. In Q1/2026, there were no work-related fatalities among employees or contractors.

	2024	2025	Q1/2026
Average Training Hour Per Employee (hour / employee)	10.6	7.2	14.2

Impact on the Company from Social Initiatives:

- 1. Strong Community Relations:** The Company has earned trust and long-term cooperation from local communities, fostering stability and mutual support for sustainable operations.
- 2. Safe Factory Environment:** The Company's facilities are located in safe and drug-free areas, contributing to a secure environment that enhances employees' quality of life.
- 3. Employee Well-being and Retention:** A positive work environment has improved employee satisfaction, reducing recruitment and turnover costs.
- 4. Enhanced Corporate Image:** PQS is increasingly recognized as an environmentally and socially responsible manufacturer, strengthening its brand reputation, supporting expansion into premium markets, and attracting socially conscious investors.
- 5. Attraction of High-Caliber Talent:** A strong corporate culture and positive reputation help attract skilled and motivated employees, driving the Company's long-term growth and competitiveness.



Governance Performance (G)

- Reviewed and updated the charters of the Board of Directors and all subcommittees to ensure alignment with the Stock Exchange of Thailand’s corporate governance standards and the IFRS S1/S2 framework.
- Approved the Business Continuity Plan (BCP) policy to strengthen the Company’s readiness in managing risks that may impact business operations, while also preparing for sustainability disclosures in accordance with ISSB standards and developing a Governance strategic plan to support ESG implementation in a systematic and sustainable manner.

	2024	2025	Q1/2026
CG Scoring	4 stars (Very Good)	5 stars (Excellent)	To be announced
Number of governance-related training sessions (cumulative since the beginning of the year)	None	1	None

Impact on the Company from Governance Initiatives:

- Trust from Farmers and Business Partners:** The Company has strengthened long-term trust and collaboration with suppliers and farmers through transparent, responsible, and fair business practices.
- Improved Management Decision-Making:** Executives are now able to make data-driven decisions with higher accuracy and accountability, reducing organizational risks and internal conflicts.
- Effective Grievance Management:** With a clear Non-Retaliation Policy, employees feel confident in reporting concerns safely, enabling the Company to resolve issues promptly while ensuring labor rights protection and sound governance risk management.
- Employee Engagement and Retention:** Transparent performance evaluations and equal opportunities have strengthened employee engagement, attracting and retaining high-potential talent within the organization.
- Sustainable Long-Term Growth:** A transparent, technology-supported governance framework enhances operational efficiency, minimizes errors, and promotes sustainable corporate growth, reinforcing stakeholder confidence across all levels.



Yours faithfully,
Mr. Pavint Ruangvoraboon
Chief Accounting and Finance Officer