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VAROPAKORN PUBLIC COMPANY LIMITED
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Subject: Interim Management Discussion and Analysis (MD&A) for the Second Quarter Ended 30 June 2026

To: Managing Director
The Stock Exchange of Thailand

1. Business, Economic and Industry Overview Affecting Operations

Unit: Baht million

Performance	Q2-25	Q1-26	Q2-26	Change YOY	Change QoQ
Sales Revenue	708.4	801.5	**697.1**	(11.4)	(104.4)
Gross Profit	29.1	81.9	**87.5**	58.4	5.6
Gross Profit Ratio (%)	4.1%	10.2%	**12.6%**	8.5pp*	2.4pp*
Other Revenue	6.7	2.2	0.9	(5.8)	(1.3)
FX Gain	5.4	8.0	4.1	(1.2)	(3.9)
Derivative Fair Value Gain/(Loss)	(9.8)	2.3	31.0	40.8	28.7
Selling & Admin. Expenses	21.7	25.2	24.5	2.8	(0.7)
Financial Costs	13.3	7.9	9.6	(3.7)	1.7
Net Profit	(0.3)	61.8	**87.3**	87.6	25.5

Note: *-Information based on the statement of comprehensive income.* ** percentage points (pp)*
-Change YOY and Change QoQ represent the increase/(decrease) in each financial statement item compared with the corresponding comparative period.

In the second quarter of 2026, the Company continued to face volatility in market conditions and aluminium raw material prices, including fluctuations in foreign exchange rates and global benchmark raw material prices. As a result, purchasing demand and sales revenue remained at levels that required close monitoring.

Nevertheless, the Company improved cost efficiency and managed to maintain the spread between selling prices and raw material costs more effectively. This resulted in significant improvements in gross profit margin and operating profit compared with the same period of the previous year.

For the first six months of 2026, the Company recorded sales revenue of Baht 1,498.6 million, a decrease of 8.2% from Baht 1,631.7 million in the same period of the previous year. Gross profit amounted to Baht 168.3 million, an increase of 86.9% from Baht 90.0 million, while net profit amounted to Baht 149.1 million, an increase of 129.4% from Baht 65.0 million in the same period of the previous year.

The above performance reflects that the improvement in the Company's 2026 operating results was driven primarily by an increase in gross profit margin, cost management, management of the selling price and raw material cost spread, as well as foreign exchange and derivative results, rather than sales volume growth alone.

2. Key Events and Developments in the Second Quarter of 2026

In the second quarter of 2026, the Company focused on improving operational efficiency, managing costs and working capital, as well as managing risks arising from fluctuations in raw material prices and foreign exchange rates. The key matters were as follows:

2.1 Efficiency and Margin Management

The Company focused on managing Selling Price, Ingot Cost and Roll Margin in order to maintain profitability despite high global aluminium raw material prices.

In addition, the Company continued to manage raw material procurement and production costs, resulting in a significant reduction in cost of goods sold.

2.2 Foreign Exchange and Raw Material Price Risk Management

The Company continued to use financial instruments and derivatives to manage risks arising from fluctuations in foreign exchange rates and raw material prices. For the first six months of 2026, the Company recorded a fair value gain on derivatives of Baht 28.1 million and a foreign exchange gain of Baht 17.4 million.

The Company will continue to closely monitor and manage these risks in order to limit the impact of market volatility on its operating results and cash flows.

2.3 Working Capital Management

The Company placed importance on managing inventories, trading receivables and trade payables in line with production levels and customer demand.

As of 30 June 2026, inventories amounted to Baht 812.6 million, an increase of approximately 15.4% from Baht 703.9 million at the end of 2025, while trade receivables amounted to Baht 607.3 million, broadly comparable with Baht 610.5 million at the end of 2025.

The Company therefore continued to focus on controlling inventory levels, raw material turnover and procurement management in line with production plans and customer orders.

3. Analysis of Operating Results

3.1 Sales Revenue

Second Quarter of 2026

The Company recorded sales revenue of Baht 697.1 million, a slight decrease of 1.6% from Baht 708.4 million in the second quarter of 2025.

Although sales revenue decreased slightly, profitability improved significantly, reflecting more effective management of Product Mix, selling prices and raw material costs.

First Six Months of 2026

The company's sales revenue was 1,498.6 million baht, a decrease of 8.2% from 1,631.7 million baht in the same period of the previous year. The decrease in revenue partly reflects lower order volumes due to the impact of the conflict in the Middle East. However, the company was able to maintain better profitability through effective management of sales prices and costs.

3.2 Other Revenue

In the second quarter of 2026, the Company recorded total other revenue of approximately Baht 36 million, comprising:

- Foreign exchange gain of approximately Baht 3.9 million
- Fair value gain on derivatives of approximately Baht 31.3 million
- Other income of approximately Baht 0.9 million

Compared with other revenues of approximately Baht 6.7 million in the second quarter of 2025, these items made a significant contribution to operating profit in the quarter.

For the first six months of 2026, total other revenue amounted to approximately Baht 48.6 million, mainly comprising foreign exchange gains and fair value gains on derivatives.

Nevertheless, the Company recognizes that income from these items is subject to market conditions and therefore should not be regarded as representative of the overall performance of the core business.

3.3 Costs and Expenses

Cost of Goods Sold

In the second quarter of 2026, the Company recorded cost of goods sold of Baht 609.6 million, a decrease of 10.3% from Baht 679.4 million in the second quarter of 2025, while sales revenue decreased by only 1.6%, resulting in a significant improvement in gross profit margin.

For the first six months of 2026, cost of goods sold amounted to Baht 1,329.3 million, a decrease of 12.1% from Baht 1,512.3 million in the same period of the previous year.

Selling and Administrative Expenses

In the second quarter of 2026, sales and distribution expenses amounted to Baht 8.7 million, while administrative expenses amounted to Baht 15.8 million, totaling approximately Baht 24.5 million, compared with approximately Baht 21.7 million in the second quarter of 2025.

For the first six months, selling and distribution expenses amounted to Baht 20.1 million and administrative expenses amounted to Baht 29.6 million, totaling Baht 49.7 million, compared with Baht 47.9 million in the same period of the previous year.

The Company continued to implement cost-control measures, focusing on improving operational efficiency and utilizing resources appropriately in line with the level of business activity.

Financial Costs

Financial costs in the second quarter of 2026 amounted to **Baht 9.6 million**, down from Baht 13.3 million in the second quarter of 2025, or approximately 28%.

For the first six months, financial costs amounted to **Baht 17.5 million**, down from Baht 28.0 million in the same period of the previous year, or approximately 37.4%.

The decrease in financial costs was another factor supporting the improvement in net profit.

3.4 Profit for the Period

Second Quarter of 2026

The Company recorded operating profit of Baht 99.0 million, a significant increase from Baht 9.6 million in the second quarter of 2025.

After financial costs and income tax, the Company recorded net profit of Baht 87.3 million, compared with a net loss of Baht 0.3 million in the second quarter of 2025.

Gross profit margin increased to approximately 14.2% from approximately 1.4% in the second quarter of 2025, while net profit margin was approximately 12.5%, compared with approximately -0.04% in the previous year.

First Six Months of 2026

The Company recorded operating profit of Baht 168.3 million, an increase of 86.9% from Baht 90.0 million in the same period of the previous year.

Profit before income tax amounted to Baht 150.8 million, compared with Baht 62.1 million, while net profit amounted to Baht 149.1 million, an increase of 129.4% from Baht 65.0 million in the same period of the previous year.

Gross profit margin increased to approximately 11.2% from 5.5% in the same period of the previous year, while net profit margin increased to approximately 10% from 4%.

The increase in profit resulted from lower cost of goods sold relative to revenue, improved management of the selling price and raw material cost spread, lower financial costs, as well as foreign exchange and derivative gains/losses.

4. Analysis of Financial Position

4.1 Assets

As of 30 June 2026, the Company had total assets of Baht 2,364.0 million, an increase of approximately 8% from Baht 2,188.1 million at the end of 2025.

Current assets amounted to Baht 1,571.7 million, comprising:

- Cash and cash equivalents: Baht 78.0 million
- Trade and other receivables: Baht 607.3 million
- Inventories: Baht 812.6 million
- Derivative financial assets: Baht 33.3 million
- Other current assets: Baht 40.5 million

The increase in current assets was mainly attributable to higher inventories, which the Company will manage in line with production plans and customer orders.

4.2 Liabilities

As of 30 June 2026, the Company had total liabilities of Baht 1,211.8 million, an increase of approximately 2.3% from Baht 1,185.0 million at the end of 2025.

Current liabilities amounted to Baht 1,146.6 million, including Trust Receipts of Baht 709.3 million, compared with Baht 621.8 million at the end of 2025.

Trust Receipts continued to play an important role in supporting working capital for the Company's raw material procurement.

Nevertheless, the Company will continue to closely monitor its debt levels and financial costs to maintain appropriate debt-servicing capacity and liquidity.

4.3 Shareholders' Equity

As of 30 June 2026, shareholders' equity amounted to Baht 1,152.2 million, an increase of approximately 14.9% from Baht 1,003.1 million at the end of 2025, mainly due to an increase in retained earnings from the current-period operating results.

Accordingly, the debt-to-equity ratio was approximately 1.05 times, down from approximately 1.18 times at the end of 2025, reflecting an improvement in the Company's capital structure and equity base.

4.4 Cash Flow Analysis

For the six-month period ending 30 June 2026, the Company generated net cash from operating activities of Baht 115.2 million, down from Baht 165.0 million in the same period of the previous year. Key factors affecting operating cash flow included:

- Inventories used cash of approximately Baht 119.9 million
- Trade and other receivables used net cash of approximately Baht 10.5 million on a movement basis
- Trade and other payables provided cash of approximately Baht 26.8 million
- Cash financial costs amounted to approximately Baht 16.5 million

In investing activities, the Company used net cash of Baht 31.4 million, mainly for the purchase of machinery and equipment.

In financing activities, the Company used net cash of Baht 34.1 million, with short-term borrowings decreasing by Baht 100.0 million, while Trust Receipts increased by approximately Baht 79.0 million.

As a result, cash and cash equivalents increased by approximately Baht 49.7 million, resulting in closing cash of approximately Baht 78.0 million.

Management will continue to closely monitor the conversion of profit into cash flow, particularly inventory and working capital management.

5. Key Financial Ratios

Ratio	Q2/69	Q1/69	Q2/68	Covenant
Current Ratio	1.37	1.28	1.24	N/A
Debt to Equity Ratio	**1.05**	1.27	1.40	< 1.50
Debt Service Coverage Ratio	**4.91**	3.06	3.60	> 1.25
Interest Coverage Ratio	**5.78**	2.74	3.53	> 2.00

Based on the information as of June 30, 2026, the company's financial position has improved, with the D/E ratio decreasing from 1.27 times in Q1/2026 and 1.40 times in Q2/2025 to 1.05 times. Meanwhile, the DSCR and Interest Coverage Ratio have improved and remain significantly above the covenant requirements.

6. Factors That May Affect Future Operations

The Company continues to monitor key factors that may affect its operating results as follows:

6.1 Demand Conditions and Sales Volume

The recovery of domestic and export demand remains an important factor affecting the Company's production volume and capacity utilization.

The Company therefore focuses on retaining existing customers, optimizing Product Mix and expanding into potential markets in order to increase sales volume while maintaining margin levels.

6.2 Raw Material Price Volatility

Aluminium raw material prices and global benchmark prices remain volatile. The average LME Aluminium Price YTD 2026 was approximately US$3,353 per ton, approximately 34.3% above the five-year average.

The Company will manage this risk through purchase and selling price management, inventory management and the use of financial instruments as appropriate.

6.3 Foreign Exchange Risk

The Company has foreign currency transactions arising from both raw material purchases and product sales and therefore remains exposed to foreign exchange fluctuations.

The Company will continue to apply risk management approaches and derivatives in accordance with its policies to limit volatility in operating results and cash flows.

6.4 Working Capital

An increase in inventories and the need to procure raw materials in advance may affect working capital and financial obligations.

The Company therefore places importance on inventory management, procurement planning and collection monitoring in order to maintain an appropriate level of liquidity.

6.5 Investment and Production Efficiency

The Company continues to invest in improving production efficiency and supporting business growth, while considering the appropriateness of investments together with their return-generating capability and the Company's financial position.

Such investments are consistent with the JUMP+ Plan, which targets an increase in Gross Profit Margin from 6.75% in 2025 to 7.57% in 2026, with further improvement in 2027–2028.

7. Sustainability Development

The Company continues to implement the JUMP+ Plan 2026–2028, focusing on strengthening competitiveness together with enhancing corporate governance, risk management and sustainability.

7.1 Climate Action

The Company has set a target to reduce Carbon Intensity by 15% within three years, or approximately 5% per year, and targets Carbon Intensity of 1.02 tCO_2e/Ton by 2028.

Implementation measures include the ongoing implementation of software for preparing a Greenhouse Gas (GHG) Inventory covering Scope 1, 2 and 3, improving furnace and energy-system efficiency, preventive maintenance, and the use of Solar Roof and IoT Monitoring systems to improve energy efficiency.

7.2 Governance

The Company continues to enhance its Governance, with key initiatives including anti-corruption, inside information management, preparation for CAC and relevant standards, as well as the development of Critical Roles, Succession Plan and Individual Development Plan (IDP), which are progressing accordingly.

8. Summary of Operating Results and Management Outlook

In the second quarter of 2026, the Company significantly improved its operating performance despite a slight decrease in sales revenue. Key drivers included improved gross profit margin, selling price and raw material cost management, cost control, lower financial costs, as well as the results of foreign exchange and derivative risk management.

For the first six months, the Company recorded net profit of Baht 149.1 million, an increase of 129.4% from the previous year.

Nevertheless, management continues to focus on the quality and sustainability of earnings, particularly increasing sales volume, maintaining Roll Margin, controlling inventories, generating operating cash flow, and managing risks arising from raw material prices and foreign exchange rates.

The Company will continue to execute the JUMP+ Plan, focusing on Organic Growth + Margin Upgrade, together with improving production efficiency, managing working capital, and enhancing Governance, Risk Management and Sustainability in order to create sustainable value for shareholders and stakeholders.

Notification of Operating Results for the Second Quarter of 2026

The Company hereby reports its operating results for the second quarter ended 30 June 2026, as detailed above.

The Company has duly submitted the financial statements for the period ended 30 June 2026, which were reviewed by the certified public accountant, through the SETLink electronic system of the Stock Exchange of Thailand.

Please be informed accordingly.

Yours sincerely,

Thanawat Sornjai

(Mr. Thanawat Sornjai)

Managing Director