CHEMEMAN PUBLIC COMPANY LIMITED

Management Discussion and Analysis

For the three-month period ended 30 June 2026

Business Overview

Chememan Public Company Limited (SET: CMAN) is currently one of the world's top ten lime producers, with more than 1.4 million tons of annual production capacity. Lime is one of the world's most vital and versatile chemicals and is widely used in various industries and applications. With high chemical-grade limestone quarries in Thailand and Vietnam, modern lime production facilities in Thailand, Vietnam, and India, and a state-of-the-art distribution center in Australia, CMAN has successfully developed a highly diversified customer portfolio that focuses on high-value-added end users in its targeted industries, especially mining (alumina, gold, copper, nickel, lithium, rare earth), iron & steel, construction (lightweight concrete blocks), pulp & paper, precipitated calcium carbonate (PCC), chemicals & derivative chemicals, sugar, bioplastics, glass & bottles, feedmills, flue gas treatment, and waste & wastewater treatment. International customers accounted for 55% of its lime sales volumes that span across 30 countries in Asia, Australia, and Africa. With an extensive business network leading to various growth opportunities, CMAN aims to strengthen its position as the leading lime company in the growing Indo-Pacific region and become one of the world's top five lime producers.

Discussion and Analysis

In Q2/2026, Chememan Public Company Limited ("CMAN") operated under highly volatile business conditions and had to closely monitor all operating costs. Higher inflation has resulted from significant conflicts like the ongoing US-Iran War, and several suppliers were passing through their cost increases every two weeks or one month.

Despite these conditions, CMAN's focus on disciplined customer portfolio management, strict cost controls, and high production uptime generated THB 84 million of net profits, a 22% decrease compared to last year's second quarter. Although total revenues declined by 4.5%, CMAN achieved a gross profit margin of 38.2% even with higher energy prices.

For the first half of 2026, CMAN reported revenues of THB 1,888 million, down 4.6% compared to same period in 2025. However, net profits attributable to shareholders increased 7.6% to THB 256 million, reflecting its high focus on profitability and risk management.

Second Quarter 2026 Performance

Unit: Million Baht, Except per share amounts	2Q26	2Q25	%YoY	1H26	1H25	%YoY
Revenues	**907**	950	(4.5)	**1,888**	1,978	(4.6)
Net income (loss) attributable to CMAN	**84**	107	(21.9)	**256**	238	7.6
Earnings (loss) per share attributable to CMAN	**0.09**	0.11	(21.9)	**0.27**	0.25	7.6

- **Revenues from Sales and Service:** Thailand's sales were THB 346 million, up 16.9%; international sales were THB 490 million, down 15.0%; and service revenues were THB 71 million, down 7.5%, compared to Q2/2025. Total revenues declined by 4.2% compared to Q2/2025 mainly due to a reduction in limestone sales volumes.

- **Cost of Goods Sold and Service:** The cost of goods sold and service equaled THB 561 million, down 6% compared to Q2/2025. This reduction was mainly driven by effective management of energy costs and strong cost controls at all production and distribution facilities.

- **Gross Profits:** CMAN reported gross profits of THB 346 million, down 1.9%. This equaled a gross profit margin of 38.2% (remained stable from 37.2% in Q2/2025). Stable average selling prices and effective cost management largely offset the lower revenues.

- **Finance Costs:** Finance costs were THB 32 million, up 7.5% from Q2/2025, primarily due to higher interest expenses. Its Vietnam subsidiary refinanced parent company loans with long-term debt from a local bank. On a net basis, CMAN had a 1.7% increase in total debt compared to Q2/2025.

- **Adjusted Net Profits Attributable to CMAN:** Consolidated net profits attributable to shareholders of CMAN were THB 84 million, down 21.9% compared to Q2/2025. The decline in net profit was mainly due to higher finance costs from subsidiary loans and tax expenses.

- **Cash:** As of 30 June 2026, CMAN had THB 160 million cash on hand. In the first half of 2026, cash flow from operations was THB 332 million. Cash flow for investing activities was minus THB 72 million, from major maintenance costs, improvements at the Prabuddhabaht plant and investment in electric vehicles. Cash flow from financing activities was minus THB 248 million, as CMAN drew down THB 413 million in long-term loans, repaid THB 348 million of long-term loans and leases and repaid a net short-term debt of THB 100 million.

- **Assets:** Total assets as of 30 June 2026 were THB 6,259 million, a 3.6% increase from the end of 2025, due to higher inventories to support future sales and an increase in outstanding account receivables.

- **Liabilities:** Total liabilities increased to THB 3,363 million, up 1.6% from the end of 2025, primarily due to an increase in long-term borrowings from Vietnam and Australia.

Financial Ratios

	2Q26	2Q25	1H26	1H25
Gross Profit Margin	38.2%	37.2%	40.1%	36.6%
Net Profit Margin	9.1%	11.3%	13.7%	12.2%
Return on Equity	13.9%	8.6%	13.9%	8.6%
Return on Assets	6.2%	3.6%	6.2%	3.6%
Total Liabilities to Equity	1.2x	1.3x	1.2x	1.3x
Interest Bearing Debt to Equity	1.0x	1.0x	1.0x	1.0x

Sustainability in Action 2026

CMAN is committed to sustainability. CMAN currently has total solar power capacity of 8.7 MW across its Kangkoi, Prabuddhabaht, and Rayong Plants and Tubkwang Quarry after completion of its latest 2 MW project at its Kangkoi Plant. The additional solar power capacity will further reduce energy costs.

CMAN will acquire more electric vehicles to cover 80% of its total fleet requirements by the end of 2026, which further reduces transportation costs. Electric vehicle investments are being considered in Vietnam and Australia.

CMAN has tested the use of biomass fuel at its Kangkoi Plant in Saraburi and plans to construct additional infrastructure to support biomass use in its kilns. Biomass fuel, as a source of green energy, should reduce CO2 emissions.

CMAN prioritizes employee management and continues its organizational transformation to prepare for the future. CMAN recently established Gritsman Company Limited to focus on advanced technologies and STEM-related work to ensure that the organization can adapt to its long-term growth and sustainability plans.

2026 Business Outlook

The operating environment for the rest of 2026 is expected to remain difficult and highly volatile. Geopolitical tensions among the United States, Israel, and Iran have repeatedly disrupted shipping through the Strait of Hormuz with no conclusion in sight. Despite several ceasefire attempts this year, renewed conflict in July has again brought shipping in the area to a standstill. These disruptions have kept global energy prices high, increasing supply chain uncertainty. Higher energy costs continue to drive inflation, causing major central banks to delay expected interest rate cuts.

In the Indo-Pacific lime market, competitive pressures are high, as Chinese producers redirect their lime supply into the region. Middle Eastern lime exporters face some business disruptions due to their proximity to Iran, partially offsetting the broader pricing pressure.

Combined with various industrial companies reducing their overall risks, global lime demand is projected to remain flat or grow at a very low level in 2026. To remain competitive, CMAN continues to carefully control costs, strengthen relationships with strategic partners and customers and work on its expansion plans in Indonesia and India. These projects will localize production and reduce costs to local customers, thereby allowing CMAN to better penetrate its target markets. To support the regional growth strategy, CMAN will develop more local financing relationships to reduce foreign exchange mismatches.

To improve its long-term competitiveness, CMAN completed the acquisition of Lime Master Company Limited, the third largest lime producer in Thailand, in July 2026. This acquisition allows CMAN to increase its production capacity, broaden its customer relationships, and optimize its operational efficiencies. The integration of Lime Master is expected to contribute positively to performance in the second half of 2026 and beyond.

CMAN remains focused on driving operational excellence through stronger process improvements and more investments into technologies to enhance operational efficiency, optimize planning, and strengthen data-driven decision-making. These digital initiatives are also supported by Thai government tax benefits under the Industry 4.0 Program.

With more than 23 years of industry expertise, a strong eco-system of partners, customers, suppliers, banks, other stakeholders and a healthy financial position, CMAN is well-positioned to expand its footprint in the Indo-Pacific region.