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VAROPAKORN PUBLIC COMPANY LIMITED
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**(Translation)**

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Subject: Interim Management Discussion and Analysis (MD&A) for the third Quarter Ended 30 September 2026

To: Managing Director
The Stock Exchange of Thailand

**1. Overview of Business, Economic Conditions and Industry Situation**

During the third quarter of 2026, the Company continued to operate amid volatility in the aluminium market, including fluctuations in raw material prices, foreign exchange rates, and competitive conditions in both export and domestic markets. These factors affected the Company's selling price management, raw material costs and profit margins.

Although the Company recorded an increase in sales revenue compared with the corresponding quarter of the previous year, its profitability in the current quarter declined compared with the preceding quarter. The key contributing factors included an increase in cost of sales per unit arising from energy costs and production consumables, while average selling prices tended to decline as a result of movements in commodity prices (LME) at a faster pace than the adjustment in costs, compared with the preceding quarter.

The key operating results for Q3/2026, compared with Q3/2025 and Q2/2026, are summarized below:

| Operating Results (THB million) | Q3/2025 | Q2/2026 | Q3/2026 |
|---|---|---|---|
| Sales Revenue | 456.4 | 697.1 | 659.0 |
| Gross Profit | 8.6 | 87.5 | 38.2 |
| Gross Profit Margin | 1.9% | 12.6% | 5.8% |
| Foreign Exchange Gain | 3.7 | 4.1 | 8.7 |
| Gain (Loss) on Derivatives | (1.3) | 31.0 | (2.7) |
| Selling and Administrative Expenses | 22.0 | 24.5 | 25.5 |
| Finance Costs | 8.6 | 9.6 | 9.6 |
| Net Profit (Loss) | (17.5) | 87.3 | 4.6 |

In Q3/2026, the Company recorded sales revenue of THB 659.0 million, representing an increase of 44.4% from THB 456.4 million in Q3/2025. Gross profit amounted to THB 38.2 million, increasing from THB 8.6 million in the corresponding period of the previous year. However, the gross profit margin decreased from 12.6% in Q2/2026 to 5.8% in Q3/2026.

This change indicates that the increase in sales revenue did not translate into a proportionate increase in gross profit. Accordingly, the Company continues to place emphasis on selling price management, raw material costs and production efficiency in order to maintain its profitability.

**2. Significant Events and Developments in Q3/2026**

During Q3/2026, the Company focused on improving operational efficiency, controlling costs and managing working capital, while closely monitoring risks arising from fluctuations in raw material prices and foreign exchange rates. The key areas of focus are as follows:

**2.1 Production Efficiency and Margin Management**

The Company places importance on managing selling prices, aluminium raw material costs (Ingot Cost) and the roll margin to maintain its competitiveness and profitability.

The Company continues to closely monitor production costs, raw material utilization and production capacity utilization in order to improve unit costs and maintain its gross profit margin.

**2.2 Foreign Exchange and Derivatives Risk Management**

The Company's transactions involving both raw material purchases and product sales are conducted partly in foreign currencies. Accordingly, the Company is exposed to risks arising from fluctuations in foreign exchange rates and raw material prices.

In Q3/2026, the Company recorded a foreign exchange gain of THB 8.7 million and a loss on derivatives of THB 2.7 million. In comparison, Q3/2025 recorded a foreign exchange gain of THB 3.7 million and a loss on derivatives of THB 1.3 million.

The results of these transactions are subject to market conditions and changes in fair value. The Company therefore continues to manage such risks through financial instruments in accordance with its established policies, taking into consideration the appropriateness of each transaction and its potential impact on operating results and cash flows.

**2.3 Working Capital Management**

The Company recognizes the importance of managing inventories, trade receivables and trade payables in alignment with its production plans and customer demand.

As at 30 September 2026, the Company had inventories of THB 866.1 million, an increase of approximately 23.0% from THB 703.9 million as at the end of 2025. The increase in inventories is an area requiring close monitoring, as it affects working capital and the Company's funding requirements for its operations.

The Company therefore places emphasis on procurement planning, inventory level control and the turnover management of raw materials and finished goods to ensure alignment with customer orders and production plans.

## 3. Analysis of Operating Results

### 3.1 Sales Revenue

In Q3/2026, the Company recorded sales revenue of THB 659.0 million, an increase of THB 202.5 million or 44.4% from THB 456.4 million in Q3/2025. However, sales revenue decreased by THB 38.1 million or 5.5% from THB 697.1 million in Q2/2026.

The year-on-year increase reflected the improvement in revenue from product sales in both international and domestic markets. The Company continues to focus on value-added products, retaining existing customers and expanding its markets.

In terms of product mix, Precoated Finstock remained the Company's principal product, accounting for approximately 48% of export sales and 26% of domestic sales. Capstock and Automotive Fin accounted for approximately 14% and 5%, respectively.

### 3.2 Other Income

In Q3/2026, the Company recorded other incomes comprising a foreign exchange gain of THB 8.7 million and other income of THB 0.6 million, resulting in total other income of THB 9.3 million. At the same time, the Company recorded a loss on derivatives of THB 2.7 million.

In comparison, Q3/2025 recorded a foreign exchange gain of THB 3.7 million, another income of THB 2.8 million and a loss on derivatives of THB 1.3 million.

### 3.3 Costs and Expenses

**Cost of Sales**

In Q3/2026, the Company recorded cost of sales of THB 620.7 million, an increase of THB 172.9 million or approximately 38.6% from THB 447.9 million in Q3/2025, while sales revenue increased by 44.4%.

As a result, the Company recorded gross profit of THB 38.2 million and a gross profit margin of 5.8%, compared with gross profit of THB 8.6 million and a gross profit margin of 1.9% in the corresponding quarter of the previous year.

However, compared with Q2/2026, when the gross profit margin was 12.6%, the gross profit margin in Q3/2026 declined significantly. Factors requiring close monitoring include raw material costs per unit, production costs per unit and the Company's ability to adjust selling prices in line with changes in costs.

The Company will focus on raw material cost management, improving production efficiency and managing its product mix in order to maintain its Roll Margin and enhance profitability.

**Selling and Administrative Expenses**

In Q3/2026, the Company recorded selling and distribution expenses of THB 7.9 million and administrative expenses of THB 17.7 million, totaling THB 25.5 million, compared with THB 22.0 million in Q3/2025.

**Finance Costs**

In Q3/2026, the Company recorded finance costs of THB 9.6 million, an increase of THB 1.0 million or approximately 11.3% from THB 8.6 million in Q3/2025.

Finance costs remain a factor affecting the Company's net profit, particularly in relation to working capital requirements associated with raw material procurement and the utilization of Trust Receipts facilities. The Company therefore places importance on managing liquidity and financing costs in conjunction with inventory management.

**3.4 Profit for the Period**

In Q3/2026, the Company recorded an operating profit of THB 19.2 million, compared with an operating loss of THB 8.2 million in Q3/2025.

After deducting finance costs of THB 9.6 million and income tax expense of THB 5.1 million, the Company recorded a net profit of THB 4.6 million, compared with a net loss of THB 17.5 million in the corresponding quarter of the previous year.

Although the Company returned to net profitability compared with the same period of the previous year, net profit in Q3/2026 decreased from THB 87.3 million in Q2/2026. This reflected pressure from the decline in gross profit margin and changes in financial items.

**4. Analysis of Financial Position**

**4.1 Assets**

As at 30 September 2026, the Company had total assets of THB 2,391.3 million, an increase of THB 203.2 million or approximately 9.3% from THB 2,188.1 million as at 31 December 2025.

Current assets amounted to THB 1,590.3 million, comprising the following major items: Cash and cash equivalents: THB 86.5 million, Trade and other current receivables: THB 581.0 million, Inventories: THB 866.1 million, Derivative financial assets: THB 7.7 million, Other current assets: THB 49.0 million.

Inventories increased from THB 703.9 million at the end of 2025 to THB 866.1 million as at 30 September 2026. This represents a significant use of working capital, as the Company needs to procure raw materials for production during the fourth quarter, which is the period with the highest level of customer orders in the year.

Non-current assets amounted to THB 801.1 million, of which property, plant and equipment amounted to THB 776.1 million, increasing from THB 765.5 million as at the end of 2025. This reflected investment in machinery and equipment to support operations and improve production efficiency.

**4.2 Liabilities**

As at 30 September 2026, the Company had total liabilities of THB 1,234.5 million, an increase of THB 49.5 million or approximately 4.2% from THB 1,185.0 million as at the end of 2025.

Current liabilities amounted to THB 1,171.5 million, comprising the following major items: Trust Receipts payable: THB 931.6 million, Trade and other current payables: THB 207.4 million, Short-term loans from financial institutions: Nil, Current portion of long-term loans: THB 17.5 million

Trust Receipts payables increased from THB 621.8 million as at the end of 2025 to THB 931.6 million as of 30 September 2026, while short-term loans from financial institutions decreased from THB 150.0 million to nil.

This change reflects an increase in the utilization of Trust Receipts as a source of working capital financing. The Company therefore needs to closely monitor its liabilities, finance costs and debt repayment schedules in order to maintain liquidity and its ability to meet financial obligations.

**4.3 Shareholders' Equity**

As at 30 September 2026, the Company had shareholders' equity of THB 1,156.8 million, an increase of THB 153.7 million or approximately 15.3% from THB 1,003.1 million as at the end of 2025.

The increase in shareholders' equity was primarily attributable to the accumulated net profit for the first nine months of 2026, resulting in retained earnings changing from an accumulated deficit of THB 111.0 million as at the end of 2025 to retained earnings of THB 42.7 million as at 30 September 2026.

The Company's Debt-to-Equity Ratio as at 30 September 2026 was approximately 1.07 times, down from approximately 1.18 times as at the end of 2025.

**4.4 Cash Flow Analysis**

During the first nine months of 2026, the Company recorded net cash used in operating activities of THB 11.8 million, net cash used in investing activities of THB 62.7 million and net cash generated from financing activities of THB 132.6 million.

As a result, cash and cash equivalents increased by THB 58.1 million, from THB 28.3 million at the beginning of the period to THB 86.5 million as at 30 September 2026.

Cash flows from investing activities mainly comprised purchases of machinery and equipment. Cash flows from financing activities were affected by an increase in Trust Receipts payables of THB 302.3 million, while short-term loans from financial institutions decreased by THB 150.0 million and long-term loan repayments amounted to THB 18.9 million.

Although the Company recorded an increase in cash and cash equivalents at the end of the period, net cash from operating activities remained negative. This is therefore an area requiring management attention, particularly with respect to inventory management, trade receivables and trade payables, in order to improve the Company's ability to convert operating profit into cash flows.

**5. Key Financial Ratios**

As at 30 September 2026, the Company's key financial ratios were as follows:

| Financial Ratios | 31 December 2025 | 30 September 2026 |
|---|---|---|
| Current Ratio (times) | 1.27 | 1.36 |
| Quick Ratio (times) | 0.58 | 0.57 |
| Debt-to-Equity Ratio (times) | 1.18 | 1.07 |
| Debt Service Coverage Ratio (times) | 1.62 | 5.91 |
| Interest Coverage Ratio (times) | 2.57 | 6.42 |
| Return on Equity (%) | 6.92 | 15.19 |

*Note: The DSCR and ICR are cumulative ratios calculated for the period from October 2025 to September 2026 and do not represent the results for Q3/2026 alone.*

The Company's Current Ratio increased to 1.36 times, while its Debt-to-Equity Ratio decreased to 1.07 times, reflecting an improvement in its overall liquidity position and capital structure. Nevertheless, the Quick Ratio remained at 0.57 times.

With respect to the DSCR and ICR, which are ratios relevant to the financial covenants under loan agreements, the Company's ratios stood at 5.91 times and 6.42 times, respectively, exceeding the thresholds specified in the information used for monitoring the loan covenants. The Company will continue to monitor these ratios to ensure ongoing compliance with its financial covenants.

**6. Factors That May Affect Future Operations**

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

**6.1 Demand Conditions and Sales Volume**

The recovery of demand in both domestic and export markets remain a key factor affecting the Company's production volume and capacity utilization. The Company will focus on retaining existing customers, expanding into markets with growth potential and developing value-added products, together with product mix management, in order to increase sales volume and maintain its gross profit margin.

**6.2 Volatility in Aluminium Raw Material Prices**

Aluminium raw material prices remain volatile. Such volatility may affect procurement costs, inventory valuation and the margin between selling prices and raw material costs.

The Company will manage these risks through selling price and purchase price management, inventory level management and the appropriate use of financial instruments, taking into consideration the potential impact on profitability and working capital.

**6.3 Foreign Exchange Risk**

The Company's raw material purchases and product sales involve foreign currency transactions, exposing the Company to foreign exchange rate fluctuations. The Company will monitor its foreign currency positions and manage the associated risks through financial instruments in accordance with its established policies in order to limit the impact on operating results and cash flows.

**6.4 Working Capital and Liquidity Management**

The increase in inventories and the utilization of Trust Receipts facilities are factors requiring close monitoring, as they affect the Company's financial obligations and liquidity. Accordingly, the Company places importance on procurement planning, inventory control, expediting debt collection and managing funding sources to ensure they are appropriate for the operating cycle.

**6.5 Investment and Production Efficiency Enhancement**

The Company continues to make investments to improve production efficiency and support business development. Investment decisions are assessed in conjunction with the potential returns, operational readiness and the Company's financial position.

Such investments form part of the Company's approach to enhancing operational efficiency and strengthening its long-term competitiveness. The Company will continue to monitor investment returns and the impact of such investments on working capital.

**7. Sustainability Development**

The Company continues to implement its JUMP+ Plan for 2026–2028, focusing on strengthening competitiveness while enhancing corporate governance, risk management and sustainable business practices. The Company is currently implementing the initiatives in accordance with the established action plans.

**7.1 Climate Action**

The Company has set a target to reduce Carbon Intensity by 15% within three years, equivalent to an average reduction of approximately 5% per year and has established a Carbon Intensity target of 1.02 tCO2e/Ton by 2028.

The implementation approaches include developing a Greenhouse Gas (GHG) Inventory covering Scope 1, Scope 2 and Scope 3 emissions; improving the efficiency of melting furnaces and energy systems; implementing preventive maintenance; and utilizing energy from Solar Rooftop installations and energy monitoring systems to enhance resource efficiency and reduce environmental impacts.

**7.2 Governance**

The Company continues to enhance its corporate governance and risk management systems, with emphasis on anti-corruption measures, the protection of inside information, the development of risk management systems and preparation for relevant standards and initiatives, such as CAC.

In addition, the Company places importance on human resource development and succession planning for critical roles through the preparation of Succession Plans and Individual Development Plans (IDPs). These initiatives aim to strengthen management continuity and support the Company's long-term growth.

**8. Management Summary and Outlook**

In Q3/2026, the Company recorded sales revenue of THB 659.0 million, an increase of 44.4% compared with the corresponding quarter of the previous year, and a net profit of THB 4.6 million, compared with a net loss of THB 17.5 million in Q3/2025. This reflected an improvement in operating performance compared with the same period of the previous year.

However, compared with Q2/2026, net profit decreased from THB 87.3 million to THB 4.6 million. The key factors included a decline in the gross profit margin from 12.6% to 5.8%, as well as changes in foreign exchange and derivatives results.

Management recognizes that revenue growth alone is insufficient to generate sustainable returns. The Company therefore continues to focus on improving production efficiency, managing selling prices and raw material costs, maintaining its Roll Margin, controlling inventories and generating cash flow from operating activities.

The Company will continue to implement its JUMP+ Plan, focusing on Organic Growth alongside resource utilization efficiency, working capital management and the enhancement of Governance, Risk Management and Sustainability. These initiatives are intended to strengthen the Company's competitiveness and create sustainable value for shareholders and stakeholders.

**Notification of Operating Results for the Third Quarter of 2026**

The Company hereby reports its operating results for the third quarter ended 30 September 2026, as detailed above. The Company has also submitted its financial statements for the period ended 30 September 2026, which have been reviewed by the certified public accountant, through the Stock Exchange of Thailand's electronic disclosure system (SETLink).

Please be informed accordingly.

Yours sincerely,

*Thanawat Sornjai*

(Thanawat Sornjai)

Managing Director