Asian Palm Oil Public Company Limited

MANAGEMENT DISCUSSION & ANALYSIS

Q3/2026



APO Strategic Direction

ESG Goals Aligned with (SDGs)



The Company recognizes the limited natural resources and therefore applies the circular economy model in line with its business strategy.



The Company is committed to driving sustainable industrial development by enhancing its competitiveness through technological advancement. The Company has been researching and developing environmentally friendly production innovations.



The Company is committed to growing together with local farmers by establishing the Asian Plus+ project to develop the knowledge and skills of local farmers. This will help create a stable income, stimulate the local economy, and contribute positively to the sustainable development of the area.

Implementing RSPO practices

The company has been certified by the RSPO (Roundtable on Sustainable Palm Oil), which is a certification for sustainable palm oil cultivation and production according to international standards. The company adheres to various criteria covering economic, social, environmental, and labor aspects as follows:

- **Environmental protection :** Palm oil cultivation must not destroy ecologically important forest areas, including reducing greenhouse gas emissions from related activities.
- **Labor care** : The company emphasizes labor rights and welfare, such as fair wages, safe working conditions, and the absence of child or forced labor.
- **Economic and social development** : Promote development in local communities and support smallholder farmers in accessing resources and technology to increase productivity.
- **Efficient use of natural resources** : Proper use of chemicals and fertilizers to minimize environmental impact and enhance production efficiency.

Palm Oil Industry Trends

The palm oil industry continues to face volatility in production volumes, product prices, and raw material costs, driven by climate conditions, inventory levels, and global vegetable oil market trends. Meanwhile, demand for palm oil in the bioenergy sector remains a supportive factor for long-term market growth. Nevertheless, intensifying competition and price uncertainty remain key challenges for palm oil mill operators.

Scaling Value Creation : 2026 Strategic Priorities

"In 2026, the Company expects sustained growth in the palm oil industry, underpinned by its strategic emphasis on a fully integrated value chain. Central to this strategy is the continued execution of the "Asian Plus+" initiative, which strengthens upstream sourcing through close collaboration with smallholders and plantation networks. This program enhances the procurement of high-quality fresh fruit bunches (FFB), mitigates seasonal supply volatility, and supports a consistently competitive Oil Extraction Rate (OER).

The Company is also reinforcing its sustainability leadership through enhanced RSPO standards, strengthening product differentiation and expanding access to international markets. This aligns with solid regional demand driven by clean energy policies, including Indonesia's B40 biodiesel mandate, as well as growth in the global food sector.

In parallel, investments in high-quality oil palm seedlings and the transition toward Smart Manufacturing are expected to act as key catalysts for cost optimization, operational efficiency, and margin enhancement.

Through disciplined strategic execution, the Company is well-positioned to enhance profitability, strengthen its competitive edge, and deliver sustainable long-term value amid evolving global market dynamics."

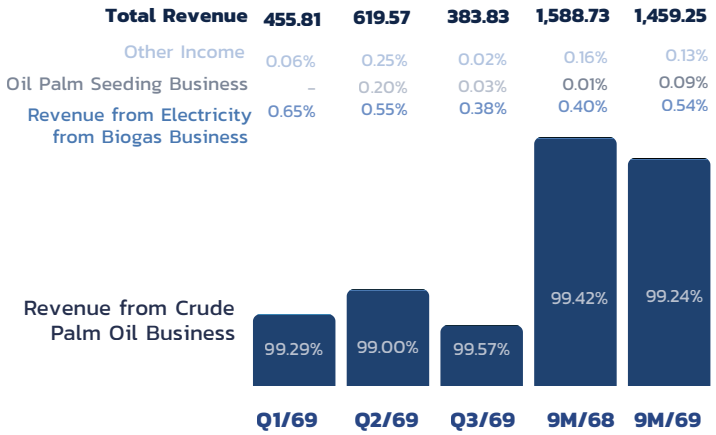
Executive Summary

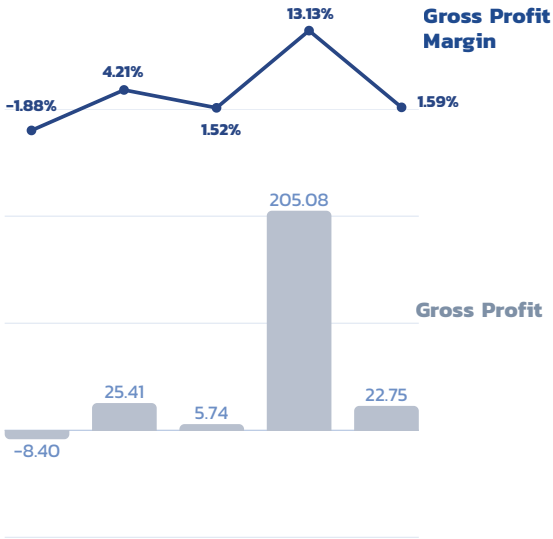
Operating Highlights	Qtr.1/26	Qtr.2/26	Qtr.3/26	QoQ	9M/25	9M/26	YoY
Operating Revenue	**447.82**	**604.25**	**378.79**	(37.31%)	**1,561.96**	**1,430.86**	(8.39%)
• Crude Palm Oil Business (CPO&PK)	444.84	599.61	377.24	(37.09%)	1,555.33	1,421.67	(8.59%)
• Revenue from Electricity from Biogas	2.98	3.38	1.45	(57.10%)	6.41	7.81	21.84%
• Revenue from Palm oil seedling	0.00	1.26	0.13	(89.68%)	0.22	1.39	531.82%
Less Cost of goods sold	**(456.22)**	**(578.84)**	**(373.05)**	(35.55%)	**(1,356.88)**	**(1,408.11)**	3.78%
Gross Profit	**(8.40)**	**25.41**	**5.74**	(77.41%)	**205.08**	**22.75**	(88.91%)
Revenue from by Products and Other Income	7.99	15.32	5.04	(67.14%)	26.77	28.39	6.05%
Less Selling and Administrative Expense	(16.52)	(21.80)	(15.51)	(28.85%)	(45.43)	(53.83)	18.49%
Profit (Loss) From Operations	**(16.93)**	**18.95**	**(4.73)**	(124.96%)	**186.42**	**(2.69)**	(101.44%)
Finance costs and income tax (Deferred Tax)	1.16	(4.14)	1.02	124.64%	(5.70)	(1.98)	(65.26%)
Net Profit (Loss)	**(15.77)**	**14.81**	**(3.71)**	(125.05%)	**180.72**	**(4.67)**	(102.59%)
Net Profit Margin	**(3.46%)**	**2.39%**	**(0.97%)**		**11.38%**	(0.33%)	

Remarks : Values may differ by decimal point due to rounding.

Revenue Breakdown by Business, Net Profit and Net Profit Margin

Unit: Million Baht, %





Executive Summary

Operating Performance in Q3/2026

In Q3/2026, the Company recorded total operating revenue of THB 378.79 million, a decrease of 37.31% from the previous quarter. This was primarily due to a temporary suspension of production for a total of more than 20 days during July–August 2026 to install and upgrade the production system, including the Vertical Sterilizer and Empty Fruit Bunch (EFB) Press. These investments form part of the Company's long-term plan to enhance production efficiency and capacity, resulting in fewer operating days and lower production volume during the quarter.

In addition, operations were affected by seasonal fluctuations in fresh fruit bunch (FFB) availability, resulting in a lower average capacity utilization rate of 39.01%, compared with 71.65% in the previous quarter.

Nevertheless, following the installation and improvement of the equipment, the Company achieved improved extraction efficiency, with the crude palm oil extraction rate (OER) increasing to 19.72% from 18.13% in the previous quarter, while the palm kernel extraction rate (KER) increased to 6.01% from 5.12%.

The reduction in operating days, together with fluctuations in raw material availability, resulted in gross profit of THB 5.74 million and a net loss of THB 3.71 million for the quarter.

For the biogas power generation business, the Company recorded revenue of THB 1.45 million, while the oil palm seedling business generated revenue of THB 0.13 million. The Company continues to manage both businesses alongside its core operations to maximize resource utilization and support long-term business growth.

9M/2026 Operating Performance Overview

For the first nine months of 2026, the Company recorded total operating revenue of THB 1,430.86 million, a decrease of 8.39% compared with the same period last year. The majority of revenue was generated from the palm oil business (CPO and PK), amounting to THB 1,421.67 million.

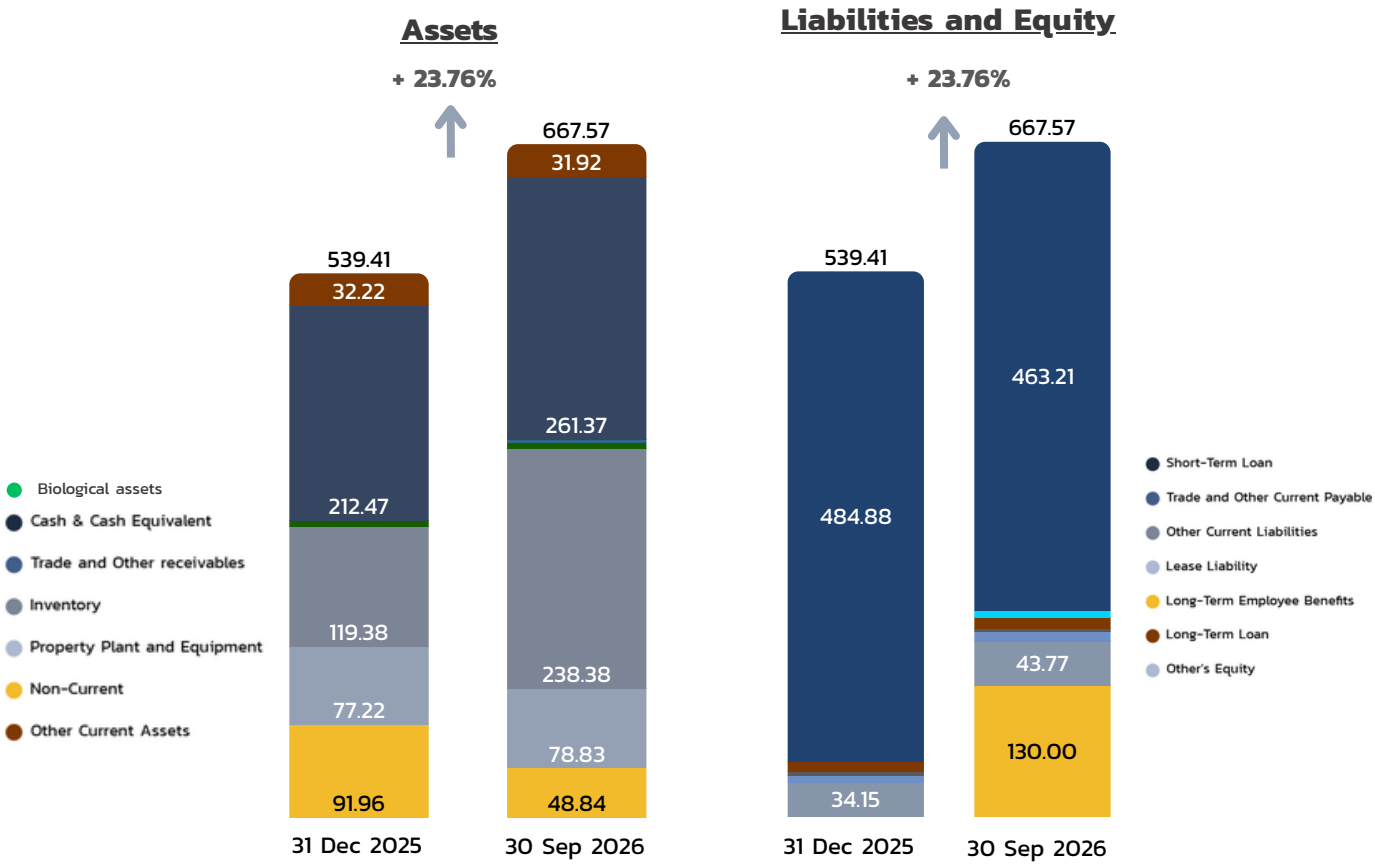
Operating performance during this period was affected by fluctuations in the availability of fresh fruit bunches (FFB) across the industry, as well as a temporary suspension of production for more than 20 days during July–August to install the Vertical Sterilizer and EFB Press. These investments are intended to enhance production processes and improve long-term operational efficiency, resulting in lower production and sales volumes in Q3 compared with the previous quarter.

The Company recorded gross profit of THB 22.75 million, down from THB 205.08 million in the same period last year, with a gross profit margin of 1.59%. This reflected pressure from production volume, raw material costs, and the margin between selling prices and production costs. Consequently, the Company reported a net loss of THB 4.67 million, compared with a net profit of THB 180.72 million in the same period last year.

Nevertheless, the Company continues to focus on improving production efficiency, managing raw materials, and controlling costs. Q3 performance demonstrated improvements in both the crude palm oil extraction rate (OER) and palm kernel extraction rate (KER) compared with the previous quarter. The production system upgrade is part of the Company's ongoing efforts to strengthen operational capabilities, support future production, and enhance its long-term competitiveness.

Statement of Financial Position

Unit: Million Baht, %



Assets

As of 30 September 2026, the Company's total assets amounted to THB 667.57 million, an increase of THB 128.16 million or 23.76% from the end of 2025. The increase was mainly attributable to inventories, which rose by THB 118.99 million or 99.67%, reflecting changes in working capital requirements and the management of raw materials and finished products amid market volatility. Property, plant and equipment also increased by THB 48.90 million following investments in and upgrades to the production system to enhance operational efficiency and production capacity. Meanwhile, cash and cash equivalents decreased by THB 43.12 million due to the utilization of funds for operations and investment.

Liabilities

As of 30 September 2026, the Company's total liabilities amounted to THB 204.36 million, an increase of THB 149.83 million or 274.76% from the end of 2025. The increase was mainly attributable to higher short-term and long-term borrowings to support investment and working capital requirements amid volatility in agricultural commodity markets, elevated raw material costs, climate-related uncertainties, and global economic conditions affecting commodity prices and overall operating costs.

Shareholders' equity

As of 30 September 2026, the Company's shareholders' equity amounted to THB 463.21 million, a decrease of THB 21.67 million or 4.47% from the end of 2025. The decrease was mainly attributable to dividend payments and the Company's operating performance during the first nine months of 2026. The debt-to-equity ratio (D/E Ratio) stood at 0.44 times as of 30 September 2026.

Management Summary & Future Outlook

Overall, as of 30 September 2026, the Company's total assets increased from the end of the previous year, supported by investments in machinery and production system upgrades to improve operational efficiency, together with working capital management to accommodate business volatility. The Company also increased its funding from financial institutions to support these investments and business operations.

Going forward, the Company will focus on maximizing the benefits of its machinery and equipment upgrades, optimizing raw material and inventory management, and continuously controlling costs and expenses. The Company will also maintain prudent liquidity and debt management in line with its cash flow generation capacity to preserve financial stability and support sustainable business growth.