

Tipco Asphalt PLC

Management Discussion and Analysis (MD&A)

Consolidated Financial Performance for the quarter ended 31 March 2025

Tipco Asphalt PLC. (“the Company”) would like to report on the Company’s performance for the first quarter of 2025, in reference to the audited financial statements ending 31 March 2025.

Business Overview

In the first quarter of 2025, the Group's overall performance showed a significant improvement compared to the same quarter of the previous year. This uptick was largely attributed to the fact that normal government budget disbursement returned in 2025. However, when comparing the performance to the fourth quarter of 2024, the Group experienced a decline in both revenue and gross profit. This decrease was primarily due to price competition in several countries and a reduction in sales volume in the international market.

Unit : THB Thousand

	Q1 2024	Q4 2024	Q1 2025	% Change YoY	% Change QoQ
Revenue	5,760,484	7,823,614	7,161,368	24.32%	(8.46%)
Gross Profit	342,887	917,145	730,402	113.02%	(20.36%)
Selling and admin expense	300,114	319,478	305,831	1.90%	(4.27%)
Net Profit	7,877	575,718	444,386	5,541.56%	(22.81%)
EBITDA	337,639	1,060,582	868,608	157.26%	(18.10%)
Earnings per share (THB)	0.005	0.365	0.282	5,540.00%	(23.78%)
% Gross profit	6.04%	11.81%	10.28%	4.24%	(1.53%)
% Selling & admin	5.28%	4.11%	4.30%	(0.98%)	0.19%

Summary of Business Performance for Q1 2025

Asphalt Business

- **Sales and services** amounted to THB 6,780 million, reflecting a 35.35% increase compared to the same period last year. This growth was mainly driven by higher sales volume in the Thai domestic market. In contrast, sales volume in the international market declined in some countries, including Australia, Vietnam, and China, as the Company continued to prioritize sales in selective high-margin markets.
- **The cost of sales and services** amounted to THB 6,056 million, representing 89.33% of the sales and services revenue (compared to 93.18% in the same period last year) before the reversal of the allowance for the diminution in inventory value and the hedging gain from commodity forward contracts. The gross margin increased by 3.85% compared to the same period last year due to higher demand in the Thai domestic market. In this period, the Company recorded an allowance for the diminution in inventory value amounting to THB 42 million and a hedging gain from commodity forward contracts totaling THB 42 million.

Construction Business

- **Revenue from construction contracts** totaled THB 327 million, representing a decline of 51.22% compared to the same period of last year. This decrease was primarily due to reduced income from the 3rd Runway construction project at Suvarnabhumi International Airport, which is now in its final stages of completion. The primary revenue for this quarter came from the 3rd runway project as well as the road construction projects in Trat and Chainat.
- **Construction costs** amounted to THB 320 million, representing 97.87% of revenue, an increase from 95.67% to the same period of last year. The gross profit declined due to fewer project activities, while a portion of the overall costs were fixed costs.

The selling and administrative expenses amounted to THB 43 million and THB 262 million, which represented 0.61% and 3.69% of total sales and services, respectively. In comparison, these expenses in the same period last year were THB 43 million and THB 257 million,

accounting for 0.76% and 4.52% of total sales and services. The Company continues to effectively manage overhead expenses.

The Company reported a **reversal of expected credit losses (ECL)** of THB 51 million in this period attributed to the successful collection of certain long-overdue receivables from customers.

Net profit for this Q1 2025 was THB 444 million, resulting in earnings per share of THB 0.282 (with a par value of THB 1 each), compared with the earnings per share of THB 0.005 in the same period last year. The rise in profit is primarily attributed to higher demand in the Thai domestic asphalt business.

Key financial data

- As of the end of Q1 2025, total assets amounted to THB 24,767 million, reflecting an increase of THB 978 million compared to the end of 2024. This rise was primarily driven by an increase in feedstock inventory.
- At the end of Q1 2025, total liabilities reached THB 7,544 million, which was an increase of THB 582 million as compared to the end of 2024. This rise was attributed to the increase in short-term loans for working capital financing.
- The Company reported a strong EBITDA of THB 868 million in this period, a significant increase by THB 531 million from the same period last year.
- **Cashflow:** For the three months ending 31 March 2025, cash decreased by THB 135 million as compared to the end of 2024. Cash used in operating activities amounted to THB 536 million, while cash used in investment activities went up by THB 142 million and cash received from financing activities went up by THB 561 million. This period also included a net increase of THB 18 million due to foreign exchange translation differences. The decrease in cash primarily resulted from the increase in inventory.

- The Group's consolidated **debt-to-equity (D/E) ratio** was 0.50, and the interest-bearing debt to equity (IBD/E) ratio was 0.22, compared to 0.48 and 0.19, respectively, in the same period last year. The slight increase in these ratios was due to higher levels of short-term loans for funding the Company's working capital requirement.

Key Updates on Sustainability

In 2025, the Group has identified 13 new material topics, of which the Group will treat two of them as our top priorities :

1. Commitment to addressing Climate Change
2. Eco-Efficiency Operations and Circularity.

To address these priorities, the Group has developed robust climate related strategies, with the "Solar Roof" project leading the way. This initiative is designed to significantly enhance the use of renewable energy, resulting in substantial reductions in greenhouse gas (GHG) emissions and decreased reliance on electricity purchases from the grid. The Solar Roof projects are firmly underway and set to launch in the second quarter of 2025. These projects will provide essential power generation for production and office operations at the asphalt plant in Surat Thani Province, Thailand, and at the refinery in Malaysia, reinforcing our commitment to sustainable practices.
