

# Tipco Asphalt PLC

## Management Discussion and Analysis (MD&A)

### Consolidated Financial Performance for the quarter ended 30 June 2025

Tipco Asphalt PLC. (“the Company”) would like to report on the Company’s performance for the second quarter of 2025, in reference to the audited financial statements ending 30 June 2025.

#### Business Overview

In the second quarter of 2025, the Company’s total revenue was THB 6,510 million with a net profit of THB 400 million. The Group’s overall performance improved significantly compared to the same quarter of the previous year. However, compared to the first quarter of 2025, performance declined due to heavy rainfall in the southeast Asia region, which slowed down road construction and maintenance activities.

For the first 6 months of 2025, the Company reported total revenue of THB 13,672 million with a net profit of THB 845 million. The Group’s overall performance showed notable improvement compared to the same period in the previous year, which had been adversely impacted by delays in 2024 government budget disbursement, resulting in lower sales volumes and gross profit margins during the first 6 months in 2024. In 2025, the Company recognized the reversal of a bad debt provision totalling THB 73 million following the settlement of long-outstanding customer debts.

Unit : THB Million

	Q2 2025	Q1 2025	Q2 2024	% Change YoY	% Change QoQ	Jan-Jun 2025	Jan-Jun 2024	%Change YTD
Revenue	6,510	7,161	5,537	17.6%	(9.1%)	13,672	11,297	21.0%
Gross Profit	723	730	492	46.8%	(1.1%)	1,453	835	74.0%
Selling and admin expense	306	306	280	9.4%	0.0%	612	580	5.5%
Net Profit	400	444	99	304.5%	(9.9%)	845	107	690.4%
EBITDA	786	869	444	77.1%	(9.5%)	1,655	781	111.7%
Earnings per share (THB)	0.25	0.28	0.06	304.5%	(9.9%)	0.54	0.07	690.4%

	Q2 2025	Q1 2025	Q2 2024	Change YoY	Change QoQ	Jan-Jun 2025	Jan-Jun 2024	Change YTD
% Gross profit	11.2%	10.3%	9.0%	2.2%	0.9%	10.7%	7.5%	3.2%
% Selling & admin	4.7%	4.3%	5.1%	(0.4%)	0.4%	4.5%	5.2%	(0.7%)

## Summary of Business Performance for Q2 2025

### Asphalt Business

- **Sales and services** amounted to THB 6,064 million, reflecting a 20.91% increase compared to the same period last year. This growth was primarily driven by higher sales volume in the Thai domestic market. Conversely, sales volume in certain international markets, such as New Zealand, declined, while sales in Vietnam recorded strong increases.
- **The cost of sales and services** amounted to THB 5,314 million, representing 87.63% of the sales and services revenue (compared to 90.17% 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 2.54% 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 180 million and a hedging gain from commodity forward contracts totaling THB 171 million. This gain was driven by volatility in global crude oil prices, influenced by various factors such as pressure from U.S. tariff policies, increased crude production by OPEC+, ongoing uncertainty in demand, and the conflict in the Middle East.

### Construction Business

- **Revenue from construction contracts** totaled THB 395 million, representing a decline of 15.50% compared to the same period of last year. This decrease was primarily due to reduced income from the 3<sup>rd</sup> Runway construction project at Suvarnabhumi International Airport, which is now in its final stages of completion. Nevertheless, the Company recorded a higher proportion of revenue from road construction and maintenance projects.
- **Construction costs** amounted to THB 413 million, representing 104.61% of revenue, while 98.72% in the same period last year. Gross profit decreased primarily due to the recognition of a provision for project losses of THB 42 million for 3 different projects.

**The selling and administrative expenses** amounted to THB 43 million and THB 263 million, which represented 0.67% and 4.07% of total sales and services, respectively. In comparison, these expenses slightly increased from in the same period last year, which were THB 44 million and THB 236 million, accounting for 0.80% and 4.30% 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 23 million in this period attributed to the successful collection of certain long-overdue receivables from customers.

**Net profit** for this Q2 2025 was THB 400 million, resulting in earnings per share of THB 0.25 (with a par value of THB 1 each), as compared with the earnings per share of THB 0.06 in the same period last year. The rise in profit is primarily attributed to strong performance in the Thai domestic asphalt business.

#### **Key financial data**

- As of the end of Q2 2025, total assets amounted to THB 23,704 million, reflecting an decrease of THB 85 million compared to the end of 2024. This decrease was primarily driven by the decrease in trade receivables and a decrease in cash and cash equivalents, which were utilized for working capital financing management.
- At the end of Q2 2025, total liabilities reached THB 8,528 million, which was an increase of THB 832 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 786 million in this period, a significant increase by THB 342 million from the same period last year and in line with the higher sales and services and profit margin as mentioned above.
- **Cashflow:** For the six months ending 30 June 2025, cash decreased by THB 254 million as compared to the end of 2024. Cash used in operating activities amounted to THB 167 million, while cash used in investment activities was THB 139 million and cash used in financing activities was THB 157 million. This period also included a net decrease of THB 124 million in cashflow due to foreign exchange translation differences. The decrease in cash primarily resulted from the increase in inventory and dividend payment.
- The Group's consolidated **debt-to-equity (D/E) ratio** was 0.56, and the interest-bearing debt to equity (IBD/E) ratio was 0.29, 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 financing requirement.



### **Significant Developments**

The KBC Refinery in Malaysia has invested in the installation of an “Asphalt Enhancement Production Unit” to upgrade commodity-grade asphalt to premium-grade asphalt, which in the past could only be produced through crude oil refining. The Company has commenced operations of this unit and expects that this new production innovation will increase the supply of premium-grade asphalt available to customers and reduce reliance on sourcing crude oil for refining.

### **Factors that may impact operations in the near future**

In June 2025, the government approved an economic stimulus budget for the current fiscal budget year. This included an allocation of Baht 47.5 billion for transportation infrastructure investment to be tendered in the next 2 months. Majority of this budget allocation goes to maintenance projects of the Department of Highways and the Department of Rural Roads. As such, this could lead to increase in asphalt demand in late Q3 and early Q4, of which usually are the slower quarters for Thailand domestic sales.

### **Key Updates on Sustainability**

In Q2 2025, the Company was recognized by the Thaipat Institute as one of the ESG100 companies for 2025, in acknowledgment of our outstanding performance in sustainable business operations.

The Company was evaluated under the 2025 AGM checklist for listed companies on the Stock Exchange of Thailand, achieving a perfect score of 100 points, or "Excellent," from the Thai Investors Association.

Additionally, the Solar Roof project, a key Climate Strategic initiative under the Company’s 2 material topics; Commitment to Climate Change and Eco-Efficient Operations and Circularity, was implemented in Q2 2025. The project began supplying solar electric power to the Company’s asphalt plant in Surat Thani. Consequently, we have started to use renewable energy at our production facilities while reducing greenhouse gas emissions and electricity consumption from the power grid. The use of renewable energy supports and reinforces our commitment to sustainable operations.

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