

Tipco Asphalt PLC.

Management Discussion and Analysis (MD&A)

Consolidated Financial Performance for the Quarter Ended 30 September 2025

Tipco Asphalt PLC. (“the Company”) would like to report on the Company’s performance for the 3rd quarter of 2025, in reference to the audited financial statements ending 30 September 2025.

Business Overview

In the 3rd quarter of 2025, the Company’s total revenue was THB 6,521 million with a net profit of THB 180 million. The weak profitability for the quarter can be attributed to significant reduction in gross margins across the region caused by over USD 20 per ton drop in the regional asphalt price and unusual high rainfall that hampered sales volume in key markets, mainly Thailand and Vietnam.

For the nine-month period ended September 2025, the Company recorded total revenue of THB 20,193 million and a net profit of THB 1,025 million as compared to similar level of revenue and a net profit of THB 841 million for same period in 2024. Furthermore, the Company recognized a reversal of the expected credit loss of THB 79 million this year, following the successful collection of long-outstanding receivables.

Unit : THB Million

	Q3 2025	Q2 2025	Q3 2024	% Change YoY	% Change QoQ	Jan-Sep 2025	Jan-Sep 2024	%Change YTD
Revenue	6,521	6,510	9,099	(28.3%)	0.2%	20,193	20,397	(1.0%)
Gross Profit	459	723	1,384	(66.83%)	(36.5%)	1,912	2,219	(13.8%)
Selling and admin expense	276	306	344	(19.85%)	(9.8%)	888	924	(3.9%)
Net Profit	180	400	735	(75.5%)	(55.1%)	1,025	841	21.8%
EBITDA	526	786	1,297	(59.5%)	(33.1%)	2,180	2,078	4.9%
Earnings per share (THB)	0.11	0.25	0.47	(75.5%)	(55.1%)	0.65	0.53	21.8%

	Q3 2025	Q2 2025	Q3 2024	Change YoY	Change QoQ	Jan-Sep 2025	Jan-Sep 2024	Change YTD
% Gross profit	7.1%	11.2%	15.3%	(8.2%)	(4.1%)	9.5%	11.0%	(1.4%)
% Selling & admin	4.3%	4.7%	3.8%	0.5%	(0.5%)	4.4%	4.6%	(0.1%)

Summary of Business Performance for Q3 2025

Asphalt Business

- **Sales and services** for asphalt products amounted to THB 5,865 million, reflecting a 30% decrease as compared to the same period of last year, of which we saw unusually high sales volume and selling prices in the previous year caused by the delay in the government budget disbursement during the first 6 months of 2024.

International market recorded higher sales volumes in certain key markets, including New Zealand, Australia, and Vietnam, as compared to the same quarter of the previous year. In contrast, sales to China declined significantly as domestic demand for asphalt remained low due to oversupply situation and intensified price competition. Meanwhile, sales volume in Indonesia also decreased following the government's budget reduction.

- **The cost of sales and services** amounted to THB 5,478 million, representing 93% of the sales and services revenue (it was 84% in the same period last year) prior to the reversal of the net realizable value of inventories and the hedging loss from commodity forward contracts. The gross margin decreased by 10% as compared to the same period last year, primarily due to the decline in asphalt selling prices, which was in line with the downward trend of the regional asphalt index price. In addition, in the 3rd quarter of 2024, domestic asphalt demand was higher than usual due to the factors previously mentioned, resulting in a higher gross profit margin during that period. Furthermore, the Company recognized a reversal of the net realizable value of inventories amounting to THB 18 million and a hedging loss from commodity forward contracts totalling THB 80 million, attributable to volatility in the global crude oil prices.

Construction Business

- **Revenue from construction contracts** totaled THB 599 million, representing a decline of 10% as compared to the same period last year. This decrease was primarily due to reduced revenue from the 3rd Runway construction project and the Midfield Satellite (SAT-2) ground improvement project (SAT-2) at Suvarnabhumi Airport, both of which are near to full project completion. Nevertheless, the Company recorded a higher proportion of revenue from road construction and maintenance projects.
- **Construction costs** amounted to THB 465 million, representing 78% of the construction business revenue (as compared to 98% in the same period in 2024). Gross profit improvement was primarily a result of a higher proportion of road maintenance projects and additional work from the 3rd runway project at Suvarnabhumi Airport, both of which contributed higher gross profit margins as compared to other types of projects.

The selling and administrative expenses amounted to THB 42 million and THB 234 million, which represented 1% and 4% of total sales and services, respectively. Similar expenses for the same period in 2024 were THB 42 million and THB 302 million, accounting for 0.5% and 3% of total revenues from sales and services, respectively. The Company continues to manage overhead expenses effectively.

For prudent reasons, during the current quarter, the Company decided to suspend the operations of one of its Thailand production facilities to improve overall operating and cost efficiency and recorded an allowance for impairment losses on investments for THB 208 million to reflect the fair value of such investments in subsidiaries. However, this transaction affected only the separate statement of comprehensive income and had no impact on the consolidated statement of comprehensive income of the Company.



Net profit for Q3 2025 was THB 180 million, resulting in earnings per share of THB 0.11 (with a par value of THB 1 each), as compared with the earnings per share of THB 0.47 in the same period last year. The decline in net profit was mainly attributable to the decline in sales volume and gross profit from the asphalt business, as mentioned above.

Key financial data

- As of the end of Q3 2025, total assets amounted to THB 23,497 million, reflecting a decrease of THB 292 million as compared to the end of 2024. This decrease was primarily driven by the decrease in trade receivables resulting from the partial collection of overdue accounts.
- At the end of Q3 2025, total liabilities reached THB 8,253 million, which was an increase of THB 556 million compared to the end of 2024. This increase was attributed to higher short-term loans for working capital financing purposes.
- The Company reported a reduced EBITDA of THB 526 million in this period, a THB 771 million drop from the same period last year and in line with the lower sales and services and profit margin as mentioned above.
- **Cashflow:** For the nine months ending 30 September 2025, cash increased by THB 73 million as compared to the end of 2024. Cash used in operating activities amounted to THB 1,563 million, while cash used in investment activities was THB 388 million and cash used in financing activities was THB 926 million. This period also included a net decrease of THB 176 million in cashflow due to foreign currency translation differences and foreign currency deposits. The increase in cash flows during the period was mainly attributable to operating performance, the collection of overdue receivables from customers, and short-term loans for the purchase of goods and raw materials.
- The Group's consolidated **debt-to-equity (D/E) ratio** was 0.54, and the interest-bearing debt to equity (IBD/E) ratio was 0.24, compared to 0.48 and 0.19, respectively, in the same period in 2024. The increase in these ratios was due to higher levels of short-term loans for funding the Company's working capital financing requirement and dividend payment in Q2 2025.

Significant Developments

The new polymer modified asphalt plant in Palembang, Indonesia commenced production in September to support the growing demand for premium-grade asphalt sales in the Indonesian market.

Factors that may impact operations in the near future

The Thai government approved an economic stimulus budget in June 2025. This included a THB 47.5 billion special budget earmarked for road maintenance work. Tenders under this special budget were held in September 2025 and they all have contract tenure of 90-120 days. It is expected the domestic demand for asphalt in Thailand to increase during the fourth quarter this year.



Key Updates on Sustainability

As part of the climate strategy initiatives, the Company has made progress on the Solar Roof project. Among all asphalt plants in Thailand, the Solar Roof project at the Surat Thani plant commenced in April 2025, while similar projects at two other asphalt plants are currently underway. The primary objectives are to increase the proportion of renewable energy utilized in order to reduce greenhouse gas emissions. The transition to renewable energy reinforced the Company's commitment to sustainable operations.

Two of the Company's asphalt plants, the Nakhon Ratchasima and Surat Thani plants, have received the Green Industry Award Level 5 (GI 5). The GI 5, or Green Network certification, signifies a commitment to expanding green networks throughout the supply chain. The Company actively encourages its partners, business allies, and stakeholders to participate in the green industry certification process.

Furthermore, in October 2025, the Company was awarded a 5-star rating, or "Excellent," in the Corporate Governance Report (CGR) of Thai Listed Companies 2025, conducted by the Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET). These achievements underscore the Company's commitment to corporate governance, in alignment with its strategic goal of being a "Sustainable Organization."
