

# Tipco Asphalt PLC.

## Management Discussion and Analysis (MD&A)

### Consolidated Financial Performance for the Year Ended 31 December 2025

Tipco Asphalt PLC. (“the Company”) would like to report the Company’s performance for the year 2025, in reference to the audited financial statements ending 31 December 2025.

#### Business Overview

Demand for asphalt in the Thai market, which is the Company’s main market, increased significantly in 2025 following the government’s approval of an economic stimulus budget in June 2025. This budget included special funding for road maintenance works, with implementation took place in the 4<sup>th</sup> quarter of 2025. However, regional asphalt demand declined compared with the previous year, particularly in key markets such as Indonesia, Australia, and China.

For the 4<sup>th</sup> quarter, the Company reported total revenue of THB 7,047 million and net profit of THB 112 million. In comparison, for the same quarter of 2024, the Company recorded total revenue of THB 7,824 million and net profit of THB 576 million. The decline in revenue and net profit was attributable to the continued decrease in asphalt market selling prices in Thailand and the regional markets, which resulted in a reduction in gross profit margin.

For the full-year 2025 operating results, the Company reported total revenue of THB 27,240 million and net profit of THB 1,137 million. This compared with total revenue of THB 28,220 million and net profit of THB 1,417 million in 2024. The decrease in profit was mainly due to reduced gross margins in the asphalt business in Thailand. This was driven by excess asphalt supply relative to market demand that caused intensifying price competition. In addition, declines in global crude oil prices and regional asphalt prices led the Group to recognize an allowance for losses in net realizable inventory value. After offsetting gains from commodity price hedging, the net impact resulted in a loss of THB 150 million.

Unit : THB Million

	Q4 2024	Q3 2025	Q4 2025	% Change YoY	% Change QoQ	2024	2025	%Change YTD
<b>Revenue</b>	7,824	<b>6,521</b>	7,047	(9.9%)	8.1%	28,220	27,240	(3.5%)
Gross Profit	917	459	314	(65.8%)	(31.6%)	3,136	2,226	(29.0%)
Selling and admin expense	319	276	290	(9.1%)	5.2%	1,243	1,178	(5.3%)
<b>Net Profit</b>	576	<b>180</b>	112	(80.6%)	(37.8%)	1,417	1,137	(19.8%)
EBITDA	1,061	526	432	(59.3%)	(17.8%)	3,139	2,612	(16.8%)
Earnings per share (THB)	0.37	0.11	0.07	(80.6%)	(37.8%)	0.90	0.72	(19.8%)

	Q4 2024	Q3 2025	Q4 2025	Change YoY	Change QoQ	2024	2025	Change YTD
% Gross profit	11.8%	7.1%	4.5%	(7.3%)	(2.6%)	11.2%	8.3%	(2.9%)
% Selling & admin	4.1%	4.3%	4.2%	0.1%	(0.1%)	4.4%	4.4%	-
<b>Sales Volume (million tons)</b>	0.32	0.29	0.32	0.6%	11.2%	1.1	1.2	6.6%

## Summary of Business Performance for the year 2025

### Asphalt Business

- **Sales and services** revenue from asphalt products totalled THB 25,086 million, representing a decrease of 2.76% compared with the previous year. This decline was primarily attributable to a reduction in the average selling prices of asphalt in the domestic and international markets.

Export sales volumes declined in certain key markets. In China, sales volume decreased significantly due to an oversupply of asphalt relative to market demand, as domestic refiners continued operating at high utilization rates to maintain crude oil import quota entitlements. Sales volume in Indonesia also declined, reflecting a significant reduction in infrastructure-related budget allocations compared with 2024. However, sales volume in Thailand and Vietnam increased. The growth in Thailand was driven by the government's approval of an economic stimulus budget in 2025, while in Vietnam, accelerated disbursement of infrastructure investment budget ahead of the 2026 national election supported higher demand.

**Cost of sales and services** amounted to THB 22,996 million, representing 91.67% of revenue from sales and services (88.02% in 2024). The decline in gross profit margin compared with the previous year was primarily attributable to lower average asphalt selling prices, in line with the decrease in the regional asphalt price indices.

### Construction Business

- **Revenue from construction business** totalled THB 1,876 million, a decrease of 13.41% compared with the previous year. The decline was mainly attributable to lower revenue contributions from the 3<sup>rd</sup> runway construction project and the Midfield Satellite (SAT-2) ground improvement project at the Suvarnabhumi International Airport, as both projects are nearing full completion.
- **Construction costs** amounted to THB 1,740 million, representing 92.72% of construction revenue, a decrease from 97.88% in 2024. The improvement in gross profit was driven by additional variation works under the Suvarnabhumi International Airport projects and a higher proportion of road maintenance projects, which typically yield higher gross margins.

**Selling and administrative expenses** amounted to THB 163 million and THB 1,015 million, representing 0.61% and 3.76% of revenue from sales, services, and construction contracts, respectively. These figures are comparable with 2024's, where selling and administrative expenses were THB 169 million and THB 1,074 million, accounting for 0.60% and 3.84% of revenue from sales, services, and construction contracts, respectively. The Company continued to implement measures to control selling and administrative expenses effectively.

During 2025, the Company ceased operations at one production plant in Thailand and recognized an impairment allowance of THB 208 million to reflect the fair value of its investment in a subsidiary. This item affected only the separate financial statements and had no impact on the Company's consolidated financial statements.

In 2025, the Group recorded a **reversal of expected credit loss** of THB 55 million, resulting from partial collections received from certain overdue debtors.

**Net profit** for the year 2025 was THB 1,137 million, resulting in earnings per share of THB 0.72 (with a par value of THB 1 each), as compared with the earnings per share of THB 0.90 in the same period last year. The decline in net profit was mainly due to the decline in selling price and gross profit from the asphalt business, as mentioned above.

#### **Key financial data**

- As of the end of 2025, total assets amounted to THB 22,019 million, reflecting a decrease of THB 1,770 million as compared to the end of 2024. This was due to the reductions in trade receivable and inventory.
- At the end of 2025, total liabilities reached THB 8,151 million, which was an increase of THB 455 million when compared to the end of 2024. This increase was attributed to higher short-term loans for working capital financing purposes.
- Despite facing many market challenges causing reduction in net profit, the Company reported EBITDA of THB 2,612 million in 2025.
- **Cashflow:** For 2025, the Group's cash and cash equivalents decreased by THB 109 million from the end of 2024. This change was driven by net cash generated from operating activities of THB 3,257 million, net cash used in investing activities of THB 580 million, and net cash used in financing activities of THB 2,549 million. In addition, foreign currency translation differences and decreases in foreign currency deposits resulted in a reduction of THB 237 million. The decline in cash was primarily attributable to payments for the acquisition of property, plant, and equipment by the Group, as well as dividend payments made during the year. Nevertheless, the Group received higher collections from overdue customer receivables during the year.
- The Group's consolidated **debt-to-equity (D/E) ratio** was 0.59, an increase from 0.48 at the end of 2024. The increase was primarily attributable to higher short-term loans to support the Company's working capital requirement.

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

The general election in Thailand held in February 2026 and the subsequent formation of a new government may result in delays in the disbursement of the physical year 2027 national budget. Nevertheless, the FY2026 budget continues to support infrastructure investment projects and highway maintenance programs nationwide.

Reference to recent news in January 2026 that the United States has authorized the U.S. and international companies to operate in, buy and sell crude oil from Venezuela, the Company is closely monitoring the development in the U.S. and Venezuela. We will report once we can resume procurement of crude oil from Venezuela again.

### **Key Updates on Sustainability**

The Company has made continuous progress in its sustainability initiatives such as 1) increasing the proportion of renewable energy usage through “Solar Rooftop projects “at our Surat Thani and Phra Pradaeng plants, resulting in a significant reduction in greenhouse gas (GHG) emissions and 2) conducting comprehensive Human Rights Risk Assessments across refinery, asphalt and marine businesses.

In 2025, the Company remained committed to conducting its business sustainably, with due consideration for environmental, social, and governance (ESG) principles. The Company’s SET ESG Rating, assessed by the Stock Exchange of Thailand, improved from 85 to 87 during the year. In addition, the Company’s S&P Global Corporate Sustainability Assessment score increased from 51 to 56, placing the Company in the 76th percentile compared with peers in the same industry. The Company also received a 5-star rating, or “Excellent” level, in the 2025 Corporate Governance Report of Thai Listed Companies (CGR), conducted by the Thai Institute of Directors Association in collaboration with the Stock Exchange of Thailand.

These achievements reflect the Company’s strong commitment to good corporate governance and align with its strategic objective of becoming a sustainable organization.

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