

Tipco Asphalt PLC.

Management Discussion and Analysis (MD&A)

Consolidated Financial Performance for the quarter ended 31 March 26

Tipco Asphalt PLC. (“the Company”) would like to report on the Company’s performance for the first quarter of 2026, in reference to the audited financial statements ending 31 March 2026.

Business Overview

In the first quarter of 2026, compared with the same quarter of the previous year, the Company recorded a slight improvement in our operating performance, stemmed from a 1.6% decline in total sales asphalt volume but doubling in construction group revenue. During the month of March, the Company felt the impact of the Middle East conflict, which disrupted the regional crude oil supply. As a result, regional refineries limited their crude refining output with some declared force majeure. These factors led to a significant price increase in crude oil and all related petroleum products, including asphalt.

Compared with the fourth quarter of 2025, which was usually a slow quarter for the Thai domestic market due to start of the normal government budget fiscal year, the Company’s Q1 2026 performance showed a robust increase in gross profit margin. This was mainly attributable to higher selling prices following the closure of the Strait of Hormuz in March.

Unit : THB Thousand

	Q1 2025	Q4 2025	Q1 2026	% Change YoY	% Change QoQ
Revenue	7,161,368	7,046,548	7,484,100	4.51%	6.21%
Gross Profit	730,402	313,997	796,877	9.10%	153.78%
Selling and admin expense	305,831	290,342	285,031	(6.80%)	(1.83%)
Net Profit	444,386	111,877	459,391	3.38%	310.62%
EBITDA	868,608	431,885	851,759	(1.94%)	97.22%
Earnings per share (THB)	0.28	0.07	0.29	3.38%	310.62%
% Gross profit	10.28%	4.53%	10.73%	0.45%	6.20%
% Selling & admin	4.30%	4.19%	3.84%	(0.46%)	(0.35%)
Sales Volume (million tons)	0.29	0.32	0.28	(1.6%)	(11.8%)

Summary of Business Performance for Q1 2026

Asphalt Business

- **Sales and services** amounted to THB 6,727 million, representing a decrease of 0.8% compared with the same quarter of the previous year. The decrease was mainly attributable to lower export sales volume, resulting from a reduction in asphalt supply in the region due to the conflict in the Middle East. The Company managed its sales under conditions of constrained market supply. However, domestic sales volume increased, driven by the acceleration of road construction and maintenance projects to ensure in time completion with the project owners.
- **The cost of sales and services** amounted to THB 5,675 million, representing 84.4% of revenue from sales and services (compared with 89.3% in the same quarter of 2025). Gross profit margin increased by 4.9% compared with the same quarter of the previous year, mainly due to increase in selling prices in both domestic and international markets, particularly in March. This also resulted in the Company recognizing a reversal of the allowance for the diminution in inventory value amounting to THB 364 million. At the same time, the Company recorded a loss of THB 634 million from commodity price hedging contracts for non-asphalt products in the current quarter.

Construction Business

Revenue from construction contracts totaled THB 698 million, representing an increase of 113.6% compared with the same quarter of 2025. The increase was attributable to a higher number of road construction and road maintenance projects undertaken during the quarter.

- **Construction costs** amounted to THB 684 million, representing 97.9% of revenue from construction activities, which was comparable to the same quarter of 2025. The increase in gross profit was mainly attributable to a higher volume of work performed compared with the same quarter of the previous year.

The selling and administrative expenses amounted to THB 44 million and THB 241 million, representing 0.6% and 3.3% of revenue from sales, services, and construction contracts, respectively. These expenses decreased compared with the same quarter of 2025, in which selling expenses and administrative expenses amounted to THB 43 million and THB 262 million, or 0.6% and 3.7% of revenue from sales, services, and construction contracts, respectively. The Company continues to implement effective and ongoing measures to control selling and administrative expenses.

Net profit for this Q1 2026 was THB 459 million, resulting in earnings per share of THB 0.29 (with a par value of THB 1 each), compared with the earnings per share of THB 0.28 in the same period last year. The slight increase in net profit was mainly attributable to higher revenue and an improvement in gross profit margin, as explained above.

Key financial data

- As at the end of the first quarter of 2026, the Company had total assets of THB 23,745 million, an increase of THB 1,725 million compared with the end of 2025. The increase was mainly attributable to higher trade receivables and contract assets arising from construction and maintenance revenues that had not yet been billed, which was in line with increased work volume. In addition, the Group's inventory balance increased due to the reversal of the allowance of loss in net realizable inventory value because of higher selling prices. Property, plant and equipment also increased following a partial payment made for the construction of a new asphalt ocean-going vessel.
- As at the end of the first quarter of 2026, the Group had total liabilities of THB 9,580 million, an increase of THB 1,428 million compared with the end of 2025. The increase was attributed to the THB 314 million increase in construction contracts liabilities (for cash advances received by the Construction subsidiaries) and a THB 1,172 million increase in unrealized losses from commodity price hedging contracts for non-asphalt products. The unrealized losses are to be partially recovered when the non-asphalt products are sold in the future or when the world oil prices retreated from the current high levels.
- The Company reported an EBITDA of THB 852 million in this period, representing a decrease of THB 17 million compared to the same period last year. The decline was primarily attributed to lower depreciation.
- **Cashflow:** For the three-month period ended 31 March 2026, the Company's cash and cash equivalents increased by THB 113 million compared with the end of 2025. This was attributable to cash inflows from operating activities of THB 420 million, partially offset by cash outflows from investing activities of THB 210 million and financing activities of THB 212 million. In addition, foreign exchange translation differences and the foreign exchange difference impact amounted to THB 116 million. The increase in cash was mainly driven by improved operating performance in the current quarter.
- The Company's consolidated **debt-to-equity (D/E) ratio** was 0.68, increasing from 0.59 at the end of 2025, mainly due to the recognition of fair value adjustments of commodity forward contracts entered for hedging against commodity price volatility.

Factors that may impact future operation

As a result of the Middle East conflict discussed above, crude oil and asphalt prices have risen sharply, leading to heightened volatility in products and raw materials costs. The Company is closely monitoring the situation to ensure our procurement is sufficient to meet customers' demand at appropriate costs, amid ongoing high market volatility.



Key Updates on Sustainability

As part of the Company's Climate Strategic projects, progress has been made in the Solar Roof initiative. In the first quarter of 2026, the solar rooftop project at the refinery of the Company's subsidiary in Malaysia was successfully commissioned. Together with the solar rooftop projects implemented at two asphalt plants in Thailand in 2025, the proportion of electricity consumption from renewable energy in Thailand and Malaysia increased to 13.8% in Q1 2026, compared with 1.5% in 2025. These initiatives contributed to the reduction of Scope 2 greenhouse gas (GHG) emissions.

In the current quarter, four asphalt plants in Thailand under the Group received the CSR-DIW Awards 2025 from the Department of Industrial Works for the tenth consecutive year. The awards were testimonies for our intention to promote a balance among economic, social, and environmental dimensions, enabling the industrial sector to sustainably coexist with the communities and society.

In addition, the Company was recertified for the third consecutive term as a member of the Thai Private Sector Collective Action Against Corruption (CAC), reflecting its continued commitment to conducting business with transparency, integrity, and strong corporate governance.
