TIPCO ASPHALT

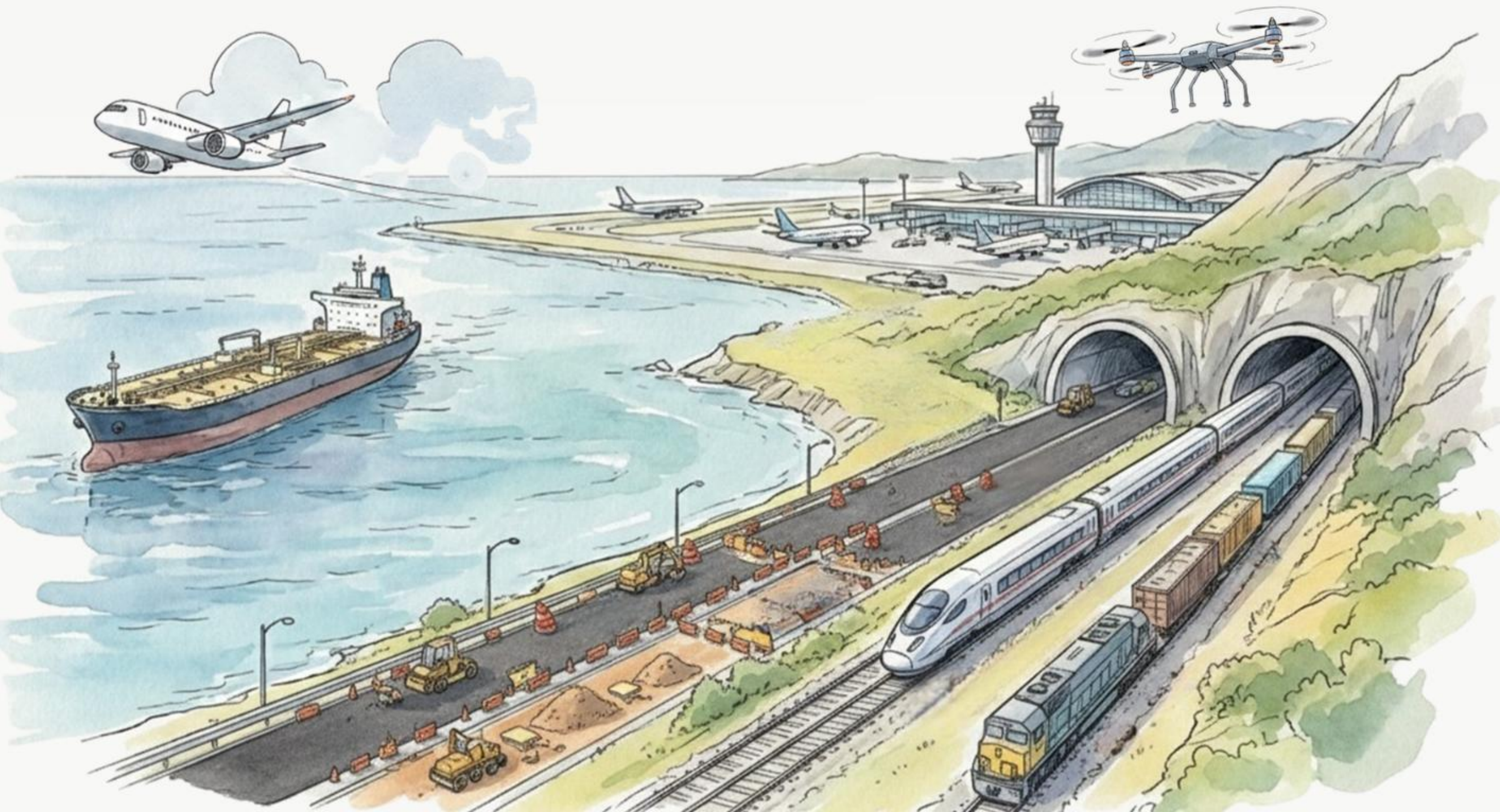
Management Discussion and Analysis (MD&A)

Consolidated Financial Performance for the quarter ended 30 June 2026

Tipco Asphalt Public Company Limited

Vision 2030
To be a trusted partner in mobility infrastructure ecosystems
delivering sustainable value through global expertise
and shared growth mindset

วิสัยทัศน์ 2573
เราจะเป็นพันธมิตรที่ไว้วางใจได้ในเครือข่ายโครงสร้างพื้นฐานด้านการคมนาคม
มุ่งเน้นการส่งมอบคุณค่าอย่างยั่งยืน ด้วยความเชี่ยวชาญในระดับสากล
ผ่านแนวคิดการเติบโตร่วมกัน



Tipco Asphalt PLC. ("the Company") would like to report on the Company's performance for the second quarter of 2026, in reference to the audited financial statements ending 30 June 2026.

Business Overview

In the second quarter of 2026, the Company reported total revenue of THB 7,760 million and net profit of THB 420 million. Operating results improved compared to the same period of the previous year, primarily driven by increase in average selling prices attributable to tight asphalt supply caused by the Middle East conflict. In addition, revenue from the construction business increased significantly due to higher backlogs in road construction projects. However, compared to the first quarter of 2026, the Group's operating results declined slightly by THB 39 million, mainly due to lower asphalt sales volume. In Thailand, most of the road maintenance projects were completed in early Q2 while demand in key overseas retail markets softened because contractors delayed their paving work due to the prohibitory high asphalt price.

For the six-month period ended 30 June 2026, the Company reported total revenue of THB 15,244 million and net profit of THB 879 million, both of which increased compared to the corresponding period of the previous year. The improvement was primarily attributable to higher selling prices for asphalt and non-asphalt products, which contributed to higher revenue and improved gross profit margins. The Group also benefited from the reversal of allowance for the diminution in inventory and stronger revenue contributions from the construction business. Nevertheless, these positive factors were partially offset by losses on non-asphalt products price hedging contracts, reflecting the volatility of oil prices during the period.

Unit : THB Thousand

	Q2 2026	Q1 2026	Q2 2025	% Change YoY	% Change QoQ	YTD June 2026	YTD June 2025	% Change YTD
Revenue	7,760	7,484	6,510	19.2%	3.7%	15,244	13,672	11.6%
Gross Profit	845	797	723	17.0%	6.1%	1,643	1,453	13.0%
Selling and admin expense	324	285	306	6.0%	13.8%	609	612	(0.4%)
Net Profit	420	459	400	4.9%	(8.6%)	879	845	4.1%
EBITDA	819	852	786	4.2%	(3.8%)	1,671	1,655	1.0%
Earnings per share (THB)	0.27	0.29	0.25	4.9%	(8.6%)	0.56	0.54	4.1%
% Gross profit	10.9%	10.7%	11.2%	(0.2%)	0.3%	10.9%	10.7%	0.2%
% Selling & admin	4.2%	3.8%	4.7%	(0.5%)	0.4%	4.0%	4.5%	(0.5%)
Sales Volume (million tons)	0.25	0.28	0.28	(8.1%)	(10.1%)	0.54	0.56	(4.8%)

Summary of Business Performance for Q2 2026

Asphalt Business

- **Revenue from sales and services** amounted to THB 7,087 million, representing an increase of 16.9% compared to the same quarter of the previous year. The increase was primarily attributable to higher asphalt selling prices, driven by tight supply conditions in the region caused by the conflict in the Middle East. However, asphalt sales volume in Q2 2026 totalled 250 thousand tons, a decrease of 8% from the corresponding period last year. The decline was mainly due to most of the Thai road maintenance projects were completed in early Q2 while contractors in our overseas retail market delaying their road paving work because of the high asphalt price.

- **Cost of sales and services** amounted to THB 6,247 million, representing 88% of revenue from sales and services vs 88% in the same quarter of the previous year. Such costs excluded the impact of reversal of the allowance for the diminution in inventory and gains (losses) from non-asphalt products price hedging contracts. The high asphalt selling prices remained the key drivers of profitability, lifting gross profit to THB 845 million. However, gas oil and fuel oil price volatility resulted in a THB 22 million loss on our non-asphalt price hedging contracts during the quarter.

Construction Business

- **Revenue from construction contracts** totalled THB 629 million, representing an increase of 59% compared to the same quarter of 2025. The increase was primarily attributable to significant rise in revenue from road construction projects. However, revenue from maintenance works and airport-related projects declined because most of the work were completed at the beginning of Q2 2026.

- **Construction costs** amounted to THB 605 million, equivalent to 96% of construction revenue, compared to 105% in the corresponding quarter of the previous year. The improvement in gross margin was mainly driven by higher revenue from road construction projects and profitability from road maintenance works.

Selling Expenses amounted to THB 41 million, representing 0.6% of revenue from sales, services and construction contracts, largely in line with THB 43 million, or 0.7% of revenue from sales, services and construction contracts, recorded in the same quarter of the previous year.

Administrative Expenses amounted to THB 283 million, representing 3.7% of revenue from sales, services and construction contracts, compared to THB 263 million and 4.0% for the same quarter of the previous year. The lower administrative expense ratio reflects the Company's continued revenue growth and improved operating efficiency, demonstrating its ability to effectively manage costs despite a modest increase in administrative expenses compared to the previous year.

Net profit for Q2 2026 amounted to THB 420 million, equivalent to earnings per share of THB 0.27 (based on a par value of THB 1 per share), compared to earnings per share of THB 0.25 in the same quarter of the previous year. The increase in net profit was primarily attributable to higher average selling prices of asphalt products, which contributed to increased revenue and gross profit.

Key financial data

- **As of 30 June 2026, the Company's total assets amounted to THB 22,534 million**, an increase of THB 515 million from year-end 2025. The increase was primarily attributable to higher trade receivables and unbilled revenue, increased advances for goods and services, and additional investments in the Group's property, plant and equipment.

- **As of 30 June 2026, the Company's total liabilities amounted to THB 7,829 million**, a decrease of THB 323 million from year-end 2025. The decrease was mainly attributable to a reduction in short-term borrowings used for working capital purposes. However, the decrease was partially offset by an increase in liabilities arising from non-asphalt products price hedging contracts, as well as increase in corporate income tax payable in line with the Group's improved operating performance during the current period.

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)** amounted to THB 819 million, an increase of THB 33 million, or 4.2%, compared to the same quarter of the previous year. The improvement was supported by higher average selling prices of asphalt products and stronger operating performance, as discussed above.

- **Cash Flow Statement:** For the six-month period ended 30 June 2026, the Group reported a net increase in cash and cash equivalents of THB 162 million from year-end 2025. Net cash generated from operating activities amounted to THB 1,495 million, while net cash used in investing activities and financing activities amounted to THB 184 million and THB 1,280 million, respectively. In addition, the Group recognized THB 131 million in foreign currency translation adjustments and exchange rate effects. The overall increase in net cash was primarily attributable to the Group's stronger operating performance during the current period.

- **Debt-to-Equity Ratio (D/E Ratio)** stood at 0.53 times as of 30 June 2026, declining from 0.59 times at year-end 2025. The improvement was mainly attributable to the repayment of short-term borrowings used for working capital purposes, resulting in a stronger financial position compared to the previous year-end.

Factors that may impact future operation

The Company continues to closely monitor the Middle East conflict, which has significantly affect feedstock and asphalt availability, production costs, logistics costs, and demand in the region. Furthermore, fluctuations in gas oil and fuel oil prices also adversely impacted the Group's non-asphalt product price hedging activities. To mitigate these risks, the Group maintains prudent procurement and price risk management practices to enhance its resilience against market uncertainties and minimize potential impacts on future operating performance.

As the result of the US government permitting the trade of Venezuelan crude in Q1 this year, the Company procured one Venezuelan crude cargo in the month of July. Such crude cargo was discharged at our refinery in Malaysia last week. We will continue to work with our suppliers for continuous procurement of Venezuelan feedstock going forward.

Key Updates on Sustainability

As part of the Company's commitment to Greenhouse Gas Emission (GHG) reduction, the Company has been increasing the use of renewable energy, the proportion of electricity consumption derived from renewable sources in Thailand and Malaysia increased to 14.7% in Q2 2026, compared with 13.8% in Q1 2026 and 2.3% in Q2 2025. This significant improvement was driven by the continued implementation of solar rooftop projects, resulting in a reduction in Scope 2 greenhouse gas emissions as well as savings in electricity costs from grid purchases. Looking ahead, the solar rooftop project at the Phitsanulok Plant, Thailand, is expected to commence commercial operations in Q3 2026, further increasing the Company's renewable energy utilization. In support of environmentally friendly products, the Company has continued to collaborate proactively with relevant authorities to advance its product offerings in line with the Department of Highways' Six Pillars for Low-Carbon and Sustainable Highways.

In addition, the Company successfully completed a comprehensive Human Rights Due Diligence (HRDD) assessment covering its refinery, asphalt, and marine businesses. Based on the assessment results, no human rights risks were identified at a high-risk level, reflecting the effectiveness of the Company's human rights governance and risk management practices.
