

Management Discussion and Analysis Quarter 1/2025

KEY Q1'25 ACHIEVEMENTS

Strong cash flow from operations with improved volume and gross profit per ton. Core EBITDA* stands at 285 million Baht, or EBITDA margin at 11.6%, + 272 bps YoY.

Core net profit** reached 117 million Baht, +77% YoY or Net profit margin at 5.1%, attributed to improved gross margins across all business segments. Overall, the gross profit margin improved to 24.4%, or +700 bps YoY, driven by favorable raw material costs and improved production efficiency, despite a decline in the average selling price of starch business according to the commodity price trend. Cost-saving and process improvement program has been kicked off, resulting in year-to-date saving of 19 million Baht against a full-year target of 50-80 million Baht, to unlock funds for growth.

Our portfolio is diversified and resilient with minimal impact from new tariffs. Food business is a growth driver, growing by 11.1% YoY, on track to become a 3 billion Baht business by 2027, supported by successful innovations, particularly in ready-to-eat (RTE) product launches. The volume of native starch increased by 1.5% YoY. However, due to trends in commodity prices and costs, net sales declined by 24.4%, while the gross margin improved.

Working capital was well managed, with the reduction of 1,072 million Baht YoY through better inventory management, while the QoQ inventory builds up in peak-supply season to appropriate level to secure favorable unit cost for forward sales contract and requirements during low season.

The business partnership with Fuji Nihon (Thailand) Company Limited, a subsidiary of Fuji Nihon Corporation listed on the Tokyo Stock Exchange (TSE), was successfully executed with the sale of 49% of the total shares of Thai Wah Fuji Nihon Company Limited. This deal generated a cash inflow of 492 million Baht to reduce the interest burden, particularly through portion of long-term loan repayment. The partnership aims to enhance the growth capabilities in expanding global market reach and driving innovation in tapioca-based food ingredients with new functionalities and applications. However, the deal incurred one-time transaction expenses of 46 million Baht.

We anticipated low season cyclical Q2 and Q3 performance, and back to another peak in Q4.

*Core EBITDA = EBITDA – one-time expense from the new business partnership

**Core net profit = Net profit attributable to holders of the parent – one-time expense from the new business partnership

BUSINESS AND INDUSTRY OVERVIEW

The tapioca starch industry in Thailand is projected to experience growth 3-5% in 2025, primarily due to climate-related challenges and evolving global trade dynamics. Despite these headwinds, demand for tapioca starch remains strong across the Asia-Pacific region, particularly in China, Japan, South Korea, and Europe where it is widely used in food processing, personal care, and biodegradable packaging. The sector is also experiencing increased demand for modified starches, driven by the rise of gluten-free and plant-based diets. However, the recent imposition of a 36% tariff on Thai exports to the United States presents a challenge, potentially reducing export competitiveness and pressuring margins. In response, the Company is prioritizing and segmenting customers, new product innovation, and supply chain cost transformation to maintain resilience and market relevance.

The tapioca root outlook for the 2024/2025 crop year indicates a slight increase in total production across Thailand. Nationally, the harvested area is projected to grow by 1.72%, from approximately 8,062,500 rai to 8,187,500 rai. Total production is expected to rise by 1.49%, reaching over 22.1 million tons. However, the average yield per rai is forecasted to decline marginally by 1-2%. Regional variations are notable, with some zones experiencing yield improvements while others face declines due to weather variability and soil conditions. These dynamics underscore the importance of investing in climate-resilient farming practices and improved cassava varieties to ensure long-term productivity and supply stability.

The food industry in Thailand continues to demonstrate steady growth, with a projected compound annual growth rate (CAGR) exceeding 4% through 2025. The domestic market is driven by urbanization, evolving consumer preferences, and increasing demand for convenient, ready-to-eat food products. While instant and dried noodles dominate, there is a growing shift toward healthier alternatives, including noodles made from rice, whole grains, and functional ingredients. Across the APAC region, noodles remain a dietary staple, with high consumption in countries such as China, Indonesia, and Vietnam. However, the recent U.S. tariff on Thai exports may impact premium noodle segments, prompting a strategic pivot toward regional markets such as ASEAN, Europe, Japan, and Australia. Global economic uncertainty may also influence pricing strategies and investment decisions in the sector. Given the Group's diversified production and market base in SEA to over 15 countries global, Thai Wah is strategically able to manage and maintain growth momentum with minimal impact.

AWARDS AND RECOGNITIONS

Thai Wah Public Company Limited (TWPC) garnered multiple prestigious accolades that underscored its commitment to sustainability, innovation, and people-centric management. The company was honored with two awards at the HR Asia Awards 2024, recognizing its excellence in human resource management and sustainable workplace practices. Additionally, Thai Wah

received two distinctions at the HR Excellence Awards 2024, highlighting its achievements in corporate wellness and employee engagement

The company also earned the Superior Taste Award from the International Taste Institute (ITI) for its high-quality food products, judged by a panel of over 200 independent culinary experts. Furthermore, TWPC was awarded the Sustainability Disclosure Award for the third consecutive year, reflecting its transparency and leadership in ESG reporting.

These recognitions collectively affirm Thai Wah's strategic focus on sustainable growth, innovation in agri-food solutions, and fostering a thriving organizational culture.

FINANCIAL PERFORMANCE FOR Q1'2025

Unit : million Baht	Q1'24	Q1'25	%YoY
Total sales	2,626	2,299	(12.5%)
COGS	2,167	1,737	(19.9%)
Gross profit	459	562	22.4%
SG&A	373	436	16.7%
Other income ⁽¹⁾	26	25	(2.7%)
EBIT	112	152	35.5%
Core EBIT⁽²⁾	112	171	52.4%
EBITDA	233	266	14.4%
Core EBITDA⁽²⁾	233	285	22.6%
Profit to attributable to owners of the parent	66	71	7.3%
Core profit from operation⁽²⁾	66	117	77.0%
Key Ratios (%)			
Gross profit margin	17.5%	24.4%	7.0%
SG&A to net sales ratio	14.2%	19.0%	4.7%
EBIT margin	4.3%	6.6%	2.33%
EBITDA margin	8.9%	11.6%	2.72%
Net profit margin for the period	2.7%	3.7%	1.0%
Net profit margin to the owners of the parent	2.5%	3.1%	0.6%
Core profit margin from operation	2.5%	5.1%	2.56%

⁽¹⁾ Including net exchange gain (loss) and profit (loss) on fair value of derivatives

⁽²⁾ Excluding non-recurring item from restructuring

Total Sales

Unit : million Baht	Q1'24	Q1'25	%YoY
Total Sales	2,626	2,299	(12.5%)
Starch Business	1,973	1,629	(17.4%)
Native Starch	1,143	865	(24.4%)
HVA	829	765	(7.8%)
Food Business	571	633	10.9%
Others	83	36	(55.9%)

For Q1'25, Thai Wah reported a total value of 2,299 million Baht, representing a YoY decline of 12.5% compared to 2,626 million Baht in Q1'24. The decline was mainly driven by lower sales value in the Starch business, particularly in native starch, due to unfavorable commodity price trends. However, volume grew 2% year-over-year, supported by steady underlying demand. Food Business showed positive momentum driving by successful innovation of RTE.

▪ Starch Business Sales

Starch Business remains Thai Wah's core revenue driver, contributing for 71% of total performance in Q1'25. However, Starch Business value declined by 17% YoY, from 1,973 million Baht in Q1'24 to 1,629 million Baht in Q1'25. This contraction is primarily due to declines in average selling price according to commodity price trend, while positive volume gain across both native starch and HVA segments.

Native starch, primarily composed of commodity-based products, saw a 24% YoY decline in sales value, from 1,143 million Baht in Q1'24 to 865 million Baht in Q1'25, driving by a significant drop in average selling price. Although sales volumes remain stable (+1.5% YoY), lower average selling prices had a pronounced impact on top-line results. This highlights the segment's sensitivity to global market pricing trend and reinforces the importance of cost efficiency and product diversification.

HVA declined by 8%, from 829 million Baht in Q1'24 to 765 million Baht in Q1'25. The smaller decline relative to native starch suggests greater price stability or a differentiated offering that was less affected by external market

▪ Food Business Sales

Revenue from Food business grew by 11%, rising from 571 million Baht in Q1'24 to 633 million Baht in Q1'25. The increase reflects improved market penetration, customer acquisition, successful launched of innovations, RTE portfolio, and potentially favorable pricing dynamics.

Food business continues to demonstrate resilience and is a focal point for strategic growth, on track of 3 billion Baht business by 2027.

▪ **Others Sales**

Others declined by 57%, from 83 million Baht in Q1'24 to 36 million Baht in Q1'25. This reduction is attributable to decreased in significant market pricing of pulp, which is a by-product of native starch.

Our diversified portfolio demonstrated resilience amid external pressures, with the Food business (+11.1% YoY) emerging as a key growth engine-supported by successful RTE innovations and on track to reach 3 billion Baht by 2027. While lower commodity prices drove a -24.4% decline in native starch sales value, disciplined cost management delivered gross margin expansion, underscoring our ability to navigate cyclical headwinds while investing in high-potential segments.

Gross Profit

In Q1'25, Thai Wah reported a gross profit of 562 million Baht, representing an increase of 103 million Baht or 22.4% YoY, compared to 459 million Baht in Q1'24. This improvement was primarily driven by production efficiency due to operational streamlining, better raw material cost, better product mix, and volume gains in key segments. This resulted to a significant gross profit margin improvement to 24.4% in Q1'25 from 17.5% in Q1'24. The business contributed to this improvement are mainly from a turnaround of Vietnam business, China market volume rebound, and Food business continues outperformance.

Despite a decrease in Sales (-12.5% YoY), Thai Wah effectively managed its cost base, leading to a significant improvement in gross profitability and margin quality.

This performance demonstrates management's continued focus on value-added growth, cost optimization, and portfolio quality enhancement across all business units.

Selling and Administrative Expenses

The rise in selling and administrative expenses reflects strategic investment to support our growth initiatives, primarily driven by expanded commercial activities for our Food business across all channels, higher logistic costs aligned with increased sales volume. Additionally, the business partnership with Fuji Nihon (Thailand) Company incurred one-time transaction expenses under administrative expense.

Profit attributable to owners of the parent

In the first quarter of 2025, Thai Wah delivered a net profit attributable to owners of the parent of 71 million Baht. However, the core net profit posted 117 million Baht, +77% YoY increase from last year 66 million Baht or net profit margin at 5.1%. This improvement was driven by stronger gross profit margin expanding YoY due to better raw material cost, and production efficiency, favorable product mix, and volume gains in key segments. Moving forward, we aim to sustain this momentum through productivity initiatives and disciplined cost control, continuous focusing on profitable portfolio growth.

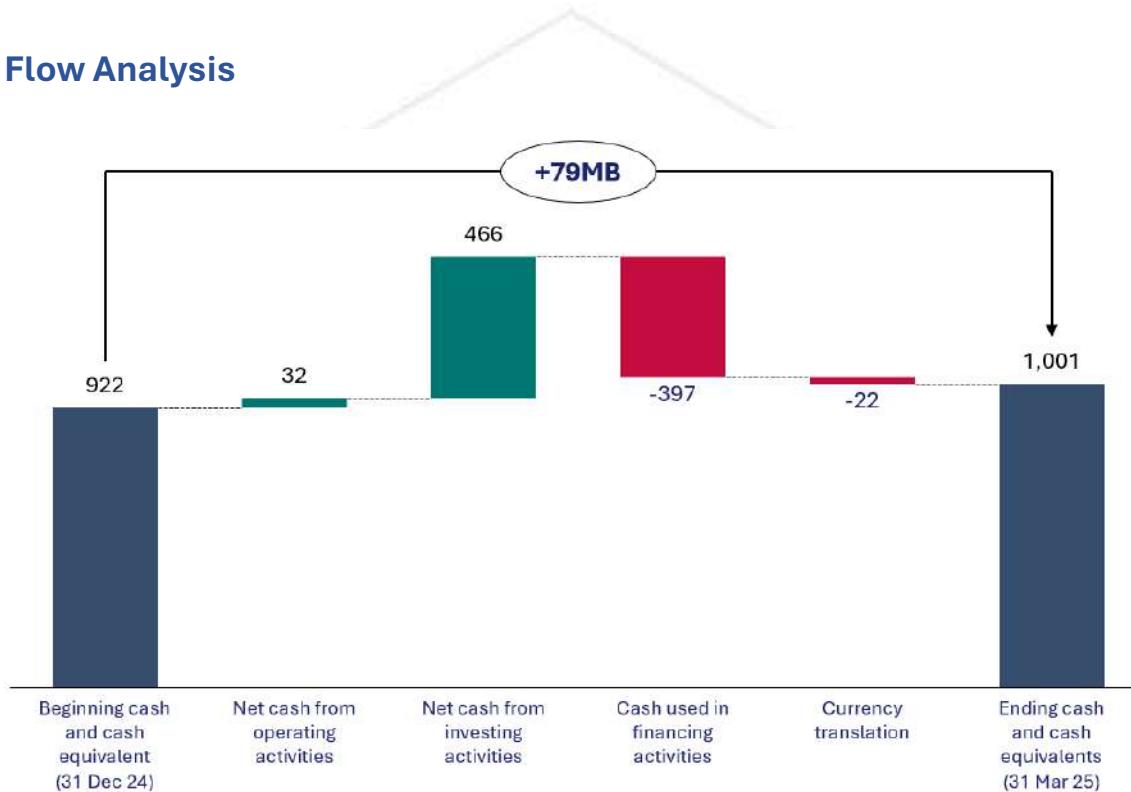
Quarterly performance is projected to follow seasonal patterns, softening in Q2 and Q3 before reaching a new peak in Q4.

Financial Position Analysis

ASSETS (THB million)	As at 31 Dec 2024	As at 31 Mar 2025
Total Current Assets	3,742	4,090
<i>of which;:-</i>		
Cash and cash equivalents	922	1,001
Trade and other receivable	1,074	970
Inventories	1,488	1,840
Total Non-Current Assets	4,777	4,699
<i>of which;:-</i>		
PP&E and ROU	3,901	3,842
Total Assets	8,519	8,789
LIABILITIES and EQUITY		
(THB million)		
Total Liabilities	3,357	3,099
<i>of which;:-</i>		
Short term loan from financial institutions	847	673
Trade and other payable	775	821
Current portion of long-term liabilities		
from financial institutions	327	256
Long term loan from financial institutions	823	694
Total Equity	5,162	5,690
<i>of which;:-</i>		
Share capital & Premium	880	880
Retained earnings	3,216	3,287
Non-controlling interest	329	769
Total Liabilities & Equity	8,519	8,789

As of 31 March 2025, Thai Wah had total assets of 8,789 million Baht, an increase of 270 million Baht (or 3.2%) from 31 December 2024 mainly due to starch stock up for low season period. The Company had total liabilities of 3,099 million Baht, a decrease of 258 million Baht (or 7.7%) from 31 December 2024, primarily due to loan repayment. The Company had shareholders' equity of 5,690 million Baht, an increase of 528 million Baht (or 10.2%) from 31 December 2024, mainly due to profit for the period and Non-controlling interest increasing from Fuji Nihon (Thailand) Company Limited investment in starch business.

Cash Flow Analysis



As of 31 March 2025, the Company had cash and cash equivalent of 1,001 million Baht, an increase of 79 million Baht from 922 million Baht as of 31 December 2024. The company generated cash from operating activities amounting to 32 million Baht after starch stock up. Also, the company generated cash from investing activities amounting to 466 million Baht, primarily from partially disposal of investment in Subsidiary to Fuji Nihon (Thailand) Company Limited. Net cash used in financing activities amounting to 397 million Baht was mainly due to loan repayment to the financial institutions.

Financial Ratio Analysis

Key Ratios	Q1'24	Q1'25
Gross profit margin	17.5%	24.4%
Net profit margin	2.5%	3.1%
EBITDA margin	8.9%	11.6%
Cash cycle (days)	96	86
Inventory turnover (days)	75	65
AR turnover (days)	39	43
AP turnover (days)	18	22
Current ratio (times)	1.66	2.08
Interest bearing debt/Equity	0.52	0.29

Gross margin rose to 24.4% and EBITDA margin improved to 11.6%, reflecting stronger profitability.

Net margin edged up to 3.1% amid continued cost discipline.

Cash cycle shortened from 96 to 86 days, driven by faster inventory turnover and extended AP days.

Stronger liquidity and balance sheet health shown by higher current ratio (2.08) and lower debt/equity (0.29).

2025 BUSINESS OUTLOOK

Thai Wah is embarking on a transformative journey with ambitious goals for 2030. The company aims to accelerate the growth of food and specialty ingredients portfolio, diversify its geographical regions and drive cost efficiencies across the value chain. By focusing on synergistic business investments, Thai Wah is set to reshape its portfolio and strengthen its core.

For 2025, Thai Wah's business outlook is focused on several key areas. The company plans to expand its noodles solutions product portfolio beyond noodles. The portfolio currently includes rice paper, sweet potato noodles, fresh vermicelli, dry vermicelli, bean sheet, instant pouch, fresh rice noodles, dry rice noodles, organic noodles, and ready-to-eat and ready-to-cook solutions. Thai Wah aims to serve the APAC sustainable food sector by repositioning its offerings to meet the growing demand for healthier, clean-label, gluten-free, and non-GMO products. Geographical

expansion is another critical focus for Thai Wah. The company is expanding its footprint in high-growth, high-value regions such as the Europe, Middle East, APAC, China, and beyond.

CORPORATE SUSTAINABILITY UPDATES

Sustainability remains a cornerstone of Thai Wah's strategy. The company's sustainability pillars are centered around farm development, green factory initiatives, family well-being, and food quality. Thai Wah is committed to sustainable sourcing, improving soil health and biodiversity, enhancing farmer livelihoods, ensuring work safety, and promoting renewable energy.

In 2024, Thai Wah successfully certified over 2,780 farmers in Cambodia and Thailand. The company distributed disease-free cassava stems, reducing cultivation costs and promoting soil health and biodiversity through bioinoculants. Renewable energy accounted for over 22% of total electricity consumption, and effective water management and waste upcycling were implemented. The company also engaged with communities through Thai Wah care and Community day.

The family and wellbeing pillar focuses on improving associates' occupational health and quality of life. The 'Live Well, Work Well' program integrates activities and welfare, achieving high associate satisfaction and engagement scores. Thai Wah employed 15 associates with disabilities in 2024 and promoted equality in the workplace.

The food and finished goods pillar prioritize creating innovative products and services to enhance the quality of life for global consumers. The company focuses on clean-label, healthy solutions, reducing plastic and paper packaging consumption, and developing ingredient solutions to meet customer needs.

SET AWARDS



Awarded SET A ESG rating in 2024 for our commitment and execution in the Agri Food Sector

The Asia Food



Recognized by TEMASEK, for sustainable farming initiatives to decarbonize SEA farm, in Asia Food Challenge: Decarbonising the Agri-Food Value Chain in Asia

SEA Agri Food Roundtable



Co Hosted the 3rd SEA Agri Food Roundtable in Bangkok to catalyze sustainability and innovation from Farm to Shelf

HR ASIA AWARDS



Best Companies to Work for in Asia 2024
3rd consecutive year

