

May 12, 2026

The Director and Manager
The Stock Exchange of Thailand

Management Discussion and Analysis

Key Concerns and Strategic Response – Q1 2026

During Q1 2026, the Company was affected by heightened geopolitical tensions, particularly those arising in the Middle East, which led to a significant increase in global oil prices. This development has had a cascading effect on raw material costs across the electronics supply chain. Prices of key materials and supplies, including gold, copper, silver, alkaline chemicals, and aluminum, have risen notably, resulting in upward pressure on overall production costs.

Despite this environment, the Company was able to partially mitigate the immediate impact in Q1 2026. Leveraging its long-standing relationships with key suppliers, the Company successfully negotiated to maintain prior pricing levels or limit price increases for a short period, particularly through Q4 2025. In addition, the utilization of existing inventory procured at lower cost levels helped contain the increase in production costs during the quarter, resulting in only a modest rise compared to the previous quarter.

However, such mitigation measures are temporary in nature. Raw material prices have increased significantly entering Q1 2026, and the Company expects a more pronounced impact on production costs in Q2–Q3 2026 as newly procured materials reflect current market prices. Nevertheless, the Company has not experienced any material shortages to date, despite ongoing supply constraints affecting the global electronics industry. Key suppliers continue to support the Company's operations, although at higher price levels due to strong demand and tighter supply conditions.

In response, the Company has implemented several short-term strategic measures. These include proactive material ordering and close monitoring of inventory levels, alongside enhanced coordination across the supply chain—from suppliers to customer demand—to ensure continuity of production. Additionally, warehouse space has been reorganized to improve storage efficiency and support higher inventory levels where necessary.

At the same time, the Company continues to intensify its cost optimization initiatives. These include energy consumption reduction through the adoption of advanced machinery and technology, stricter control over material usage to improve yield and utilization, adoption of alternative chemicals, and workforce optimization measures.

Foreign exchange volatility remains a key concern for the Company. The continued appreciation of the Thai Baht against the U.S. dollar has adversely impacted the Company's revenue and profitability when translated into Baht terms.

As an export-oriented business with both revenue and procurement activities largely denominated in foreign currencies, the Company actively manages its foreign exchange exposure through a combination of operational and financial strategies. These include the use of natural hedging, whereby U.S. dollar receipts are aligned with U.S. dollar-denominated payments to minimize net exposure. In addition, the Company enters into forward exchange contracts, primarily involving Thai Baht or Euro against the U.S. dollar, to mitigate short- to medium-term currency fluctuations.

The Company maintains close monitoring of foreign exchange movements and funding requirements, enabling timely adjustments to its hedging strategy in response to market conditions. These measures are designed to reduce the impact of currency volatility on the Company's financial performance while maintaining flexibility to support ongoing operations.

In summary, the Company anticipates that the upcoming quarters will remain challenging and will require close monitoring and agile management.

New Factory Plan for Capacity Expansion

With respect to the Company's capacity expansion plan, the investment in a new manufacturing facility remains on hold. The Company will continue to reassess this plan once the capacity utilization of existing factories reaches a more optimal level, targeted at approximately 90%. Following the installation of new-generation machinery over the past year, the Company has enhanced its production capabilities to support more complex and higher value-added products, with improved manufacturing efficiency. These advancements enable the Company to better respond to evolving demand in the electronics market while effectively utilizing existing production lines.

In addition, the Company has already secured and prepared land for future expansion at the Rojana Industrial Park, which supports the development of a new manufacturing facility when appropriate. This readiness allows the Company to execute its expansion plan on a fast-track basis once there is a clearer and stronger demand outlook.

This approach forms part of the Company's disciplined expansion strategy, which considers not only market demand but also prudent financial management. By optimizing the use of current assets before committing to significant capital expenditure, the Company aims to ensure efficient capital allocation and maximize long-term value for shareholders and other stakeholders.

Information on First Quarter of 2026 Operating Results

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the first quarter of 2026 based on reviewed consolidated financial statements for the three-month period ended March 31, 2026. The Group's revenue are total at Bt3,218.3 million with a net profit of Bt234.3 million, compared to Bt3,425.9 million total revenue and Bt229.8 million net profit in the first quarter of 2025. A summary of the Company's operating performance in the first quarter of 2026 and 2025 is shown in the following table:



Operating performance

| | 1Q26 | 4Q25 | <u>%Change</u> Q-o-Q [1Q26 VS. 4Q25] | 1Q25 | <u>%Change</u> Y-o-Y [1Q26 VS.1Q25] |
|---------------------------|---------|---------|--|---------|---|
| [Amount: in Million Baht] | | | | | |
| FX: THB/USD | 31.4615 | 32.0494 | | 33.8179 | |
| FX: THB/EUR | 36.7409 | 37.0370 | | 35.3725 | |
| Total Revenue | 3,218.3 | 3,049.6 | +5.53 | 3,425.9 | -6.06 |
| Sales Revenue | 3,107.2 | 3,021.4 | +2.84 | 3,324.0 | -6.52 |
| [Sales Revenue, USD | \$98.8 | \$94.3 | +4.76 | \$98.3 | +0.48] |
| Cost of Sales | 2,556.8 | 2,462.9 | | 2,745.2 | |
| Gross margin, (%) | 17.7% | 18.5% | | 17.4% | |
| Selling & Administration | 373.3 | 423.4 | -11.83 | 410.4 | -9.04 |
| Operating profit * | 180.7 | 140.0 | +29.06 | 175.5 | +2.96 |
| Net Profit | 234.3 | 123.3 | +89.94 | 229.8 | +1.94 |
| Net Profit Margin (%) | 7.5% | 4.1% | | 6.9% | |

[Remark * Excludes foreign exchange rate effects and special exceptional items]

Total Revenue

The total consolidated revenue of 1Q26 was reported at Bt3,218.3 million, increase 5.5% Q-o-Q but decrease 6.1% Y-o-Y. The total revenue comprised Bt3,107.2 million from product sales and Bt111.0 million from other income. Other income in 1Q26 increased significantly compared to Bt 28.3 million in 4Q25 and Bt101.9 million in 1Q25, primarily due to foreign exchange gains and losses arising from currency fluctuations.

Sales Revenue

Consolidated product sales revenue in 1Q26 amounted to Bt3,107.2 million, reflecting an increase of 2.8% Q-o-Q but a decrease of 6.5% Y-o-Y in Baht terms. In contrast, when measured in U.S. dollar terms, sales revenue showed a slight increase of 0.5% Y-o-Y, indicating relatively stable underlying demand.

The decline in reported revenue in Baht terms was mainly attributable to the appreciation of the Thai Baht against the U.S. dollar, which adversely affected revenue translation. The stronger Baht reduced revenue recognition by approximately Bt37.8 million compared to 4Q25 and Bt125.6 million compared to 1Q25, and remained a key factor contributing to the year-on-year decline in reported sales revenue (Table 1).

In terms of sales volume, total PCB shipment volume increased by 12.7% Q-o-Q, supported by improved production capacity and recovery in certain markets. However, shipment volume declined by 4.0% Y-o-Y, mainly reflecting a shift in product mix toward higher value-added products, particularly high-density interconnect (HDI) PCBs. In Q126, HDI sales in USD term accounts for approximately 30% of the company's revenue (Table 5). Demand for HDI products continued to show a positive growth trend, in line with the Company's strategic focus. This development has been supported by ongoing machinery upgrades and process improvements, which enhance both production efficiency and capability to meet more complex customer requirements.



By region, shipment volumes to Europe showed signs of recovery in 1Q26, following a slowdown in the previous quarter. The United States market continued to demonstrate strong growth, with shipment volumes increasing by 20.3% Q-o-Q and 4.6% Y-o-Y, supported by addition demand from key customers. In contrast, shipment volumes to China declined significantly by 19.5% Q-o-Q, continuing a downward trend observed since the second half of 2025. This was primarily due to intense market competition and heightened pricing pressure. However, China currently represents approximately 7–10% of the Company's total sales, and the Company will continue to selectively pursue opportunities in this market where pricing conditions are considered appropriate (Table 4).

With respect to pricing, the Company experienced pricing pressure at the beginning of the year, as customers requested annual price reductions, resulting in an estimated negative impact of approximately 2% on overall revenue.

Regarding order backlog, the Company successfully cleared a significant portion of its year-end backlog of approximately USD 10 million, supported by improved production efficiency following the completion of production line enhancements. As of the end of 1Q26, the remaining backlog stood at approximately USD 5 million included new order, with further reduction expected in 2Q26.

Overall, while the Company continued to face headwinds from Thai Baht appreciation and pricing pressure, the increase in production capacity and capability to support HDI PCB products reflects a positive development and provides a solid foundation for future revenue growth.

Cost of Sales and Gross Profit

During 1Q26, the Company continued to face cost pressures from global geopolitical developments and rising oil prices, which have driven increases in the prices of key raw materials and supporting supplies. Suppliers have begun to request price adjustments; however, through the Company's long-standing relationships with key suppliers, certain increases were partially negotiated or gradually implemented during the quarter. Nevertheless, the Company expects higher input costs to become more evident from 2Q26 onward, as new pricing terms begin to take effect.

As a result, the impact on cost of sales in 1Q26 remained relatively limited, as production during the quarter continued to utilize inventory purchased at earlier, lower cost levels. However, upward pressure on raw material costs has become increasingly visible, particularly for copper, which has continued its rising trend since the second half of 2025. The increase in copper prices resulted in a higher product cost impact of approximately 1.36% quarter-on-quarter and 2.41% year-on-year. (Table 2)

Despite these cost pressures, the Company continued to implement cost reduction and efficiency improvement initiatives, which have started to yield positive results in 1Q26. These initiatives include the deployment of high-efficiency machinery, ongoing production line improvements, and broader operational cost optimization efforts.

With respect to production capacity, the overall capacity utilization rate in 1Q26 was 67%, reflecting lower production levels in January and February due to production line enhancement activities. Following the completion of these improvements, utilization increased to approximately 74% in March, supporting improved production efficiency and enhanced capability to meet customer demand going forward, particularly for HDI PCB products.

As a result of the combined impact of cost pressures and operational improvements, the Company reported a gross profit margin of 17.7% in 1Q26, compared to 18.5% in 4Q25 and 17.4% in 1Q25. This performance reflects the Company's ability to partially offset annual prices reduction, rising raw material costs and foreign exchange impacts through efficiency improvements and cost control measures, while continuing to position itself for future growth.

Sales and Administrative Expenses

Total selling, general and administrative expenses amounted to Bt373.3 million in 1Q26, or 12.0% of sales, lower than Bt423.4 million or 14.0% of sales in 4Q25, and lower than Bt410.4 million or 12.4% of sales in the same period of the previous year.

Selling expenses in 1Q26 amounted to Bt80.1 million, representing 2.6% of sales, a decrease from Bt91.8 million, or 3.0% of sales, in 4Q25, but a slight increase from Bt79.7 million, or 2.4% of sales, in 1Q25. The decrease compared to previous quarter was primarily due to customer support expenses recorded in 4Q25 for product quality improvement per customers' requirement.

Administrative expenses in 1Q26 totaled Bt293.2 million, representing 9.4% of sales, decreasing from Bt331.6 million, or 11.0% of sales, in 4Q25, and Bt330.7 million, or 10.0% of sales, in 1Q25. The decline was mainly attributable to lower employee benefit expenses resulting from headcount reductions, as well as a decline in depreciation expenses following the disposal and write-off of certain assets.

Net Profit

The Group reported a consolidated net profit of Bt234.3 million for the first quarter of 2026 (1Q26), representing a significant improvement compared to 4Q25, which was affected by lower production levels during the period of machinery and production line improvements. Net profit also increased compared to 1Q25.

Despite ongoing challenges from the current economic environment, including market slowdown, pricing pressure, and foreign exchange volatility, the Company was able to improve its performance through enhanced operational efficiency and strategic product mix management. The Company continued to prioritize higher value-added products, particularly high-density interconnect (HDI) PCBs, which supported margin resilience and overall profitability.

As a result, basic earnings per share for 1Q26 increased to Bt0.20, compared to Bt0.10 in 4Q25 and Bt0.19 in Q125.

Management remains focused on strengthening the Company's competitiveness through continued efficiency improvements, disciplined cost management, and product strategy execution. These efforts are intended to support stable performance under current economic conditions while positioning the Company for sustainable growth in the future.

Total Asset

Total assets as of March 31, 2026, amounted to Bt17,934.2 million, consisting of current assets Bt8,723.7 million and non-current assets Bt9,210.5 million that consisting of property plant and equipment of Bt7,142.4 million, net intangible assets of Bt860.2 million, contract costs assets of Bt309.5 million,

investment property of Bt150.5 million, goodwill of Bt492.7 million, investments in associates of Bt30.6 million, deferred tax assets of Bt99.1 million and other non-current assets of Bt125.4 million.

The Company's total assets increased slightly by Bt 4.5 million compared to the end of 2025.

The limited change in total assets primarily reflects movements in working capital. Trade and other receivables increased by Bt304.2 million, mainly in line with higher sales toward the end of the quarter, particularly in March 2026, which resulted in a higher outstanding balance at the reporting date.

Inventories increased by Bt48.2 million, due to finished goods pending shipment confirmation from customers, together with a moderate increase in raw material stock as part of the Company's inventory management to support ongoing production requirements.

Cash and cash equivalents decreased by Bt194.3 million, mainly attributable to the higher working capital investment during the period, particularly in receivables and inventories.

In addition, property, plant and equipment and intangible assets decreased by Bt139.3 million, primarily due to depreciation and amortization expenses exceeding capital expenditures during the quarter, reflecting the Company's continued prudent approach to capital investment.

Overall, the change in total assets remained relatively stable, with movements largely driven by normal business operations and working capital requirements during the period.

Total Liabilities

Total liabilities decreased by Bt254.9 million, from Bt4,733.5 million at the end of 2025 to Bt4,478.6 million as of March 31, 2026.

The decrease was mainly due to a reduction in interest-bearing debt, with short-term borrowings and long-term loans declining by Bt480.9 million, primarily from repayments made in line with scheduled maturities during the period.

Meanwhile, trade and other current payables increased by Bt186.0 million, broadly in line with higher procurement of raw materials and certain capital expenditures during the quarter.

In addition, other current financial liabilities increased by Bt27.8 million, mainly reflecting movements in the fair value of forward exchange contracts under the Company's foreign currency risk management.

Overall, changes in total liabilities were primarily driven by debt repayments, alongside normal fluctuations in operating payables and financial instruments during the period.

As of March 31, 2026, the Group's net interest-bearing debt to equity ratio stood at 0.07 times, compared to 0.11 times as of December 31, 2025 as a result of lower debts and higher equity from operating profit.

Shareholders' Equity

Total shareholders' equity as of March 31, 2026, according to the KCE consolidated financial statement amounted to Bt13,455.6 million, increased Bt259.4 million from December 31, 2025 due mainly to operating profit of the period.

Analysis of performance

Table 1: Foreign currency exchange rates and sales in foreign currency (Unit : Million)

| Currency | 1Q 2026 | | 4Q 2025 | | Q-o-Q Effect | | 1Q 2025 | | Y-o-Y Effect | |
|--------------|---------|---------|---------|---------|--------------|-------------|---------|---------|--------------|-------------|
| | Rates | Sales | Rates | Sales | % | Gain (Loss) | Rates | Sales | % | Gain (Loss) |
| USD | 31.4615 | \$59.43 | 32.0494 | \$57.46 | (1.8) | (34.94) | 33.8179 | \$61.64 | (7.0) | (140.04) |
| EUR | 36.7409 | €11.39 | 37.0370 | €8.32 | (0.8) | (3.37) | 35.3725 | €10.49 | 3.9 | 15.59 |
| JPY | 0.1986 | ¥0.00 | 0.2091 | ¥0.05 | (5.0) | 0.00 | 0.2193 | ¥0.07 | (9.4) | 0.00 |
| CNY | 4.5290 | ¥14.68 | 4.4949 | ¥23.08 | 0.8 | 0.50 | 4.6086 | ¥27.52 | (1.7) | (1.17) |
| Total effect | | | | | M Baht | (37.81) | | | M Baht | (125.62) |

Table 2: Raw material prices and purchased volume

| Key Material | | 1Q 2026 | | 4Q 2025 | | Q-o-Q Effect | | 1Q 2025 | | Y-o-Y Effect | |
|-------------------|-------|------------|-----------|------------|-----------|--------------|-----------|------------|-----------|--------------|-----------|
| | | Unit price | Volume | Unit price | Volume | % | '000 US\$ | Unit price | Volume | % | '000 US\$ |
| Copper Foil (KCE) | KG. | \$15.13 | 290,081 | \$13.05 | 370,689 | 15.94 | 603.60 | \$11.55 | 302,518 | 30.99 | 1,038.40 |
| Copper Foil (TLM) | KG. | \$14.83 | 347,428 | \$13.29 | 468,989 | 11.55 | 533.42 | \$11.49 | 439,685 | 29.08 | 1,160.46 |
| Copper Anode | KG. | \$13.02 | 427,900 | \$10.95 | 460,800 | 18.91 | 885.81 | \$9.66 | 438,400 | 34.79 | 1,437.49 |
| Fiber glass | METRE | \$0.62 | 2,486,702 | \$0.52 | 1,605,609 | 17.71 | 230.18 | \$0.47 | 5,025,018 | 30.37 | 356.37 |
| | | | | | | Total US\$ | 2,253.01 | | | Total US\$ | 3,992.72 |

The effect from copper usage on product sales price increase about 1.36 % and 2.41 % to sales Q-o-Q and Y-o-Y respectively

Table 3: Consignment Sales

(Amount: in Million Baht)

| | 1Q 2026 | | | 1Q 2025 | | |
|----------|---------------|-------|-----------------------------------|---------------|-------|-----------------------------------|
| | Stock Filling | Usage | Unrealized revenue (Higher Usage) | Stock Filling | Usage | Unrealized revenue (Higher Usage) |
| January | 191.3 | 237.9 | (46.6) | 263.6 | 307.6 | (44.0) |
| February | 225.1 | 210.3 | 14.8 | 310.6 | 317.2 | (6.6) |
| March | 310.7 | 266.9 | 43.8 | 294.8 | 276.5 | 18.3 |
| Total 1Q | 727.1 | 715.1 | 12.0 | 869.0 | 901.3 | (32.3) |



Table 4: Sales and volume shipment, by Region (PCB Sales @ Factory price)

| | | | | | | | %Increase/(Decrease) | | |
|----------------------|-------------|------------|------------|------------|------------|-------------|----------------------|-------------|-------------|
| | | | | | | | Y-o-Y | Q-o-Q | |
| Region | | 1Q25 | 2Q25 | 3Q25 | 4Q25 | Y2025 | 1Q26 | 1Q26 / 1Q25 | 1Q26 / 4Q25 |
| EUROPE | SALES-USD | 41,102,703 | 42,055,300 | 43,940,215 | 33,507,778 | 160,605,997 | 40,795,391 | (0.75) | 21.75 |
| | VOLUME-SQFT | 2,883,676 | 2,963,728 | 2,870,147 | 2,263,897 | 10,981,448 | 2,747,873 | (4.71) | 21.38 |
| AMERICA | SALES-USD | 20,271,145 | 17,389,842 | 20,078,988 | 18,700,271 | 76,440,246 | 21,619,944 | 6.65 | 15.61 |
| | VOLUME-SQFT | 1,670,028 | 1,425,880 | 1,610,006 | 1,451,214 | 6,157,128 | 1,746,408 | 4.57 | 20.34 |
| ASIA (Excl.CHINA) | SALES-USD | 4,216,397 | 4,540,020 | 4,409,701 | 3,777,948 | 16,944,066 | 3,795,059 | (9.99) | 0.45 |
| | VOLUME-SQFT | 326,016 | 351,454 | 342,243 | 299,422 | 1,319,134 | 322,197 | (1.17) | 7.61 |
| CHINA | SALES-USD | 7,966,905 | 7,445,608 | 7,267,254 | 6,666,760 | 29,346,527 | 5,293,372 | (33.56) | (20.60) |
| | VOLUME-SQFT | 673,691 | 620,936 | 598,593 | 543,654 | 2,436,873 | 437,829 | (35.01) | (19.47) |
| LOCAL | SALES-USD | 10,520,305 | 10,430,039 | 11,877,478 | 11,049,615 | 43,877,437 | 11,589,343 | 10.16 | 4.88 |
| | VOLUME-SQFT | 976,097 | 948,925 | 1,079,389 | 1,003,763 | 4,008,174 | 1,014,714 | 3.96 | 1.09 |
| TOTAL-USD | | 84,077,456 | 81,860,809 | 87,573,636 | 73,702,372 | 327,214,273 | 83,093,109 | (1.17) | 12.74 |
| TOTAL-SQFT | | 6,529,507 | 6,310,924 | 6,500,377 | 5,561,950 | 24,902,758 | 6,269,021 | (3.99) | 12.71 |

Table 5: Sales and volume shipment, by Product mix (PCB Sales @ Factory price)

| | | | | | | | %Increase / (Decrease) | | |
|------------------|-------------|------------|------------|------------|------------|-------------|------------------------|-------------|-------------|
| | | | | | | | Y-o-Y | Q-o-Q | |
| Product-Mix | | 1Q25 | 2Q25 | 3Q25 | 4Q25 | Y2025 | 1Q26 | 1Q26 / 1Q25 | 1Q26 / 4Q25 |
| 02 Layer | SALES-US\$ | 8,057,654 | 8,075,432 | 8,655,828 | 7,150,912 | 31,939,825 | 7,370,344 | (8.53) | 3.07 |
| | VOLUME-SQFT | 892,077 | 885,642 | 931,601 | 777,189 | 3,486,509 | 793,539 | (11.05) | 2.10 |
| 04 Layer | SALES-US\$ | 31,644,455 | 31,288,772 | 30,815,633 | 27,977,251 | 121,726,110 | 30,773,783 | (2.75) | 10.00 |
| | VOLUME-SQFT | 2,865,316 | 2,789,318 | 2,726,241 | 2,467,503 | 10,848,378 | 2,732,679 | (4.63) | 10.75 |
| 06 + Layer | SALES-US\$ | 20,975,394 | 20,218,512 | 21,306,482 | 16,688,553 | 79,188,942 | 19,612,412 | (6.50) | 17.52 |
| | VOLUME-SQFT | 1,420,629 | 1,332,556 | 1,397,342 | 1,082,325 | 5,232,851 | 1,346,197 | (5.24) | 24.38 |
| Special Grade | SALES-US\$ | 23,399,953 | 22,278,093 | 26,795,694 | 21,885,656 | 94,359,396 | 25,336,571 | 8.28 | 15.77 |
| | VOLUME-SQFT | 1,351,486 | 1,303,408 | 1,445,193 | 1,234,932 | 5,335,020 | 1,396,605 | 3.34 | 13.09 |
| TOTAL-USD | | 84,077,456 | 81,860,809 | 87,573,636 | 73,702,372 | 327,214,273 | 83,093,109 | (1.17) | 12.74 |
| TOTAL-SQFT | | 6,529,507 | 6,310,924 | 6,500,377 | 5,561,950 | 24,902,758 | 6,269,021 | (3.99) | 12.71 |

Table 6: KCE - Production Capacity

Maximum Capacity:

1Q 2026 – 4Q 2026

2.10 million Sq.ft./month for Lat Krabang Plant

1Q 2026 – 4Q 2026

1.50 million Sq.ft./month for HiTech Ayutthaya Plant

Actual Capacity Utilization in 1Q 2026

67% to available capacity

Table 7: Capital Expenditure

CAPEX Plan - Y2026 **Bt 885 million** (exclude Rojana New Factory)

Consisted of Bt 495 million /Efficiency Improvement of Lat Krabang Plant
Bt 322 million /Efficiency Improvement of HiTech Plant
Bt 68 million /Efficiency Improvement of Thai Laminate

| | |
|-------------------------------------|-------------------------|
| Actual investment in 1Q 2026 | Baht 113 million |
|-------------------------------------|-------------------------|

Forwarded for your information.

Sincerely yours,



(Mrs. Voraluksana Ongkosit)

Executive Vice Chairperson

