

# GENERAL ENGINEERING PLC

บริษัท เจนเนอรัล เอนจิเนียริ่ง จำกัด (มหาชน)

Management Discussion and Analysis

For the year ended March 31, 2026

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No. GEL.CS.010/2026

Date May 15, 2026

Subject: Management Discussion and Analysis of the Financial Statements for the first quarter of 2026, ended March 31, 2026

Re: Director and Manager  
The Stock Exchange of Thailand

### **Overview of Business Operations, Economy, and Industry Conditions Affecting Operations**

The Thai economy in the first quarter of 2026 remains in a state of gradual recovery phase. Various economic agencies estimate that GDP growth will range between 1.6% - 2.7%, depending on supporting factors such as government investment, tourism, exports, and political stability. The government continues to move forward with large-scale infrastructure projects, digital initiatives, and the promotion of foreign investment, which partly supports the demand for construction materials and precast concrete products. However, the construction and real estate sectors still face constraints from slow purchasing power recovery, high financial costs, and household debt levels at approximately 85 - 87% of GDP.

### **Business Overview**

#### 1. Government Construction Projects

The governance sector remains the primary driver of the construction industry through investment in infrastructure projects such as rail systems, expressways, and large-scale utilities. This results in continuous demand for precast concrete products and structural components. However, some projects face delays in approval processes, procurement, and budget disbursement, which may impact production plans and revenue recognition.

#### 2. Private Sector Construction Projects

Private sector construction shows a limited recovery trend, particularly in residential and commercial real estate projects. These sectors are still affected by weak purchasing power and strict loan approval criteria from financial institutions, leading many developers to delay new project launches and prioritize liquidity management.

#### 3. Credit Constraints and Household Debts

Thailand's household debt remains high despite a stabilizing trend. Consequently, financial institutions maintain cautious lending criteria, especially for housing and real estate business

loans. This directly affects developers' ability to expand projects and impacts the demand for construction materials in the private sector.

#### 4. Competition and Concentration of Large Projects

Large-scale construction and specialized component production, such as I-Girders, U-Girders, and Segments, remain concentrated among major contractors. This limits access for medium and small-sized enterprises (SMEs). Additionally, intense price competition continues to impact gross profit margins for entrepreneurs in the industry.

#### **Production Cost Issues**

Production costs remain under pressure from fluctuating energy prices, electricity costs, and cement prices, along with raw material costs, as well as environmental costs and stricter production standards. Despite the business continuously manages costs and improves production efficiency, the ability to raise selling prices is limited by intense market competition.

#### **Technical and Labor Issues**

##### 1. Skilled Labor Shortage

The construction industry continues to face a shortage of specialized skilled labor, particularly in structural work, installation, and site management. This is leading to rising labor costs and potentially impacting project completion deadlines.

##### 2. Stricter Quality and Safety Standards:

Both the government and private sectors are increasing the stringency of material standards control, construction safety, and quality control. This results in higher costs for entrepreneurs related to quality control, material testing, and safety management.

#### **Liquidity and Financial Management Risks**

The uneven economic recovery necessitates close management of credit and liquidity risks for businesses, particularly those related to customer debt delays, competitive credit terms in the industry, and high financing costs. As a result, the business prioritizes monitoring accounts receivable, managing cash flow, and maintaining reserve credit lines to mitigate economic volatility.

#### **Environmental and Regulatory Risks**

Environmental trends and greenhouse gas (GHG) emission reduction measures are becoming increasingly stringent across production processes, energy utilization, and waste management.

Consequently, entrepreneurs in the construction materials industry may face additional cost burdens to upgrade their production systems and operations to align with future environmental regulations and compliance requirements.

### **Summary of Key Events and Development**

At the Annual General Meeting of Shareholder for the year 2026 held on April 30, 2026, the shareholders' meeting resolved to approve the reduction of the Company's registered capital from the existing registered capital in the amount of 8,084,938,508.55 Baht to the new registered capital in the amount of 7,320,241,695.05 Baht by cancelling unissued ordinary shares at the amount of 899,643,310 shares, with a par value at 0.85 Baht per share, which are ordinary share allocated to accommodate the exercise of the warrants to purchase newly issued ordinary shares of the Company ("GEL-W5") as resolved at the Company's the Annual General Meeting of Shareholders for the year 2022 on April 29, 2022.

### **Summary of Operating Results and Financial Position**

According to the resolution of the Board of Directors of General Engineering Public Company Limited (the "Company") No. 3/2026 on May 15, 2026, the financial statements and operating results of the Company and its subsidiaries for the first quarter of 2026 ended March 31, 2026, were approved and certified, having been reviewed by the auditors of the Company and its subsidiaries. The conclusion is as follows:

- **Operating Results**

(Unit: Million Bath)

Consolidated financial statements			Changing to increase (decrease)	
Items	31/3/2569	31/3/2568	Amount	Percentage
Revenue from Sales	430	754	(324)	(42.97)
Total Revenue	436	778	(342)	(43.95)
Cost of Sales	365	692	(327)	(47.25)
<b>Gross Profit</b>	<b>65</b>	<b>62</b>	<b>3</b>	<b>4.83</b>
Selling and Administrative Expenses	138	144	(6)	(4.16)
Financial Costs	46	52	(6)	(11.54)
Impairment Loss under TFRS9	13	2	11	550

Share of Profit from Associates	4	15	(11)	(73.33)
Income Tax	4	(1)	5	500
<b>Loss for the Year</b>	<b>118</b>	<b>98</b>	<b>20</b>	<b>20.40</b>

The Company and its subsidiaries incurred a net loss of 118 million baht, compared to a loss of 98 million baht in the same period last year. The Company and its subsidiaries experienced an increased loss of 20 million baht. Details are as follows:

### 1. Sales Revenue

The Company and its subsidiaries had revenue from sales and services of 430 million baht, a decrease of 324 million baht or 42.97% compared to the same period last year. This was due to the slowdown in the construction materials business and the continued slowdown in the real estate sector in line with the economic downturn. As a result, sales of precast concrete wall panels, piles, precast concrete bridge beams, and other construction materials decreased this year. Another factor contributing to this decrease in demand for construction materials due to the economic downturn was the delay in construction projects by customers. Furthermore, the Company faced significant price competition, with sales per unit decreasing considerably.

### 2. Gross Profit (Loss)

The Company and its subsidiaries had a gross profit of 65 million baht in the consolidated financial statements, a slight increase of 3 million baht or 4.83% compared to the same period last year. This increase is due to adjustments in the workforce structure at the factory to better suit the organization, such as reducing the number of employees and controlling expenses, etc.

### 3. Cost of Sales and Services

The Company and its subsidiaries had a cost of sales and services of 365 million baht, a decrease of 327 million baht or 47.25% compared to the same period last year. This is because the Company produced fewer goods this year than the previous year, due to the contraction in the real estate sector in line with the continued economic downturn. As a result, the cost of sales of precast concrete wall panels, piles, and other construction materials decreased in line with sales.

#### 4. Selling and Administrative Expenses

The Company and its subsidiaries had administrative expenses of 138 million baht, a decrease of 6 million baht or 4.16% compared to the same period last year. This was due to a reduction in the number of employees in support departments and a decrease in fixed expenses such as factory rental, electricity costs, and other costs to align with the current organizational structure and business operations.

#### 5. Financial Costs

The Company and its subsidiaries had financial costs from borrowings from financial institutions and promissory notes of 46 million baht, a decrease of 6 million baht or 11.54% compared to the same period last year, due to the repayment of loans according to the contracts.

#### 6. Impairment Loss under TFRS 9

The Company and its subsidiaries recorded an impairment loss under TFRS 9 of 13 million baht, an increase of 11 million baht compared to the same period last year.

#### 7. Share of Profit (Loss) from Associated

In this quarter, the Company recognized a share of profit from McTRIC Public Company Limited of 4 million baht, compared to 15 million baht in the same period last year.

#### • Summary of Financial Position

(Unit: Million Baht)

Items	March 31, 2026	December 31, 2025	Increase (decrease)	Percentage
Total assets	8,326	8,448	(122)	(1.44)
Total liabilities	5,517	5,510	7	0.13
Total shareholders' equity	2,809	2,938	(129)	(4.39)

#### Assets

As of March 31, 2026, the Company and its subsidiaries had total assets of 8,326 million Baht, a decrease of 122 million Baht or 1.44 percent, compared to December 31, 2025, due to:

1. Cash and cash equivalents amounted to 27 million Baht, a decreased of 20 million Baht from the previous year.

2. Trade receivables and other current receivables amounted to 357 million Baht, a decrease of 7 million Baht.
3. Assets arising from revolving contracts amounted to 47 million Baht, a decrease of 4 million Baht from the same period of previous year, due to an increase in the delivery of completed work to customers compared to the previous year.
4. Performance guarantee receivables amounted to 167 million Baht, a decrease of 10 million Baht from the previous year.
5. Inventories amounted to 392 million Baht, an increase of 10 million Baht.
6. Investment in available-for-sale-securities (MILL) amounted to 38 million Baht, a decrease based on comparison of the market price of 0.06 Baht per share as of March 31, 2026, compared to 0.08 Baht per share as of December 31, 2025, resulting in a decrease of 13 million Baht in the value of the securities.
7. Land, buildings and equipment amounted to 5,011 million Baht, a decrease of 54 million Baht from depreciation.
8. Assets with rights to use under lease contracts amounted to 816 million Baht, under the land and factory lease contract of its subsidiaries, a decrease of 30 million Baht due to depreciation during the period.
9. Investment in associate companies amounted to 155 million baht, an increase of 4 million baht due to the recognition of profit sharing from McTRIC Public Company Limited.

### **Liabilities**

As of March 31, 2026, the Company and its subsidiaries had total liabilities of 5,517 million Baht, a net decrease of 7 million Baht or 0.13 percent, compared to December 31, 2025, due to:

1. Bank overdrafts and short-term loans from financial institutions amounted to 716 million Baht, a decrease of 4 million Baht.
2. Trade payables and other current payables amounted to 909 million Baht, an increase of 38 million Baht.
3. Liabilities arising from revolving contracts amounted to 334 million Baht, an increase of 24 million Baht.
4. Long-term loans from financial institutions amounted to 2,313 million Baht, a decrease of 51 million Baht due to repayment of the loan according to the contract.
5. Accounting for liabilities under finance lease by 958 million Baht, an increase of 5 million Baht.
6. Deferred income tax liabilities increased by 5 million Baht.

### **Shareholders' equity**

As of March 31, 2026, the Company and its subsidiaries had total shareholders' equity of 2,809 million Baht, a decrease of 129 million Baht, compared to December 31, 2025, due to:

1. Investment in available-for-sale securities decreased from the market price of 0.06 Baht per share as of March 31, 2026, compared to 0.08 Baht per share as of December 31, 2025, resulting in a decrease of 13 million Baht in the value of the securities.
2. A reduction in estimated employee benefit liabilities resulted in an increase of 1 million Baht in shareholder's equity.
3. A loss of 117 million Baht was recorded for this year.

- **Cash Flow Statements**

(Unit: Million Baht)

<b>Total Cash Flow Statements</b>	<b>Consolidated financial statements</b>		
	<b>31/3/2569</b>	<b>31/3/2568</b>	<b>Increase (decrease)</b>
Net cash provided by (used in) operating activities	69	204	(135)
Net cash provided by (used in) investing activities	(6)	(2)	4
Net cash provided by (used in) financing activities	(82)	(177)	(95)
Net cash increase (decrease)	(19)	25	(44)
Cash and cash equivalents at year-end	27	174	(147)

As of March 31, 2026, the Company and its subsidiaries had cash and cash equivalents of 27 million Baht, compared to 150 million Baht as of March 31, 2025, a decrease of 174 million Baht from the previous year.

For this quarter, the Company and its subsidiaries had net cash flow provided by operating activities of 69 million Baht, net cash flow used in investing activities of 6 million Baht, and net cash flow used in financing activities of 82 million Baht, due to the Company and its subsidiaries repaying short-term and long-term loans from financial institutions of 52 million Baht, repaying short-term loans from other parties of 4 million Baht, paying interest of 24 million Baht, and setting lease debt of 2 million Baht.

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## **Factors Potentially Affecting Future Operations or Growth**

Strategic Plan for the Company group's Business in 2026:

- Reduce reliance on revenue from residential housing projects and focus on increasing sales from industrial factory building construction projects.
- Expand markets through collaboration with business partners to develop more rental apartment construction projects, especially Eco Apartment projects.
- Develop and utilize construction chemical products certified with carbon footprint and climate change mitigation labels from the Thailand Greenhouse Gas Management Organization (TGO) in the group's production processes. Support and promote environmentally friendly products to encourage widespread use and raise awareness of sustainability in society.
- Collaborate with major partners or contractors in the production and distribution of goods to support large-scale projects (Mega Projects), focusing on reliable product quality and timely delivery rather than price competition.
- Carefully vet credit terms of business partners and select only projects with clear budget allocations to mitigate the risk of bad debt.
- Restructure and control personnel costs, both in core and supporting functions, to reduce operating and administrative costs in line with the current business environment.

## **The Company's Sustainability Practices**

### **Introduction and Policy Overview**

In the first quarter of 2026, the Company and its group remained committed to conducting business according to the principles of Environmental, Social, and Governance (ESG), considering it a core principle for driving the organization amidst challenging economic conditions. The Company focuses on improving work processes to be responsible to all stakeholders and integrating sustainability policies into the corporate culture, with the goal of achieving stable and balanced long-term growth.

### **Environmental Operations**

The Company continues to strictly adhere to its Net Zero Roadmap. In this quarter, the use of clean energy through solar energy systems was maintained to reduce reliance on fossil fuels and manage energy costs efficiently. In addition, in the precast concrete structure manufacturing process, the Company continues to utilize "Carbon Cure" technology to produce low-carbon construction products that meet the current green construction trend. This includes managing waste materials from pile production for reuse according to the Circular Economy principle.

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## Social Operations

In terms of social responsibility, the Company fosters good relationships with surrounding communities and continuously supports education. In this quarter, the Company continues its planned activities, including preparing to support scholarships and learning materials for schools in areas near its facilities, as well as charitable activities that recycle internal resources for the benefit of society. In addition, the Company prioritizes workforce skills development by providing internship opportunities for interns from various educational institutions to learn on the job.

## Governance

In the first quarter of 2026, the Company continued to conduct business under the principles of good governance, transparency, and accountability, upholding its responsibility to all stakeholders equally. The Company continued to maintain a “very good” level of corporate governance and maintained strict adherence to the standards of membership in the Thai Private Sector Anti-Corruption Coalition (CAC Recertification) to reflect its long-term commitment to ethical and transparent management.

Yours sincerely,

General Engineering Public Company Limited

-signed-

(Mr. Wuttichai Sresthabutra)

Secretary of the Company

WE ARE SPECIALISTS,  
MANUFACTURER  
AND SERVICE PROVIDE OF  
**CONCRETE PRODUCTS**

เราคือผู้ผลิตและให้บริการที่เชี่ยวชาญงานผลิตภัณฑ์คอนกรีต



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