

## Management Discussion and Analysis (MD&A)

### 1. Overview of Business Operations, Economic Conditions, and Industry Outlook Affecting Operations

Thailand's economy in Q1/2026 expanded from the previous quarter on both the demand and supply sides. On the demand side, improvement was mainly driven by merchandise exports, excluding gold, which continued to increase particularly in technology-related products. Domestic demand also improved from higher private consumption following the acceleration of automobile deliveries after the expiration of the EV 3.0 incentive program, as well as increased fuel purchases amid concerns over rising prices toward the end of the quarter. In addition, private investment expanded, particularly in machinery and equipment categories, together with increased government spending.

On the supply side, industrial production improved following the recovery of petroleum production after major refinery maintenance in the previous quarter, together with capacity expansion by large chemical manufacturers. The service sector also improved, mainly from the trade sector in line with higher manufacturing and exports. However, the economy began to experience impacts from geopolitical conflicts toward the end of the quarter, reflected in a significant decline in exports to the Middle East and a reduction in foreign tourist arrivals, particularly from the Middle East and Europe.

Regarding economic stability in Q1/2026, headline inflation remained slightly negative, close to the previous quarter, mainly due to lower energy prices and electricity tariffs compared with the high base in the prior year. Food prices remained slightly negative, primarily due to rice prices. Core inflation remained positive at a level close to the previous quarter. Nevertheless, headline inflation started to be affected by rising energy prices toward the end of the quarter, although the pass-through effect to goods and services prices under core inflation remained limited. The current account recorded a surplus, mainly supported by the services, income, and transfer balances, while the labor market weakened compared to the previous quarter.

However, several factors continue to require close monitoring due to their potential impact on the Thai economy, including:

1. Prolonged geopolitical conflicts in the Middle East which may affect energy prices;
2. Volatility in global trade systems, particularly uncertainties arising from trade protectionist policies;
3. The El Niño phenomenon, which may result in extreme temperatures and drought conditions; and
4. Financial vulnerabilities, particularly high levels of household and SME debt.

The construction industry in Q1/2026 continued to face economic slowdown and various challenges. Although public construction activities expanded slightly due to ongoing mega infrastructure projects, the sector remained under pressure from rising construction material and transportation costs following geopolitical tensions in the Middle East. As a result, contractors and housing construction businesses may need to increase selling prices. Key industry drivers during the quarter were as follows:

- **Public sector construction:** Construction value remained relatively stable and increased slightly (approximately +1%), mainly supported by government budget disbursement and the continuation of mega infrastructure projects.
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- **Private sector construction:** The sector slowed significantly, with new real estate developments and the residential market contracting due to slow recovery in consumer purchasing power and high household debt, resulting in lower construction permit applications.
- **Rising construction costs:** This remained a major pressure factor, particularly steel and petrochemical-related materials, which increased by approximately 15–20%. Contractors therefore faced higher liquidity risks and lower profit margins.

Key strategies adopted by construction contractors include focusing on government mega projects, acting as subcontractors for major contractors, expanding into renovation and repair markets, and implementing stricter cost management measures.

## **2. Significant Events and Developments**

### **2.1 Extraordinary General Meeting of Shareholders No. 1/2026 held on 27 February 2026**

The meeting approved the following matters:

- Approval of the increase in the Company’s registered capital from Baht 907,878,638 to Baht 1,815,757,276.
- Approval of the amendment to Clause 4 of the Company’s Memorandum of Association to reflect the increase in registered capital, and approval for the allocation of newly issued ordinary shares of not more than 1,815,757,276 shares with a par value of Baht 0.50 per share for offering to existing shareholders in proportion to their shareholding (Rights Offering) at the ratio of 1 existing ordinary share to 1 newly issued ordinary share at the offering price of Baht 0.20 per share.

A total of 385,038,000 shares were subscribed by existing shareholders during the subscription period from 25–31 March 2026.

### **2.2 Annual General Meeting of Shareholders 2026 held on 24 April 2026**

The meeting approved the following matters:

- Approval of the appropriation of the Company’s net profit for the year 2025 in the amount of Baht 5,000,000 as additional legal reserve, increasing the legal reserve from Baht 29,000,000 to Baht 34,000,000 for the year ended 31 December 2025, and approval of the omission of dividend payment for the operating results of 2025.
- Approval of the re-election of the following directors, who retired by rotation, to serve another term as directors of the Company:
  - Mr. Amnuay Kanchanopas
  - Mr. Pisan Jintanapakdee
  - Mr. Methus Srisuchart

## **3. Summary of Operating Results**

For Q1/2026 ended 31 March 2026, the Company reported total revenue of Baht 800.31 million, representing a decrease of 47.03% compared to total revenue of Baht 1,510.98 million in Q1/2025. Construction revenue amounted to Baht 707.39 million, decreasing by 50.70% from Baht 1,434.82 million in the same period of 2025.

Construction costs decreased compared to Q1/2025, amounting to Baht 567.68 million, or 80.25% of construction revenue, resulting in a gross profit margin of 19.75%. In comparison, construction costs in Q1/2025 were Baht 1,237.80 million, or 86.27% of construction revenue, with a gross

profit margin of 13.73%. This indicates that the gross profit margin in Q1/2026 improved compared to the same period last year, mainly attributable to lower construction costs and the recognition of K-value adjustments.

Administrative expenses in Q1/2026 decreased from Baht 142.51 million in Q1/2025 to Baht 94.05 million, representing a decrease of 34.0%, mainly due to lower personnel-related expenses. Finance costs also decreased from Baht 96.90 million in Q1/2025 to Baht 88.49 million in Q1/2026 as a result of debt repayments to financial institutions under project financing facilities.

As a result, the Company recorded net profit for the period ended 31 March 2026 of Baht 1.09 million, compared to net profit of Baht 5.81 million in Q1/2025.

#### **4. Summary of Financial Position**

##### **4.1 Assets**

As of 31 March 2026, the Company had total assets of Baht 13,786.74 million, compared to Baht 13,649.89 million at the end of 2025, representing an increase of 1.00%. The increase was mainly attributable to higher current assets, which increased from Baht 11,308.41 million to Baht 11,425.14 million in Q1/2026.

Total liabilities increased slightly from Baht 12,052.20 million at the end of 2025 to Baht 12,110.95 million in Q1/2026, mainly due to increases in advances received and other non-current liabilities.

##### **4.2 Leverage Ratios**

Financial leverage ratios improved slightly in Q1/2026 as follows:

- Debt-to-Equity Ratio decreased from 7.54 times in 2025 to 7.23 times in Q1/2026.
- Financial Debt-to-Equity Ratio decreased from 3.60:1 at the end of 2025 to 3.58:1 in Q1/2026, which remained within the debenture covenant requirement of not exceeding 5:1.

##### **4.3 Liquidity**

The Company's liquidity improved slightly, with the Current Ratio increasing from 0.96 at the end of 2025 to 0.97 in Q1/2026. Nevertheless, the Company's liquidity position remained relatively weak.

##### **4.4 Shareholders' Equity**

Shareholders' equity increased from Baht 1,597.70 million at the end of 2025 to Baht 1,675.79 million in Q1/2026, mainly due to the receipt of advance payments for shares subscribed under the Rights Offering in March 2026.

#### **5. Factors Affecting Future Operations and Growth**

##### **5.1 Economic Growth and Construction Industry**

Growth in the domestic economy and the real estate and construction sectors directly affects the Company's revenue. Expansion in these sectors, particularly through large government infrastructure projects, provides opportunities for the Company to participate in and win construction bids, thereby increasing backlog and future revenue. However, the Company must continue to manage costs efficiently to maintain appropriate profitability.

## 5.2 Competition in the Construction Industry

Competition among large and medium-sized contractors may significantly affect the Company's revenue and profitability, especially during periods of limited construction activity. Nevertheless, the Company has operated for more than 30 years, possesses a strong and experienced team, and maintains a reputable industry position, enabling it to bid directly with project owners or work as a subcontractor for major contractors, particularly in Mechanical, Electrical and Plumbing (MEP) works, which supports stable revenue and profitability.

## 5.3 Construction Material and Labor Costs

Increases in key construction material prices, such as steel bars, structural steel, concrete, electrical cables, and labor costs, directly affect profitability. To mitigate such risks, the Company procures materials in sufficient quantities and negotiates fixed-price agreements with suppliers. The Company also addresses labor shortages by recruiting and training both Thai and foreign workers to improve operational efficiency and maintain labor cost control.

## 5.4 Geopolitical Risks

During 2026, the ongoing geopolitical tensions involving Iran, the United States, and Israel may continue and potentially affect prices of key construction materials and transportation costs. The Company has therefore adjusted its procurement strategy by purchasing materials in stages rather than entering into long-term fixed-price agreements, negotiating price adjustments for private sector projects, and sourcing equivalent materials at lower costs where appropriate.

## 5.5 Financial Institution Support

Support from financial institutions remains a key factor in maintaining liquidity for construction contractors, including additional credit facilities, lower financing costs, and other financial support measures.