

Management Discussion and Analysis (MD & A) Q1 Y2026

Demco Public Company Limited



Demco Public Company Limited operates an Engineering, Procurement, and Construction (EPC) business, providing integrated services for power and energy infrastructure projects. Its scope of work covers transmission systems, distribution systems, substation construction, underground power systems, and other related infrastructure works.

The Company also invests in and develops energy projects, particularly in renewable energy such as wind and solar power. In addition, it provides installation and maintenance services for electrical systems to generate recurring long-term revenue. Its key customers include government agencies and large private sector clients, especially projects related to the development and expansion of the national power grid, for which demand continues to grow in line with economic expansion and increasing energy consumption. The Company also has subsidiaries engaged in the manufacturing and distribution of steel structures and poles used in electrical engineering works, as well as a subsidiary that has entered into a state land concession agreement for the Ban Phanom Water Supply Development Project in Luang Prabang, Lao PDR.

The Company's primary revenue is derived from EPC construction projects, with revenue recognized based on the percentage of completion method. Operating performance therefore depends largely on project delivery schedules and the Company's project management capabilities. Meanwhile, the backlog serves as a key indicator reflecting the continuity of future revenue.

Strategically, the Company focuses on enhancing its competitiveness through strengthening engineering capabilities, improving project cost efficiency, and selectively undertaking projects that yield appropriate returns. It also seeks to expand business opportunities in renewable energy and new energy infrastructure to support the energy transition and ensure sustainable long-term growth, under its strategic framework: **Growth+ : Lean+ : Opportunity+**.

Furthermore, **the Company has participated in the Jump+**, which aims to enhance organizational capabilities through operational efficiency improvements, fostering innovation, and strengthening long-term competitiveness. Participation in this program supports the Company in adapting to changes in the energy industry while improving its effectiveness in project and resource management.

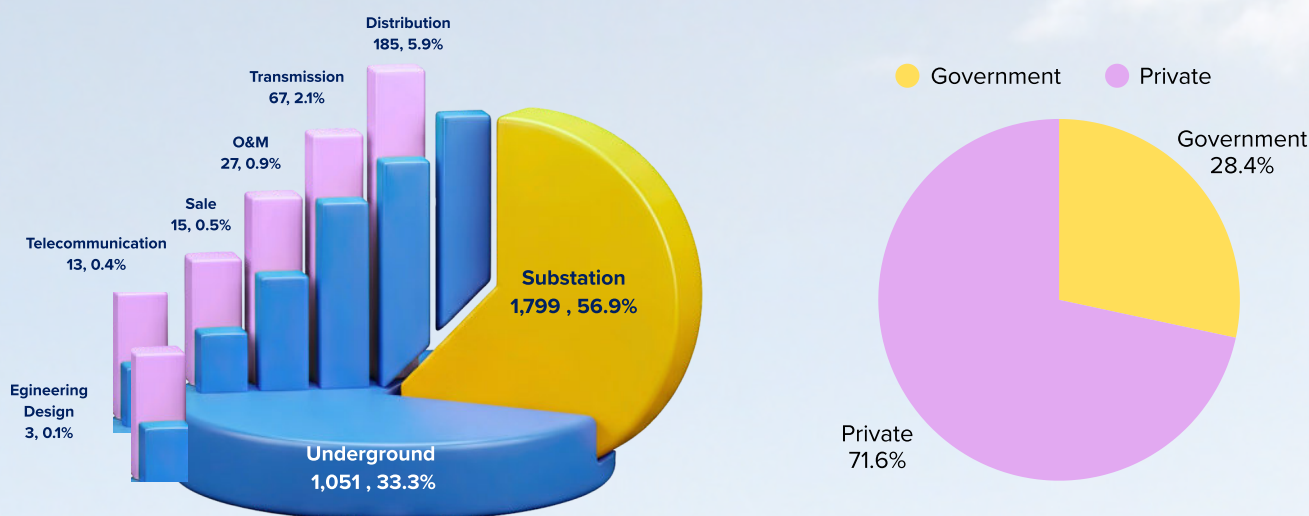
Key Financial Performance

Unit : Million Baht

Description	Q1 Y2026	Q1 Y2025	Change	% YoY	
Total Revenue	410.0	566.7	(156.7)	(27.7%)	▼
Gross Profit	6.6	59	(52.4)	(88.8%)	▼
Net Profit	15.8	(31.4)	47.2	150.3%	▲
<i>Add back: Recognition of late-completion penalty pursuant to the arbitration award</i>	82.2	-	82.2	100.00%	
<i>Less: Deferred income tax income</i>	(39.8)	(8.4)	(31.4)	(375.2%)	
*Net Profit (Core Profit)	58.2	(39.8)	98.0	246.30%	▲
EBITDA	1.2	(11.9)	13.1	110.4%	▲

* Net Profit (Core Profit) is calculated from net profit per the financial statements, adjusted for non-recurring special items, comprising: (1) Add back the recognition of the late-completion penalty pursuant to the arbitration award of THB 82.2 million; and (2) Less deferred income tax income.

Currently, the Company had ongoing projects under execution that have not yet been completed, which are expected to be gradually recognized as revenue in 2027, totaling approximately THB 3,160 million.



Demco Public Company Limited is committed to driving growth under the principle of “quality and sustainable growth.” The Company places strong emphasis on reinforcing its core EPC (Engineering, Procurement, and Construction) business in electrical engineering, while enhancing project management efficiency and maintaining strict cost control. These efforts aim to preserve profitability and reduce earnings volatility typically associated with large-scale project-based operations. At the same time, the Company continues to capture opportunities arising from national infrastructure investments and the global energy transition, particularly in transmission systems, substations, renewable energy, and modern energy technologies. This approach supports revenue expansion and greater diversification of income sources.

In addition, **the Company prioritizes effective liquidity and cash flow management through disciplined working capital management**, close monitoring of project collections, and cost risk control. These measures strengthen its financial position to support long-term operations. The Company also advances organizational capabilities by adopting digital technologies in project management and enhancing workforce competencies to meet increasing project complexity, while operating under strong corporate governance and comprehensive risk management frameworks.

Under this direction, **the Company focuses on selectively pursuing business opportunities that align with its capabilities and deliver appropriate risk-adjusted returns.** Emphasis is placed on generating recurring income while maintaining competitiveness in its core business. This strategy is expected to drive stable growth, create value for all stakeholders, and support the Company’s vision of becoming a leading integrated energy engineering and infrastructure provider with sustainable long-term growth.

Current Competitive Environment the EPC industry in electrical engineering and construction continues to grow in line with infrastructure and energy investments by both the public and private sectors, particularly in power systems and renewable energy projects. However, competition remains intense due to the presence of numerous domestic and international players, leading to pricing pressure and margin constraints, especially for projects awarded through competitive bidding. Large contractors tend to have advantages in terms of financial strength and experience. In addition, the industry faces challenges from fluctuations in material costs, fuel prices, and labor costs, as well as risks related to project management and cash flow. Despite these challenges and ongoing economic volatility, the industry continues to present long-term growth opportunities driven by the transition toward clean energy and continued infrastructure development.

Clean Energy Investment Projects	Year COD	Installed Capacity (MW)	Investor
Solar Energy Projects - COD	2021 - 2026	6.925	DEMCO
Solar Energy Projects - Waiting COD	2026	1.361	DEMCO
Future Solar Energy Investment Plan	3 - 7 Year	11.714	DEMCO
Target Clean Energy Investment Projects		20.000	

• Statement of Profit & Loss

The operating results for Q1/2026, are based on the Company's consolidated financial statements ended 31 March 2026. This analysis provides an overview of the Company's operating performance and key events, as well as the market conditions, competitive environment, and key factors affecting the consolidated financial statements, as follows:

Unit : Million Baht

รายละเอียด	Q1 Y2026	Q1 Y2025		Change	%YoY
Revenue					
Revenue from Sales and Services	24.3	128	▼	(103.7)	(81%)
Revenue from Construction Services	381.6	429.5	▼	(47.9)	(11.2%)
Other Revenue	4.1	9.2	▼	(5.1)	(55.4%)
Total Revenue	410	566.7		(156.7)	(27.7%)
Cost & Expense					
Cost from Sales and Services	18.8	143.9	▲	(125.1)	(86.9%)
Cost from Construction Services	380.5	354.6	▼	25.9	7.3%
Selling and Administrative Expenses	60.2	68.4	▲	(8.2)	(12%)
Total Cost & Expense	459.5	566.9		(107.4)	(18.9%)
Gross Profit					
GP from Sales and Services	5.5	(15.9)	▲	21.4	134.6%
GP from Construction Services	1.1	74.9	▼	(73.8)	(98.5%)
Total Gross Profit	6.6	59		(52.4)	(88.8%)
Other List - Below Operation Profit					
Finance Cost	(12.3)	(14.7)	▲	2.4	16.3%
(Reverse) of Expected Credit Loss (IFRS 9)	40.2	(38.8)	▲	79	203.6%
Share of Profit (Loss) from Investments in Associates	(2.4)	13.9	▼	(16.3)	(117.3%)
Profit (Loss) Before Income Tax	(24)	(39.8)		15.8	39.7%
Income Tax Income	39.8	8.4	▲	31.4	373.8%
Profit (Loss) After Income Tax	15.8	(31.4)		47.2	150.3%

• Analysis of Operating Results – Statement of Profit or Loss

Total revenue for Q1/2026 amounted to THB 410 million, a decrease of THB 156.7 million or 27.7% compared to the same period of the previous year. The decline was mainly attributable to lower revenues from sales and service, as well as a decrease in revenues from construction service.

Revenue from Sales and Services

For Q1/2026, revenue from sales and service amounted to THB 24.3 million, a decrease of THB 103.7 million or 81.0% compared to the same period of the previous year. The decline was mainly due to lower revenue from the sale of stack monitoring equipment and steel poles and structures.

Revenue from Construction Services

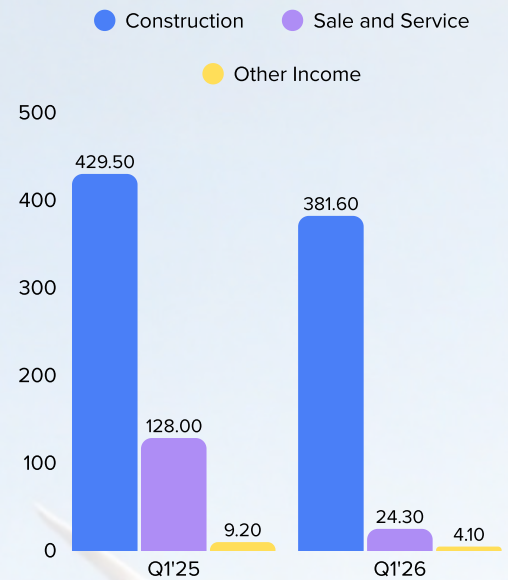
For Q1/2026, revenue from construction services amounted to THB 381.3 million, a decrease of THB 48.2 million or 11.2% compared to the same period of the previous year. The key factors were as follows:

Decrease in revenue: The Company recognized a revenue reduction on a construction project for one customer in the distribution system segment, pursuant to the arbitration award which required the Company to pay a late-completion penalty of approximately THB 83 million. As a result, revenue from distribution system works decreased by 86.7%. In addition, revenue from transmission line works declined by 45.5%, and revenue from underground electrical system works declined by 61.6%, as most of these projects were in the late stage of execution and gradually being closed out.

Increase in revenue: Revenue from substation construction works increased by 28.8%, reflecting revenue recognition based on the progress of several substation construction projects for major government and private sector customers that were in the intensive execution phase. Revenue from telecommunication works increased by 218.4%, driven by new communication projects and control and communication system replacement projects for customers in the energy sector. Revenue from maintenance services also increased by 36.3%, from the expansion of maintenance scope for customers in the power plant and industrial estate segments. These increases partially offset the impact of the revenue adjustment and the decline in revenue from other work segments.

Other Revenue

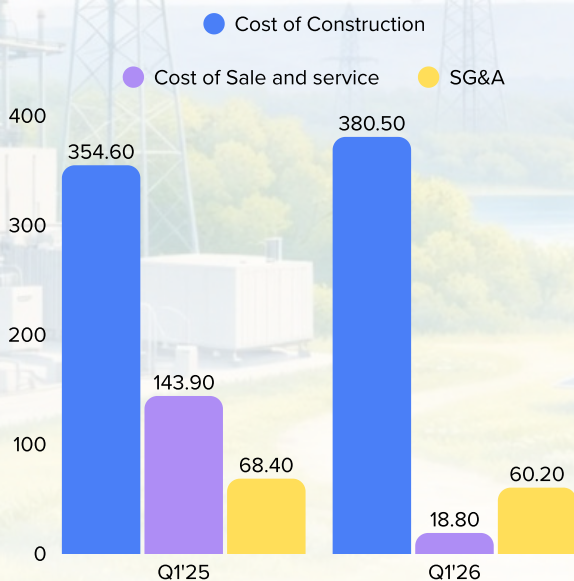
For Q1/2026, other revenue amounted to THB 4.1 million, a decrease of THB 5.1 million or 55.4% compared to the same period of the previous year. The decline was mainly due to lower dividend income from investments in renewable energy businesses.



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Total cost of sales and selling and administrative expenses. For Q1/2026, total costs of sales and selling and administrative expenses amounted to THB 459.5 million, a decrease of THB 107.4 million or 18.9% compared to the same period of the previous year. The decrease was primarily due to a reduction in cost of sales and service in line with the decline in revenue, together with lower selling and administrative expenses.



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Cost of Sales and Services

For Q1/2026, the cost of sales and service amounted to THB 18.8 million, a decrease of THB 125.1 million or 86.9% compared to the same period of the previous year. The decline was mainly attributable to lower production and distribution costs of steel poles and structures, in line with the proportionate decrease in sales revenue.

Cost of Construction Services

For Q1/2026, the cost of construction service amounted to THB 380.5 million, an increase of THB 25.9 million or 7.3% compared to the same period of the previous year. This was driven by higher cost recognition in line with the progress of large substation construction projects, compounded by rising material and labour costs, as well as accelerated cost recognition for certain projects in the intensive execution phase.

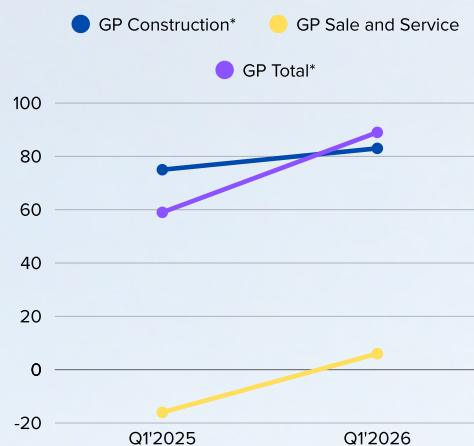
Selling and Administrative Expenses

For Q1/2026, selling and administrative expenses amounted to THB 60.2 million, a decrease of THB 8.2 million or 12.0% compared to the same period of the previous year. The decline was mainly driven by reductions in management remuneration and bonuses and contract labour costs in line with the new organizational structure, partially offset by higher depreciation charges from assets acquired during the current year.

Gross Profit

For Q1/2026, gross profit amounted to THB 6.6 million, a decrease of THB 52.4 million or 88.8%, with an overall gross profit margin of 1.6%, declining 9 percentage points compared to the same period of the previous year. This was mainly driven by the recognition of the late-completion penalty pursuant to the arbitration award in the construction service segment.

(หน่วย : ล้านบาท)	Q1 Y2026	Q1 Y2025	Change
%GP from Sales of Goods and Services	22.6	(12.4)	35.1
%GP from Construction Services	0.3	17.4	(17.1)
Total %GP	1.6	10.6	(9.0)
%GP from Construction Services *	18.0 *	17.4	0.6
Total %GP*	18.2 *	10.6	7.6



*Excluding the recognition of the late-completion penalty pursuant to the arbitration award of THB 82.2 million, which is a non-recurring special item.

Gross Profit from Sales and Services

For Q1/2026, gross profit from sales and service amounted to THB 5.5 million, an improvement of THB 21.4 million or 134.6% compared to the previous year (which recorded a gross loss of THB 15.9 million). The gross profit margin was 22.6%, up 35.1 percentage points from the same period of the prior year, mainly because the sales segment that had generated a loss in the prior year — stack monitoring equipment and steel structures — declined significantly in volume, thereby improving the margin.

Gross Profit from Construction Services

For Q1/2026, gross profit from construction services amounted to THB 1.1 million, a decrease of THB 73.8 million or 98.5% compared to the same period of the previous year, with a gross profit margin of 0.3%, declining 17.1 percentage points. This was primarily the result of the recognition of a revenue reduction pursuant to the arbitration award, which required the Company to pay a late-completion penalty of THB 82.2 million during this quarter, together with higher construction costs in certain projects from rising material and labour costs. However, if this one-time arbitration adjustment is excluded, the normalized gross profit from construction operations would be approximately THB 83.7 million, representing a normalized gross profit margin of 18.0%, broadly consistent with the same period of the previous year (17.4%).

Finance Costs

For Q1/2026, finance costs amounted to THB 12.3 million, a decrease of THB 2.4 million or 16.3% compared to the same period of the previous year. The reduction was mainly due to a lower debt burden from the continuous repayment of long-term borrowings. The Company has been gradually repaying long-term loans in accordance with loan agreements to maintain interest expenses at an appropriate level and strengthen its long-term financial position.

Net Profit

For Q1/2026, the Company reported a net profit of THB 15.8 million, an improvement of THB 47.2 million or 150.3% compared to the same period of the previous year which recorded a net loss of THB 31.4 million. The key drivers of improvement were non-operating items: (1) a reversal of Expected Credit Loss (ECL) under TFRS 9 amounting to THB 40.2 million, following partial recovery of trade receivables for which ECL provisions had previously been recognized, enabling partial reversal of those provisions, and (2) the recognition of a deferred tax asset of THB 39.8 million. These factors enabled the Company to achieve a net profit despite lower total revenue, resulting in a significant overall improvement compared to the same period of the previous year.

• Statement of Financial Position

For Q1/2026, the Company maintained a sound financial position with total assets of THB 5,984.5 million and total shareholders' equity of THB 3,634.7 million.

Unit : Million Baht

Description	Q1 Y2026	Y2025		Change	%YoY
Assets					
Trade and Other Current Receivables	799.5	865.5	▼	(66)	(7.6%)
Current Contract Assets	475.6	402.3	▲	73.3	18.2%
Inventory	161.9	151.1	▲	10.8	7.1%
Other Current Assets	89	116.4	▼	(27.4)	(23.5%)
Total Current Assets	1,526	1,535.3		(9.2)	(0.6%)
Non-Current Financial Assets	2,213	2,196.6	▲	16.3	0.7%
Investment in Associates	1,373.8	1,391.8	▼	(18)	(1.3%)
Intangible Assets	297.4	298.8	▼	(1.4)	(0.5%)
Other Non-Current Assets	574.3	576.7	▼	(2.4)	(0.4%)
Total Non-Current Assets	4,458.5	4,463.9		(5.4)	(0.1%)
Total Assets	5,984.5	5,999.2		(14.7)	0.2%
Liabilities					
Short-Term Borrowings and Overdrafts	986.5	1,011.4	▲	(25)	(2.5%)
Trade and Other Current Payables	615.6	573.9	▼	41.7	7.3%
Current Contract Liabilities	296.8	333.6	▲	(36.8)	(11%)
Other Current Liabilities	129.4	118.8	▼	10.6	8.9%
Total Current Liabilities	2,028.2	2,037.7		(9.5)	(0.5%)
Long-Term Loan	59.6	62.3	▲	(2.6)	(4.2%)
Other Non-Current Liabilities	261.9	292.8	▲	(30.9)	(10.6%)
Total Non-Current Liabilities	321.6	355.1		(33.6)	(9.5%)
Total Liabilities	2,349.8	2,392.8		(43)	(1.8%)

Description	Q1 Y2026	Y2025		Change	%YoY
Equity					
Common Shares	753.8	751	▲	2.8	0.4%
Share Premium	2,134.6	2,137.5	▲	(2.9)	(0.1%)
Retained Earnings (Accumulated	(209.2)	(225)	▲	15.8	7.0%
Other Components of Shareholders'	955.5	942.4	▲	13.2	1.4%
Non-controlling Interests (NCI)	-	0.5	▲	(0.5)	(100%)
Total Equity	3,634.7	3,606.3		28.4	0.8%

• Analysis of Operating Results – Statement of Financial Position

Total Assets

For Q1/2026, the Company's total assets amounted to THB 5,984.5 million, a decrease of THB 14.7 million or 0.2% compared to year-end 2025, mainly due to:

- Current assets decreased by THB 9.2 million or 0.6%, mainly due to a decrease in trade and other current receivables following collections from customers, as well as a reduction in other current assets, netted against an increase in current contract assets reflecting construction service work performed but not yet billable under the contracts, together with an increase in inventories.
- Non-current assets decreased by THB 5.4 million or 0.1%, mainly due to a decrease in investments in associates under the equity method, reflecting the share of losses and interim dividends received during the period, partially offset by an increase in other non-current financial assets from the fair value revaluation of equity investments.

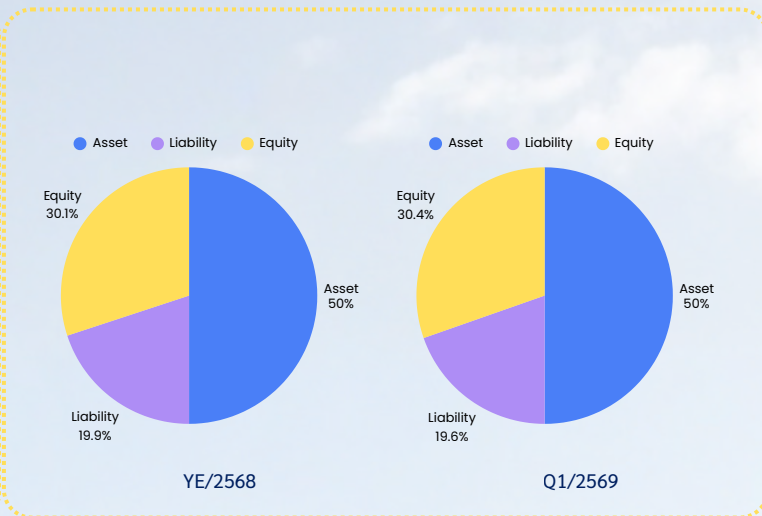
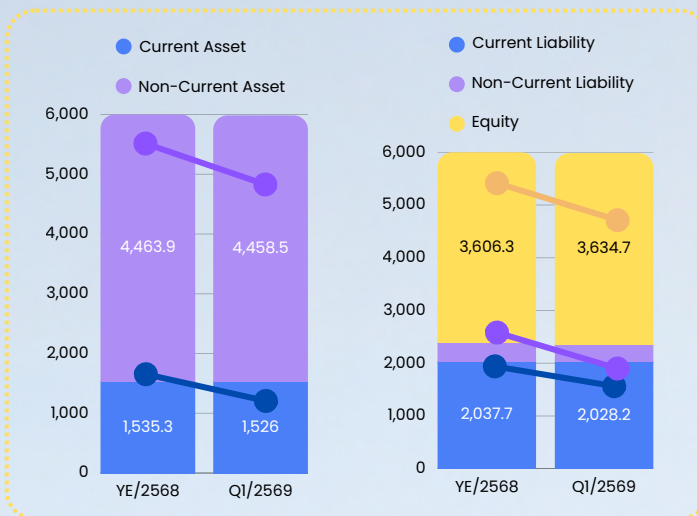
Total Liabilities

For Q1/2026, the Company's total liabilities amounted to THB 2,349.8 million, a decrease of THB 43 million or 1.8% compared to year-end 2025, mainly due to:

- Current liabilities decreased by THB 9.5 million or 0.5%, mainly due to a decrease in current contract liabilities and a reduction in bank overdrafts and short-term borrowings from financial institutions, partially offset by an increase in trade and other current payables in line with the payment cycle to suppliers.
- Non-current liabilities decreased by THB 33.6 million or 9.5%, mainly due to a decrease in other non-current liabilities, together with partial repayments of long-term borrowings in accordance with the repayment schedule.
-

Shareholders' Equity

For Q1/2026, the Company's shareholders' equity amounted to THB 3,634.7 million, an increase of THB 28.4 million or 0.8% compared to year-end 2025, mainly attributable to a reduction in accumulated losses reflecting net profit recorded for the quarter, an increase in other components of equity from the fair value revaluation of equity instruments, and an increase in common shares and share premium from the exercise of warrants.



• Financial Ratio

Description	Q1 Y2026	Q1 Y2025	Change	Analysis
Ratio				
Gross Margin (%)	1.63%	10.6%	▼ (8.97%)	Decrease 8.97%
Net Profit Margin (%)	3.85%	(5.54%)	▲ 9.39%	Increase 9.39%
Return on Asset (ROA) (%)	0.26%	(0.48%)	▲ 0.74%	Increase 0.74%
Return on Equity (ROE) (%)	0.44%	(0.86%)	▲ 1.30%	Increase 1.30%
Current Ratio	0.75	0.72	▲ 0.04%	Improve 0.04
Debt Service Coverage Ratio - DSCR	0.0012	(0.0097)	▲ 0.0109	Improve 0.0109
Debt-to-Equity (D/E)	0.65	0.75	▲ (0.11)	Improve 0.11

• Analysis of Operating Results – Key Financial Ratios

In Q1/2026, the Company's key financial ratios generally improved compared to the same period of the previous year, reflecting a recovery in operating performance and a stronger financial position.

(1) Profitability: The Company reported a net profit of THB 15.8 million, compared to a net loss of THB 31.4 million in the same period of the prior year, resulting in a net profit margin of 3.85%, compared to (5.54)% in the prior year, an improvement of 9.39 percentage points. ROA and ROE returned to positive territory at 0.26% and 0.44%, respectively, from (0.48)% and (0.86)% in the prior year, reflecting improved efficiency in generating returns from assets and equity. However, the gross profit margin declined significantly from 10.60% to 1.63%, a decrease of 8.97 percentage points, primarily attributable to the one-time impact of the arbitration award and the high cost structure of construction projects relative to revenue recognized during the period. The Company is actively managing costs and improving operational efficiency to sustain profitability going forward.

(2) Capital Structure and Liquidity: The D/E ratio improved from 0.75 times to 0.65 times, a decrease of 0.11 times, reflecting reduced financial risk. The current ratio improved slightly from 0.72 times to 0.75 times.

(3) Debt Servicing Ability: The DSCR improved from (0.0097) times to 0.0012 times, in line with EBITDA returning to positive territory. However, the ratio remained low due to significant short-term debt obligations, and the Company is managing liquidity and accelerating revenue recognition from its backlog to strengthen debt servicing capability going forward.

Demco Public Company Limited has made significant progress in corporate sustainability during the past quarter, which can be summarized as follows:

1) Value Creation and Recognition in Sustainable Business Strategy



The Company received the **ASEE Outstanding Enterprise Strategy Award** at the ASEAN SMART ENERGY & ENERGY STORAGE EXPO 2026, marking another key achievement that reflects its capabilities and vision in driving and advancing its business toward clean energy and smart energy in a tangible manner.

This award demonstrates the Company’s strong commitment to developing business strategies aligned with the energy transition, modern technologies, and trends in efficient energy utilization. It also reinforces the Company’s role in achieving sustainable growth while promoting clean energy adoption and energy innovation for the future.

2) Corporate Governance



The Company has been certified as a “CAC Change Agent” (3-Star Level) for 2026 by the Thai Private Sector Collective Action Against Corruption (CAC), representing the highest level of recognition. This achievement reflects the Company’s strong commitment to conducting business with transparency, integrity, and adherence to good corporate governance principles.

The Company also actively encourages its business partners and stakeholders to participate in anti-corruption efforts, which is a key element in strengthening sustainability across the supply chain and enhancing trust among all stakeholders.

3) Social Contribution

The Company extended its congratulations to the Export-Import Bank of Thailand (EXIM Bank) on the occasion of its 32nd anniversary, and contributed donations for public benefit to the Ramathibodi Foundation. The contribution aims to support the enhancement of medical service capabilities and quality, ensuring broader and more equitable access to healthcare. This reflects the Company’s commitment to creating social value and supporting the sustainable development of the healthcare sector.





Delivering Happiness on National Children's Day

The Company supported National Children's Day 2026 by donating educational supplies and snacks to Wat Daoruang School and Wat Sadet School. It also organized game activities to promote learning and enjoyment among children. The event took place on 9 January 2026.



Demco Supports Educational Opportunities for the Visually Impaired

The Company donated used desk calendars for the production of Braille learning materials, supporting educational opportunities for the visually impaired at the Thailand Association of the Blind on 3 February 2026.



Temple-Community-State Happiness Creation

The Company participated in the "Temple-Community-State Happiness Creation Project" for Sustainable Development 2026, taking part in a temple cleaning activity at Wat Boon Bang Sing in Pathum Thani Province. The activity was carried out in collaboration with government agencies, community leaders, educational institutions, and other relevant stakeholders on 20 February 2026.



"Luea-Kho (Sharing Surplus)"

Executives and employees of Demco Public Company Limited donated items to the Baan Nokkamin Foundation under the "Luea-Kho (Sharing Surplus) Project" to support underprivileged children and contribute to educational funding. The activity took place on 11 March 2026.

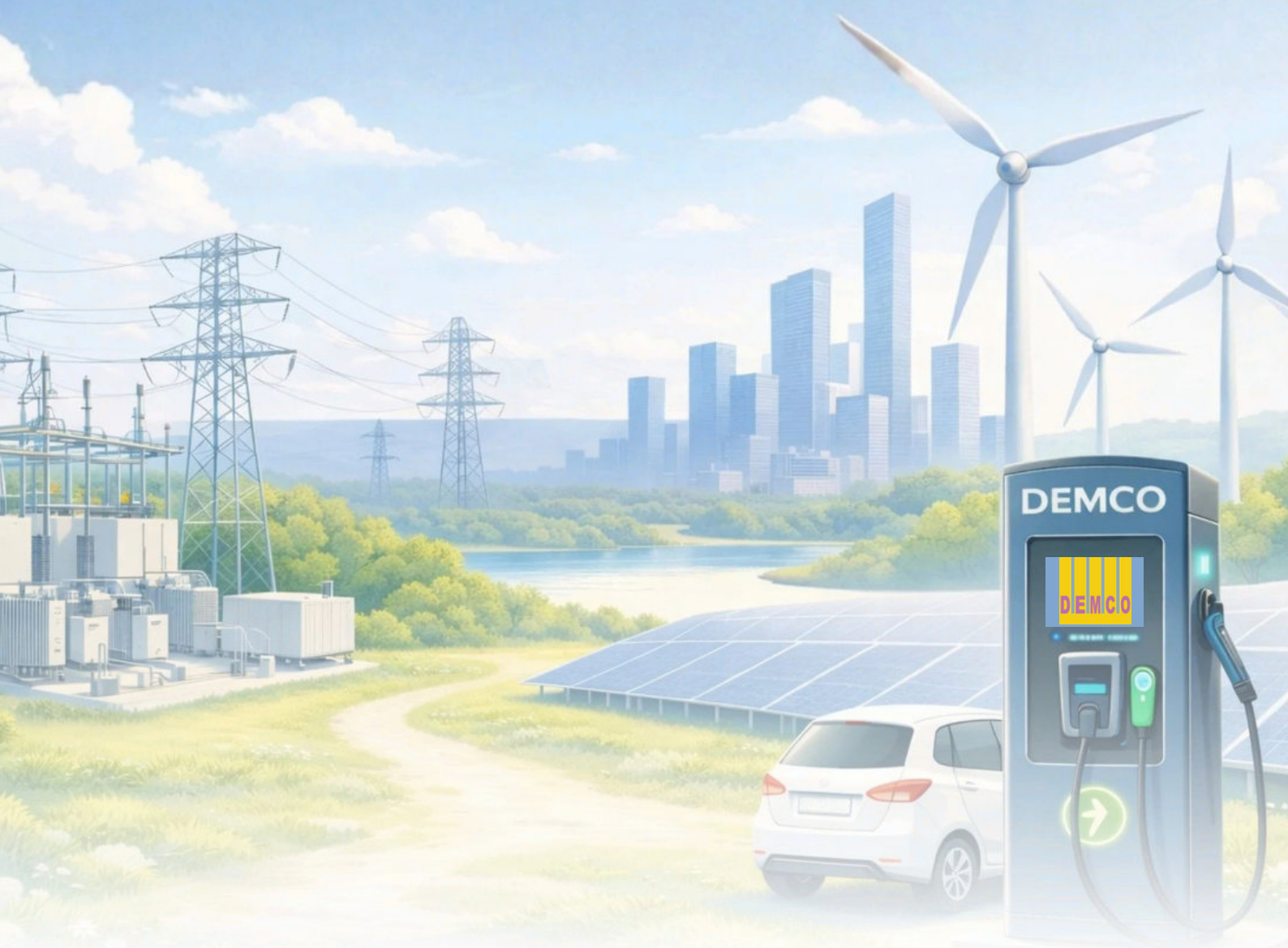


DEMCO Blood Donation Day

The Company, in collaboration with Rajavithi Hospital, organized its 48th blood donation drive on 19 March 2026 to support patients in need and help address the ongoing blood shortage faced by the Thai Red Cross Society.

A total of 37 donors participated in blood donation, along with 5 platelet donors, contributing a combined total of 17,200 milliliters of blood.

“Demco To be the producer and provider for clean energy, electrical systems and utilities with innovation and high technology to create sustainable value”



DEMCO Public Company Limited

59 Moo.1, Suanphrikthai, Muangpathumthani,
Pathumthani 12000