

At TIGER 010/2026

8 May 2027

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2027

To: Managing Director, the Stock Exchange of Thailand

Please find management discussion and analysis for the three-month period ended 31 March 2027 of Thai Enger Holding Public Company Limited (“the Company”) as the following details:

The Consolidated Financial Statements for the three-month period ended 31 March 2027;

Consolidated : Million Baht	Q1 25	%	Q1 26	%	Inc/(Dec)	%
Revenues from sales and services	166.50	100.00	194.98	100.00%	28.48	17.11%
Cost of sales and services	152.95	91.86%	178.47	91.53%	25.52	16.69%
Gross profit (loss)	13.55	8.14%	16.51	8.47%	2.96	21.85%
Selling expenses	1.42	0.85%	0.94	0.48%	(0.48)	(33.80%)
Administrative expenses	14.27	8.57%	11.92	6.11%	(2.35)	(16.47%)
Loss from operation	(2.14)	(1.29%)	3.65	1.87%	5.79	(270.56%)
Other income	0.37	0.22%	1.23	0.63%	0.86	232.43%
Loss before interests & taxes	(1.77)	(1.06%)	4.88	2.50%	6.65	(375.71%)
Share of profit from associate	(0.31)	(0.19%)	0.38	0.19%	0.69	(222.58%)
Finance costs	(0.57)	(0.34%)	(0.46)	(0.24%)	0.11	(19.30%)
Income tax expense	(0.30)	(0.18%)	-		0.30	(100.00%)
Net loss	(2.95)	(1.77%)	4.80	2.46%	7.75	(262.71%)

The construction industry in 2025 faced significant challenges and intense competition, driven by multiple adverse factors. On the demand side, activity weakened due to a continued slowdown in both public and private sector investment, reflecting broader economic contraction, rising interest rates, and heightened uncertainties in both domestic and global environments. On the supply side, construction costs increased substantially, driven by elevated living costs and persistent inflationary pressures, which led to continuous increases in material prices, labor costs, and energy expenses. As a result, the overall construction sector in 2025 remained highly challenging and difficult.

In the first quarter of 2026, the Company reported a net profit of THB 4.77 million, marking the first return to profitability after five consecutive quarters of net losses. This compares to a net loss of THB 2.95 million in the first quarter of 2025. The improvement in performance was achieved despite the overall construction industry continuing to face unfavorable economic conditions. The increase in net profit during the quarter was driven by four key factors. First, the Company implemented more disciplined and effective project management and cash flow planning strategies. Second, the reported performance reflects underlying operational results, as there were no additional upward revisions to project cost estimates during the period. Third, two subsidiaries and one associate recorded net profits, contributing positively to the consolidated financial performance. Finally, selling and administrative expenses were reduced following a restructuring of the workforce within the construction business.

In late 2024, the Company successfully secured a major construction contract for a six-star hotel in Phuket with a total value of THB 670 million. As a result, the Company's backlog as of year-end 2024 increased to THB 1,575 million, representing a significantly high level of work on hand. However, throughout 2025 and into early 2026, adverse economic conditions continued to have a substantial impact on the construction industry, resulting in the Company being unable to secure any new projects during 2025. In the first quarter of 2026, the Company was able to secure two small-scale projects with a combined value of THB 40 million. As of March 31, 2026, the Company's backlog stood at THB 827 million, with a composition of 46% private sector and 54% public sector projects. Although the Company has returned to profitability, it continues to face significant challenges in managing its existing projects. These include maintaining construction costs within budget amid rising material prices and supply shortages driven by ongoing geopolitical conflicts, completing projects within schedule under manpower constraints, and ensuring sufficient cash flow in an environment where project payments are delayed. In response to these challenges, the Group has implemented the following strategies:

1. **Exercising Extreme Caution in Accepting New Projects to Minimize Risk** Given the Company's substantial backlog—sufficient to support revenue recognition for no less than the next 12 months—and the current economic downturn, which has seen the emergence of mainly high-risk or highly price-sensitive projects, the Company is taking an exceptionally cautious approach when evaluating new opportunities. We are committed to accepting only those projects that align with our long-term strategy and quality standards. Our current focus is on selectively targeting private-sector projects with promising growth potential, such as high-end hotel and resort construction, as well as medium to large-scale industrial facilities. One of the key measures to prevent poor decision-making is to ensure that all bidding and execution processes are supported by accurate and reliable information. To this end, the Company is planning to overhaul its entire cost estimation framework—both during the tendering phase and post-award—based on the three key attributes of good budgeting: accuracy, defensiveness (ability to hedge risk), and strategic foresight.

2. **Enhancing Operational Efficiency through People Development** Beginning in 2024, the Company recognized that the best long-term immunity against volatility lies in improving internal productivity, which can only be achieved through continuous development of its people. The Company has used the economic slowdown as an opportunity to enhance organizational capabilities, with a particular emphasis on upgrading our engineers and project managers to become consult-capable contractors. Rather than functioning merely as executors of technical drawings, our teams are being trained to provide sound advice, propose efficient construction methods, and deliver true value to clients. This approach not only boosts our competitive advantage in the long term but also lays a strong foundation for expanding into premium markets where service quality is prioritized over price.
3. **Cash Flow is Paramount** The Company places utmost importance on maintaining healthy cash flow. This is achieved through proactive billing, rigorous collection of progress payments, and persistent follow-up on long-overdue receivables—rather than accelerating cost expenditures or rushing to complete physical progress. This discipline allows the Company to remain financially resilient despite delays in client disbursements and ensures sufficient liquidity to support operations across all projects.

A detailed analysis of the company's operating performance is as follows.

Revenue from Sales and Services

The Group recorded revenue from sales and services for the three-month period ended March 31, 2026 and 2025 of THB 194.98 million and THB 166.50 million, respectively, representing an increase of THB 28.48 million or 17.11%. Despite a limited number of new project awards and delays in several ongoing projects due to prevailing economic conditions, the Company was able to increase its revenue through the acceleration of construction progress on the six-star hotel project in Phuket, which significantly improved both the percentage of completion and billing during the period.

The key projects contributing to revenue recognition in the first quarter of 2026 included the six-star hotel construction project in Phuket, which contributed THB 134.63 million, the irrigation and drainage system construction project at Pha Chuk Dam in Uttaradit Province, which contributed THB 24.10 million, and the condominium project in Ari Soi, which contributed THB 14.16 million. In addition to construction revenue, the Group also generated supporting construction-related revenue from TEG Aluminum Co., Ltd. and Cons Inno Co., Ltd., which showed strong growth, contributing THB 9.37 million (excluding intercompany transactions)..

Cost of Sales and Services

The Group recorded cost of sales and services for the first quarter of 2026 amounting to THB 178.47 million, representing an increase of THB 25.52 million or 16.69%. This increase was in line with the growth in revenue from sales and services. The cost-to-sales ratio for the first quarter of 2026 was 91.53%, which remained broadly consistent with 91.86% for the same period of the previous year.

Gross Profit

Gross profit for the first quarter of 2026 amounted to THB 16.51 million, representing an increase of THB 2.96 million or 21.85%. The gross profit margin was 8.47%, which is in line with the average margin of the Company's current backlog. Notably, during the first quarter of 2026, the Group did not record any upward revisions to project cost estimates.

Selling and Administrative Expenses

For the first quarter of 2026, the Company recorded selling and administrative expenses of THB 12.86 million, representing a significant decrease from THB 16.69 million in the same period of the previous year. This reduction reflects the Company's policy to control and streamline unnecessary administrative expenses, as well as organizational restructuring measures, including a reduction in workforce, to align with the economic slowdown.

Net Profit

For the first quarter of 2026, the Group reported a net profit of THB 4.80 million, representing a significant improvement from a net loss of THB 2.95 million in the same period of the previous year. This turnaround was driven by several positive factors, including the Company's ability to effectively manage operations and accelerate billing for the six-star hotel construction project in Phuket, improved performance from subsidiaries and an associate, and reduced selling and administrative expenses in line with the Company's cost control and optimization policies.

Yours sincerely,

(Mr.Viboon Pojanalai)

Chief Financial Officer