



SPREME 2026/011

Dated 14 May 2026

Re: Management Discussion and Analysis for Quarter 1/2026

To: The President

The Stock Exchange of Thailand

Supreme Distribution Public Company Limited (“the Company”) hereby provides an explanation of the Company’s operating results for Quarter 1/2026 as follows:

Overview of the Company's performance for Quarter 1/2026

Key Items in Income Statement	Q1-2026	Q4-2025	Q1-2025	QoQ Inc/(Dec)		YoY Inc/(Dec)	
	MB	MB	MB	MB	%	MB	%
Revenue from sales and services	371.40	953.77	175.99	(582.37)	-61.06	195.41	111.03
Cost of sales and services	315.54	814.14	123.73	(498.60)	-61.24	191.81	155.02
Gross profit	55.86	139.63	52.26	(83.77)	-59.99	3.60	6.89
Gross profit margin (%)	15.04	14.64	29.69		-0.40		-14.65
Total income	377.11	956.09	177.83	(578.98)	-60.56	199.28	112.06
Total expenses	345.67	843.49	150.35	(497.82)	-59.02	195.32	129.91
Profit for the period	24.11	89.94	21.80	(65.83)	-73.19	2.31	10.60
Net profit margin (%)	6.39	9.41	12.26		-3.02		-5.87

For the first quarter of 2026, the Company reported a net profit of 24.11 million baht, which is comparable to that of the same period in the previous year. However, when compared year-on-year, the operating results declined due to variations in revenue recognition patterns across projects, each of which differs in terms of operational structure and delivery timelines.

Nevertheless, on an overall basis, the Company was able to deliver its projects—both Mega Projects and other engagements—from the backlog as of the end of 2025, as well as projects in the 2026 pipeline, largely in line with the plan. As a result, the current total backlog exceeds 5,000 million baht, supporting continuous revenue recognition through 2031.

Distribution and Installation Business

In the first quarter of 2026, the Company generated revenue from its trading and installation business totaling 154.23 million baht, representing an increase of 30.32 million baht, or 24.47%, compared to the first quarter of 2025. Projects and purchase orders included in the backlog scheduled for delivery in the current quarter amounted to 25.65 million baht, all of which were delivered on schedule.

At the same time, the Company received additional wholesale orders amounting to approximately 91.59 million baht, accounting for 59.39% of total revenue from trading and installation. Due to the nature of wholesale transactions, which carry relatively low risk but high value, the average gross profit margin for the first quarter of 2026 declined to 15.04%, compared to 29.69% in the first quarter of 2025.

When compared to the previous quarter, revenue from the distribution and installation business decreased by 657.78 million baht. This was mainly attributable to the delivery of goods under two finance lease contracts in the fourth quarter of 2025, with a total value of 706.26 million baht. Excluding such finance lease contracts, revenue from trading and installation projects and purchase orders increased compared to the preceding quarter.

The Company expects this business segment to continue growing, supported by sustained market demand and its strategy to expand its customer base in the public sector. The Company remains focused on offering a diverse range of technology products, supported by its expertise, in order to deliver comprehensive solutions that address evolving innovation requirements.

Amid intensifying competition, rising global prices of electronic components, and supply chain constraints, the Company has continued to manage the operations efficiently through advance procurement planning, effective inventory management, and the maintenance of strong relationships with key suppliers and manufacturers. These factors reflect the Company's reliability and operational capability, as evidenced by its consistent on-time project deliveries, enabling it to maintain a competitive level of gross profit margin.

Service Business

The Company generates service revenue from two main segments: (1) maintenance and repair services for information technology systems, and (2) equipment leasing contracts with related services. Revenue from both segments increased by more than threefold compared to the same quarter of the previous year. This growth was primarily driven by large-scale lease contracts (Mega Projects), under which the Company has continuously delivered educational equipment in accordance with its planned schedule and in line with the needs of educational institutions.



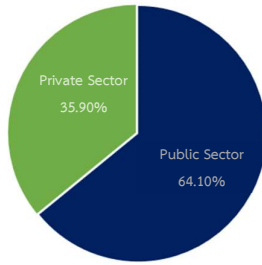
Revenue from such projects in the current period amounted to 140.69 million baht, representing 64.78% of total service revenue. The Company has continued to increase the proportion of revenue from leasing and services through the development of a long-term recurring revenue model, encompassing leasing contracts, maintenance services, and IT infrastructure solutions, in order to enhance cash flow stability and ensure sustainable revenue streams over the long term.

Compared to the previous quarter, service revenue increased by 53.19%, mainly attributable to a substantial volume of deliveries under large-scale projects during the current quarter. This aligns with the Company's project execution strategy, which designated the first quarter of 2026 as an accelerated delivery period to complete equipment installation prior to the school term break, thereby affecting the commencement timing of lease contracts. However, revenue from construction work under the public internet service center development project declined from the fourth quarter of 2025, as the project is in the final stage of construction and pending acceptance by the contracting authority.

In terms of profitability, the Company reported an average gross profit margin of 19.25% for the three-month period, representing a slight decrease from both the same period last year and the previous quarter. This was partly due to higher service costs under maintenance contracts, which included expanded scopes of work compared to the prior year, resulting in a temporary increase in costs during the current period. Meanwhile, the gross margin from operating lease services—accounting for 82.90% of service revenue and 48.47% of total revenue from sales and services—remained stable compared to prior periods. This stability reflects effective cost control and risk management in response to electronic component shortages, supported by proactive project planning, supply chain management, and strategic procurement and negotiation. Overall, the Company has maintained its project-level profitability at a level comparable to industry peers and expects to sustain this level of profitability in the future.

Furthermore, based on backlog realization analysis, the Company has been able to deliver services and achieve milestones under both maintenance and lease contracts in line with its plans. However, revenue recognition from construction and public internet service center projects has experienced slight delays relative to the original plan. The Company expects to expedite execution and gradually deliver the remaining milestones within the next quarter.

Revenue Breakdown by Customer Group and Service Recipient

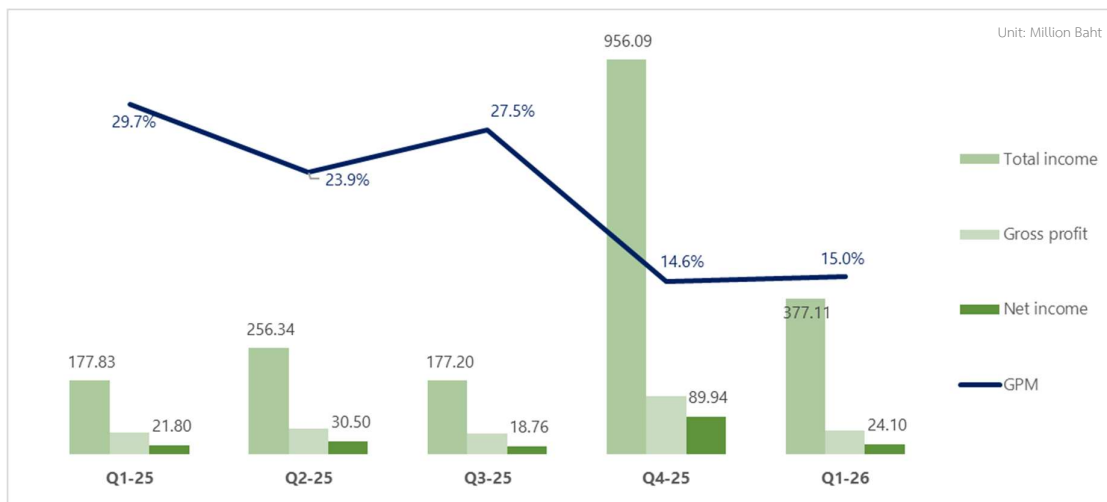


For the first quarter of 2026, the Company generated revenue from government agencies and state-owned enterprises totaling 238.05 million baht, accounting for 64.10% of total revenue (Q1/2025: 66.55%). Revenue from private sector customers and individuals amounted to 133.35 million baht, representing 35.90% (Q1/2025: 33.45%). Revenue from government customers remains the primary contributor to the Company’s total revenue, in line with its business strategy, which focuses on public sector projects where the Company has established experience and expertise.

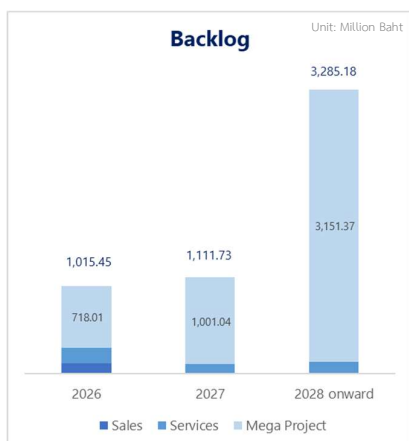
In the past year, the majority of revenue from government customers was derived from the progressive delivery and recognition of long-term lease projects with contract durations of approximately 4–5 years. These projects generate recurring income, allowing the Company to demonstrate its performance and build broad credibility, thereby creating opportunities to expand its business through the offering of related products and services, such as peripherals, replacement equipment, and maintenance services in the future. This also strengthens the Company’s long-term revenue stability.

For private sector customers, the Company has formulated a strategy to expand its customer base among organizations with demand for technology and digital systems, covering both purchases for internal business use and for resale. This approach is intended to enhance business opportunities and diversify revenue sources. The Company will primarily focus on distribution and installation projects to improve liquidity, particularly as contracts with public sector customers increasingly tend toward long-term lease arrangements.

The Company’s quarterly performance from 2025 to present can be summarized as follows.



Backlog



As of 31 March 2026, the Company had backlog totaling 5,412.36 million baht. Of this amount, approximately 1,015.45 million baht is expected to be delivered and recognized as revenue in 2026, with the remaining balance to be progressively recognized from 2027 through 2031.

Based on the backlog breakdown by business segment, the majority of unrecognized revenue relates to leasing income under large-scale projects (Mega Projects). As of the first quarter of 2026, the Company has delivered almost all equipment to government agencies in line with its planned schedule.

In 2026, the Company plans to deliver computer equipment, peripheral devices, and other products for the high-speed public internet service project (USO Net) in schools located in the northeastern region of Thailand. In addition, the Company will undertake annual maintenance service contracts, as well as several long-term lease agreements with government agencies with contract durations of approximately 3–4 years.

For maintenance service contracts and small- to medium-scale leasing projects, the Company continues to have a strong likelihood of securing additional work, supported by its competitive pricing, the expertise of its team, and its proven track record in project execution.

Overview of the Company's Financial Position as of 31 March 2026

Key Items in Statement of Financial Position	31 March 2026		31 December 2025		Inc (Dec)	
	MB	%	MB	%	MB	%
Cash and cash equivalents	73.14	1.51	246.08	7.83	(172.94)	-70.28
Trade and other receivables ⁽¹⁾	425.34	8.78	276.16	8.79	149.18	54.02
Finance lease receivables ⁽¹⁾	731.13	15.10	724.42	23.06	6.71	0.93
Inventories	110.90	2.29	413.25	13.16	(302.35)	-73.16
Revenue department receivables	229.75	4.74	126.79	4.04	102.96	81.21
Equipment, right-of-use assets, and intangible assets	3,019.53	62.36	1,117.84	35.59	1,901.69	170.12
Other assets	252.36	5.22	236.41	7.53	15.95	6.75
Total assets	4,842.15	100.00	3,140.95	100.00	1,701.20	54.16
Trade and other current payables	3,424.74	89.96	2,056.09	96.55	1,368.65	66.57
Lease liabilities ⁽¹⁾	38.18	1.00	17.51	0.82	20.67	118.05
Loans from financial institutions ⁽¹⁾	282.14	7.41	-	0.00	282.14	100.00
Other liabilities	61.71	1.63	56.07	2.63	5.64	10.06
Total liabilities	3,806.77	100.00	2,129.67	100.00	1,677.10	78.75
Total equity	1,035.38	100.00	1,011.28	100.00	24.10	2.38

⁽¹⁾ Comprehensive of current and non-current portions

Analysis of the Company's Financial Position as of 31 March 2026

The Company's total assets increased by 1,701.20 million baht, or 54.16%, while total liabilities rose by 1,677.10 million baht, or 78.75%, compared to the end of the previous year. The key changes in financial position attributable to business operations are summarized as follows:

1) Progress of Mega Projects

The Company has summarized the status and progress of its Mega Projects as of Quarter 1/2026 as follows:

Project Status	Number of ESA*	Project Value (Million Baht)
Under Bidding Process	1	386.30
Scheduled for delivery	3	908.62
Delivered	20	4,470.63
Total	24	5,765.55

* Educational Service Area

During the quarter, the Company accelerated project deliveries in line with its plan in order to mitigate the risk of operational disruptions during the school holiday period from April to May 2026. As a result, several balance sheet items increased, including other current receivables from unbilled lease revenue in accordance with contractual billing schedules, lease assets, and receivables from the Revenue Department arising from input VAT on such equipment. Trade payables also increased due to procurement for large-scale projects that had not yet reached their payment due dates.

Conversely, inventories decreased from the end of the previous year, as goods procured in preparation for delivery during the first quarter of 2026 had been almost entirely delivered to educational service areas.

2) Funding Arrangements to Support Operations

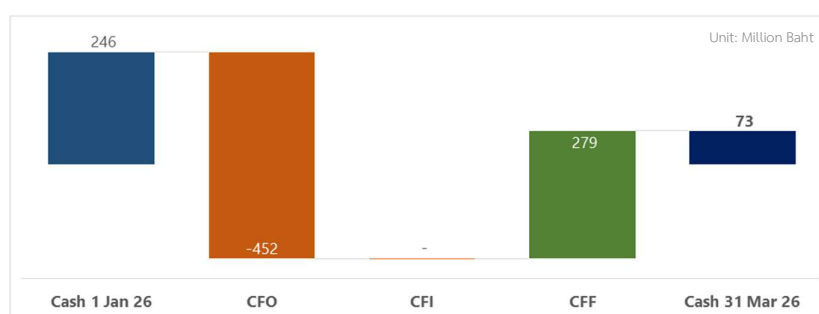
As of the end of the first quarter of 2026, the Company had secured long-term borrowings from several domestic commercial banks. These loans were obtained primarily to finance payments for goods under medium-sized lease contracts delivered at the end of 2025, as well as for Mega Projects where certain procurement obligations had become due.

The long-term loan facilities carry fixed interest rates as specified in the agreements and are secured by pledged bank deposits and rights to receive lease payments under contracts with government customers. The loan agreements also require the Company to maintain certain financial ratios as prescribed by the lending banks.

The Company expects to progressively draw down these loan facilities throughout 2026 until the first quarter of 2027 to settle procurement costs, and to subsequently repay the borrowings in accordance with the contractual terms.

Recognizing the increasing importance of liquidity management under its evolving business structure, the Company has proactively arranged adequate funding sources and financial instruments to support project execution. The terms and conditions of such facilities have been carefully evaluated and are considered appropriate, particularly considering the relatively low risk and predictable cash flows associated with lease contracts with government agencies. Moreover, the Company continues to place emphasis on trading and installation projects to maintain its existing customer base, demonstrate successful project execution across diverse formats, and simultaneously maintain a balanced liquidity position.

The Company's overall cash flow movements for three-month period are summarized as follows:



Key Financial Ratios

Financial Ratios	Unit	Q1-2026	Q4-2025	Q1-2025
Liquidity ratios				
Current ratio	Time	0.33	0.66	3.29
Average collecting period	Day	73	63	104
Average inventory period	Day	66	61	7
Average payment period	Day	282	326	111
Cash conversion cycle	Day	-143	-202	0
Profitability ratios				
Gross profit margin	%	15.04	14.64	29.69
EBITDA margin	%	40.29	15.62	30.77
Net profit margin	%	6.39	9.41	12.26
Return on equity (trailing)	%	15.96	16.54	14.63
Return on assets (trailing)	%	4.09	7.41	11.41
Leverage ratios				
Debt to equity ratio	Time	3.68	2.11	0.28
Debt Service Coverage Ratio (DSCR)	Time	2.48	60.81	11.54

The Company's liquidity ratios declined compared to the previous quarter, particularly the working capital ratio. The Company confirms that this is a temporary condition, as the majority of trade payables have not yet reached their due dates and are expected to normalize once the prepared funding facilities are utilized.

Meanwhile, profitability decreased compared to the comparative period, primarily due to high-value wholesale transactions recognized during the current period. However, the Company’s EBITDA margin improved, driven by its transition toward a recurring infrastructure platform business model, which has significantly increased the proportion of leasing contracts.

Based on the projected growth in revenue from service and leasing businesses, together with a pipeline of trading and installation projects, the Company expects to improve its gross profit margin. This is anticipated to support an increase in net profit margin to a targeted range of 8% to 10% for the year, in line with its plan. Furthermore, the Company intends to maintain its financial ratios at appropriate levels in compliance with the covenants stipulated in its loan agreements with lending banks.

Corporate Governance and Transparency



On 31 March 2026, the Company was certified as a member of Thailand’s Private Sector Collective Action Against Corruption (CAC), reflecting its commitment to conducting business with transparency, adhering to good corporate governance principles, and maintaining appropriate internal control systems to mitigate corruption risks. This certification represents a significant milestone in elevating the Company’s operational standards in line with nationally recognized best practices, while also strengthening confidence among all stakeholders, including shareholders, investors, business partners, and relevant authorities.



In addition, the Company has obtained certification for the Anti-Bribery Management System (ISO 37001:2016), an internationally recognized standard that establishes a framework and guidelines for the prevention, detection, and management of bribery-related risks in a systematic manner. This certification underscores the Company’s commitment to enhancing its internal control processes, establishing clear policies and measures, and fostering an organizational culture grounded in integrity and ethical conduct.

The implementation of CAC principles in conjunction with the adoption of ISO 37001 has strengthened the Company’s corporate governance framework in a tangible manner. This integrated approach supports transparent and verifiable business operations, while fostering long-term confidence among all stakeholders.

Executive summary explaining the change of more than 20% in the Company's operating results for the first quarter of 2026

For the first quarter of 2026, the Company reported total revenue of 377.11 million baht, representing an increase of 112.06% compared to the same period of the previous year. The key driver of this growth was the continued recognition of revenue from large-scale lease projects (Mega Projects) and related services.

In terms of overall performance, the Company recorded a net profit of 24.11 million baht, increasing by 10.60% year-on-year. However, the net profit margin declined to 6.39%, primarily due to changes in revenue composition. This was largely attributable to a temporary increase in the proportion of wholesale trading activities during the first quarter of 2026, which carry lower margins than project-based work, as well as higher costs in the maintenance service business in line with expanded scopes of work specified by government agencies.

Operationally, the Company successfully delivered projects as planned from both its existing backlog and newly secured contracts. In particular, the acceleration of equipment deliveries under government projects prior to the academic break contributed to a significant increase in service revenue, especially from lease contracts and related services. Such revenue constitutes recurring income, which provides long-term stability. As of 31 March 2026, the Company's backlog stood at 5,412.36 million baht, to be progressively recognized from 2026 through 2031, with the majority derived from lease projects with government agencies. This reflects strong revenue visibility and the Company's potential for further business expansion.

From a financial position perspective, the Company reported total assets of 4,842.15 million baht, an increase of 54.16% from the end of the previous year, driven by investments in large-scale lease projects. Total liabilities amounted to 3,806.77 million baht, increasing in line with funding arrangements to support such projects, resulting in a debt-to-equity ratio of 3.68 times. The majority of these liabilities relate to investments in long-term lease contracts with government agencies, which are characterized by relatively predictable cash flows and align with the Company's business model. The Company has established a structured plan to manage its debt obligations in accordance with expected long-term cash inflows from these projects.



Overall, the Company expects to maintain its growth trajectory, supported by the gradual recognition of backlog and the expansion of new projects. The pipeline for government sector projects and digital infrastructure initiatives remains robust. The Company will continue to focus on cost management, selective project bidding with appropriate margin levels, and maintaining a balanced revenue structure, in order to achieve its targeted net profit margin of 8–10% for 2026.

Yours Respectfully,

(Mr. Panuwat Khantamoleekul)
Chief Executive Officer

(Mr. Panupong Khantamoleekul)
Deputy Chief Executive Officer

Supreme Distribution Public Company Limited