

DEXON

*Inspection for a sustainable future*

We are Dexon Technology  
More than 30 Years of Inspection Experience

DEXON  
TECHNOLOGY

OFFSHORE PIPELINES  
DIVISION

**DEXON Technology Public Company Limited**  
**Management Discussion and Analysis**  
**For the 1st Quarter of 2026**

## **Economic Overview and Industry Outlook**

The global economy in 1Q26 remained affected by geopolitical tensions in the Middle East, which continued to pressure energy costs, disrupt key shipping routes, and create uncertainty in global trade. In addition, ongoing uncertainty surrounding U.S. tariff policies prompted manufacturers to accelerate shipments and adjust supply chain strategies.

Despite these challenges, the recovery of the global semiconductor and electronics industry supported economic activity, driven by strong demand for AI infrastructure, data centers, and advanced technology products.

The Thai economy faced pressure from multiple directions. Rising energy prices transmitted through to production costs and consumer goods prices, weighing on purchasing power and business margins alike. The tourism sector showed signs of moderation, as higher airfares and reduced flight capacity dampened inbound visitor growth. Elevated household debt levels continued to act as a structural constraint on private consumption recovery.

On monetary policy, the Monetary Policy Committee cut the policy rate by 25 basis points to 1.00% per annum in February 2026 to ease financial conditions and address downside economic risks. Headline inflation remained negative throughout the quarter, largely reflecting prior domestic energy subsidies. However, inflationary pressures are expected to build in the periods ahead in line with global oil prices, which may limit scope for further monetary easing.



## Performance Overview

### Income Statement

Items (Unit: MB)	1Q25	1Q26	YoY
Revenue from services	153	155	1%
Other income	0	0	33%
<b>Total revenues</b>	<b>153</b>	<b>156</b>	<b>2%</b>
Cost of services	(135)	(138)	2%
SG&A	(52)	(50)	(3%)
Finance cost	(2)	1	(139%)
Others	(1)	(2)	100%
<b>Total expenses</b>	<b>(190)</b>	<b>(189)</b>	<b>(0%)</b>
<b>Profit (loss) before income tax</b>	<b>(36)</b>	<b>(34)</b>	<b>(7%)</b>
Income tax	0	(1)	(425%)
<b>Net profit (loss) for the period</b>	<b>(36)</b>	<b>(35)</b>	<b>(3%)</b>

For 2026Q1, the Company recorded total **revenue** of THB 155 million, an increase of THB 2 million (+1%) compared to the same period last year, marking the highest Q1 revenue on record. The growth was supported by continued demand in the advanced inspection market, while the in-line inspection business maintained a solid project pipeline. Revenue recognition from in-line inspection services was lower in the current quarter due primarily to project scheduling and timing of execution. Nevertheless, the Company achieved significant technical milestones during the quarter through the successful introduction and deployment of new advanced in-line inspection technologies, further strengthening its competitive position and service capabilities. A stronger level of activity and revenue contribution from the in-line inspection business is anticipated in the subsequent quarters of 2026 as project execution progresses.

Compared to the same period of last year, the Company's **cost of services** in 2026Q1 rose to THB 138 million, representing a 2% increase. Compared to the same period of the previous year, the Company's cost of services increased by 2% to THB 138 million in 2026Q1. The increase was primarily attributable to higher activity levels in the Advance Inspection and Subsea Solutions segments, both of which experienced significant revenue growth during the quarter. As a result, additional personnel, subcontracting, and operational resources were required to support project execution and service delivery.

The Company's **selling, general, and administrative expenses (SG&A)** were THB 50 million in 2026Q1, representing a decrease of 3% from 2025Q1. The reduction was primarily attributable to restructuring initiatives implemented during the prior year, particularly at separate audited financial statement, where SG&A expenses decreased significantly from THB 31 million in 2025Q1 to THB 23 million in 2026Q1. However, at the consolidated level, the benefit from these cost optimization measures was partially offset by ongoing business activities and expansion across the Group.

As a result, the Company recorded a net loss of THB 35 million in 2026Q1, compared to a net profit of THB 36 million in 2025Q1.

### Statement of Financial Position

Items (Unit: MB)	31-Dec-25	31-Mar-26	Change	%Change
Cash & cash equivalents	191	202	11	6%
Trade & other receivables	148	130	(18)	(12%)
Contract assets	147	116	(31)	(21%)
Inventories	53	56	3	6%
Property, plant & equipment	354	339	(15)	(4%)
Intangible assets	38	34	(5)	(12%)
Other assets	57	59	2	4%
<b>Total assets</b>	<b>988</b>	<b>936</b>	<b>(52)</b>	<b>(5%)</b>
Trade & other payables	69	60	(9)	(13%)
Loans from financial institutions	172	152	(20)	(11%)
Employee benefit obligations	43	39	(5)	(10%)
Other liabilities	53	64	11	20%
<b>Total liabilities</b>	<b>337</b>	<b>315</b>	<b>(22)</b>	<b>(7%)</b>
Paid-up share capital	238	238	-	0%
Retained earnings	(37)	(72)	(35)	95%
Others	449	454	5	1%
<b>Total equities</b>	<b>651</b>	<b>621</b>	<b>(30)</b>	<b>(5%)</b>
<b>Total liabilities &amp; equities</b>	<b>988</b>	<b>936</b>	<b>(52)</b>	<b>(5%)</b>

**Total assets:** As of 31 March 2026, the Company had total assets of THB 936 million, a decrease of THB 52 million from the end of 2025. The decrease was primarily attributable to lower trade and other receivables resulting from customer collections, as well as a reduction in contract assets as project progress was converted into billable milestones and invoiced during the period. In addition, property, plant and equipment and intangible assets declined due to normal depreciation and amortization.

**Total liabilities:** Liabilities amounted to THB 315 million, decreasing THB 22 million or 7% from the end of last year. The decrease was mainly driven by the repayment of loans to financial institutions in accordance with the Company's debt repayment schedule and the settlement of trade payables.

**Total equities:** The Company's equity was THB 621 million, a decrease of THB 30 million, or 5%, from the end of last year, resulting from a net loss in 1Q26.

## Cash Flow Statement

Cash Flow Statement (Unit: MB)	31-Mar-25	31-Mar-26	Change
Net cash flow from (used in) operating activities	35	38	3
Net cash flow from (used in) investing activities	(13)	(7)	6
Net cash flow from (used in) financing activities	(5)	(24)	(19)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16</b>	<b>7</b>	<b>(10)</b>
Effect on exchange rate	2	5	3
<b>Cash at the beginning of the period</b>	<b>123</b>	<b>191</b>	<b>68</b>
<b>Cash at the end of the period</b>	<b>142</b>	<b>202</b>	<b>60</b>

As of March 31, 2026, the Company reported cash and cash equivalents of THB 202 million, an increase of THB 11 million compared to the end of 2025. The main reasons were:

**Cash flow from operating activities** amounted to THB 38 million, Operating cash flow improved compared to the prior year, primarily reflecting stronger operating performance. The improvement was recorded despite the recognition of bad debt expenses and additional asset write-offs during the quarter.

**Cash flow from investing activities** was a net outflow of THB 7 million, a decreased from the prior year, mainly due to lower expenditures on equipment and intangible assets.

**Cash flow from financing activities** was a negative THB 24 million, repayments of borrowings to financial institutions, together with lease liability payments during the period.

## Key Financial Ratios

Key Financial Ratio	1Q25	1Q26
<b>Profitability Ratio</b>		
Gross Profit Margin	12.1%	11.6%
EBITDA Margin	(2.5%)	(1.3%)
Net Profit Margin	(13.6%)	(19.1%)
Return on Equity	(5.2%)	(5.5%)
<b>Liquidity Ratio</b>		
Current Ratio	2.3	2.3
Quick Ratio	2.1	2.0
<b>Efficiency Ratio</b>		
Return on Asset	(3.7%)	(3.6%)
Fixed Assets Turnover	0.5	0.5
<b>Leverage and Solvency Ratio</b>		
Debt/Equity	0.5	0.5
Cost of Debt	0.9%	1.3%

Remark: The cost of debt is calculated by dividing the financial cost by average Interest-Bearing Debt (IBD) at the beginning and end of the period.

### **Financial Ratio Analysis**

Gross profit margin decreased slightly from 12.1% in 1Q25 to 11.6% in 1Q26. EBITDA margin improved from negative 2.5% to negative 1.3%, reflecting improved operating performance.

The Company's liquidity position remained stable, with the current ratio maintained at 2.3 times and the quick ratio slightly decreasing from 2.1 times to 2.0 times. The debt-to-equity ratio remained unchanged at 0.5 times, indicating a stable capital structure.

Return on assets improved marginally from negative 3.7% to negative 3.6%, while fixed assets turnover remained stable at 0.5 times. Cost of debt increased from 0.9% to 1.3%, mainly due to higher financing costs during the period.

## **Restatement of Prior Period Financial Statements**

During the fourth quarter of 2025, the Company reviewed its policies and practices and methods in recording development, repair and modification costs of assets used in provision of services to customers in order to ensure the appropriateness and to align with asset groups that are specifically used for each customer prior to the commencement of each project. The Company considered recording such costs as “costs to fulfil a contract” of each project instead of fixed assets, including the reviews of the overhead rates used for allocating asset costs and the useful lives of assets. Furthermore, the Company reviewed the policies on relevant research and development expenses to ensure its appropriateness. Consequently, the interim financial information for the three-month period ended 31 March 2025, which had previously been presented, did not reflect the impact of the aforementioned review.

Accordingly, in preparing and presenting the interim financial information for the three-month period ended 31 March 2026, the Company has retrospectively adjusted the consolidated and separate financial information, comprising the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the three-month period ended 31 March 2025, presented as comparative information, to reflect the changes and adjustments items resulting from such changes. The cumulative effect of the prior period restatement are presented as a separate item in the consolidated and separate statements of changes in shareholders' equity.

The amounts of the adjustments that affected the consolidated and separate statements of comprehensive income and the consolidated and separate statements of cash flows are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	For the three-month periods end 31 March		
	2025	Increase (Decrease)	2025
	As previous reported		Restated
<b>Statement of comprehensive income</b>			
Cost of services	119,713	15,037	134,750
Administrative expenses	36,541	127	36,668
Profit for the year	(20,816)	(15,164)	(35,980)
Total comprehensive income for the year	(18,673)	(15,164)	(33,837)
Basic earnings per share (Baht/Share)	(0.044)	(0.032)	(0.076)
<b>Statement of cash flows</b>			
Profit before tax	(21,206)	(15,164)	(36,370)
Depreciation and amortisation	36,376	(7,000)	29,376
Other current assets	224	(13)	211
Net cash flows from operating activities	56,721	(22,177)	34,544
Cash paid for acquisition of equipment	(29,499)	20,926	(8,573)
Cash paid for acquisition of intangible assets	(5,707)	1,251	(4,456)
Net cash flows used in investing activities	(35,206)	22,177	(13,029)

(Unit: Thousand Baht)

	Separate financial statements		
	For the three-month periods end 31 March		
	2025	Increase (Decrease)	2025
	As previous reported		Restated
<b>Statement of comprehensive income</b>			
Cost of services	100,175	15,037	115,212
Administrative expenses	31,094	127	31,221
Profit for the year	(35,384)	(15,164)	(50,548)
Total comprehensive income for the year	(35,384)	(15,164)	(50,548)
Basic earnings per share (Baht/Share)	(0.074)	(0.032)	(0.106)
<b>Statement of cash flows</b>			
Profit before tax	(35,760)	(15,164)	(50,924)
Depreciation and amortisation	34,182	(7,000)	27,182
Other current assets	(475)	(13)	(488)
Net cash flows from operating activities	32,527	(22,177)	10,350
Cash paid for acquisition of equipment	(29,393)	20,926	(8,467)
Cash paid for acquisition of intangible assets	(5,700)	1,251	(4,449)
Net cash flows used in investing activities	(35,093)	22,177	(12,916)