GENERAL ENGINEERING PLC

บริษัท เจนเนอรัล เอนจิเนียริ่ง จำกัด (มหาชน)

Management Discussion and Analysis

For the year ended June 30, 2026

No. GEL.CS.012/2026

Date August 14, 2026

Subject: Management Discussion and Analysis of the Financial Statements for the second quarter of 2026, ended June 30, 2026

Re: Director and Manager
The Stock Exchange of Thailand

Overview of Business Operations, Economy, and Industry Conditions Affecting Operations

In the second quarter of 2026, the Thai economy continued to expand at a moderate pace amidst global economic uncertainly stemming from the trade policies of major powers, persistently high interest rates, and volatile energy prices. However, the domestic economy was supported by private consumption, tourism, and government investment, particularly in transportation and public utility infrastructure projects. The export sector began to face pressure from the slowing global economy, while private investment expanded cautiously due to continued business concerns about purchasing power and overall financing costs. Overall, the Thai economy is still in a recovery phase, but growth is unbalanced between the service sector, tourism, and industrial production, resulting in the construction and building materials industries facing both opportunities and challenges simultaneously.

Impact on the construction industry

1. Government construction projects remain the main driver

   Accelerated budget disbursement and investment in infrastructure projects, such as double-track railways, electric trains, expressways, motorways, and water management projects, have kept demand for basic construction materials at a good level particularly precast concrete, piles, and bridge girders.

2. Real estate sector recovery remains slow

   The housing market is still affected by weak purchasing power, mortgage rates, and strict lending criteria, resulting in a decrease in the launch of new housing and condominium projects. Consequently, demand for building piles has not yet returned to pre-slowdown levels.

3. Intensified Price Competition

   Contractors face fierce competition in bidding for projects, putting continuous price pressure on construction material manufacturers, especially for substitute products such as precast concrete piles, floor slabs, and standard concrete products.

4. Fluctuating Production Costs

   Although cement and steel prices have begun to stabilize, energy costs, electricity costs, transportation costs, and labor costs remain high, forcing manufacturers to manage costs more efficiently.

Summary of Key Events and Development

At the Annual General Meeting of Shareholder for the year 2026 held on April 30, 2026, the shareholders' meeting resolved to approve the reduction of the Company's registered capital from the existing registered capital in the amount of 8,084,938,508.55 Baht to the new registered capital in the amount of 7,320,241,695.05 Baht by cancelling unissued ordinary shares at the amount of 899,643,310 shares, with a par value at 0.85 Baht per share, which are ordinary share allocated to accommodate the exercise of the warrants to purchase newly issued ordinary shares of the Company ("GEL-W5") as resolved at the Company's the Annual General Meeting of Shareholders for the year 2022 on April 29, 2022.

The Company has completed the capital reduction registration with the Ministry of Commerce on May 13, 2026.

Summary of Operating Results and Financial Position

According to the resolution of the Board of Directors of General Engineering Public Company Limited (the "**Company**") No. 4/2026 on August 14, 2026, the financial statements and operating results of the Company and its subsidiaries for the second quarter of 2026 ended June 30, 2026, were approved and certified, having been reviewed by the auditors of the Company and its subsidiaries. The conclusion is as follows:

- **Operating Results**

For 3-month period ended June 30, 2026

The Company and its subsidiaries incurred a net loss of 179 million baht, compared to a loss of 162 million baht in the same period last year. The Company and its subsidiaries experienced an increased loss of 17 million baht. Details are as follows:

1. **Sales Revenue**

The Company and its subsidiaries had revenue from sales and services of 297 million baht, a decrease of 373 million baht or 55.67% compared to the same period last year. This was due to the slowdown in the construction materials business and the continued slowdown in the real estate sector in line with the economic downturn. As a result, sales of precast concrete wall panels, piles, precast concrete bridge beams, and other construction materials decreased this year. Another factor contributing to this decrease in demand for construction materials due to the economic downturn was the delay in construction projects by customers. Furthermore, the Company faced significant price competition, with sales per unit decreasing considerably.

2. **Gross Profit (Loss)**

The Company and its subsidiaries had a gross loss of 9 million baht in the consolidated financial statements, a increase of 2 million baht or 28.57% compared to the same period last year.

3. **Cost of Sales and Services**

The Company and its subsidiaries had a cost of sales and services of 306 million baht, a decrease of 371 million baht or 54.80% compared to the same period last year. This is because the Company produced fewer goods this year than the previous year, due to the contraction in the real estate sector in line with the continued economic downturn. As a result, the cost of sales of precast concrete wall panels, piles, and other construction materials decreased in line with sales.

4. **Selling and Administrative Expenses**

The Company and its subsidiaries had administrative expenses of 159 million baht, a decrease of 72 million baht or 82.76% compared to the same period last year. This is because the Company and its subsidiaries transfer fixed expenses of non-production factories into selling and administrative expenses, such as rent, depreciation, and employee-related expenses, etc.

5. **Financial Costs**

The Company and its subsidiaries had financial costs from borrowings from financial institutions and promissory notes of 46 million baht, a decrease of 8 million baht or 14.81% compared to the same period last year, due to the repayment of loans according to the contracts.

6. Impairment Loss under TFRS 9

The Company and its subsidiaries recorded revenue plus an impairment loss under TFRS 9 of 1 million baht, compared to a loss of 8 million baht recorded in the same period last year.

7. Share of Profit (Loss) from Associated

In this quarter, the Company recognized a share of profit from McTRIC Public Company Limited of 1 million baht, compared to 9 million baht in the same period last year.

8. Taxable Income (Expenses)

The Company and its subsidiaries had a taxable income of 18 million baht, compared to tax expense of 5 million baht from the previous year.

For 6-month period ended June 30, 2026

The Company and its subsidiaries incurred a net loss of 298 million baht, compared to a loss of 260 million baht in the same period last year. The Company and its subsidiaries experienced an increased loss of 38 million baht. Details are as follows:

1. Sales Revenue

The Company and its subsidiaries had revenue from sales and services of 727 million baht, a decrease of 697 million baht or 49% compared to the same period last year. This was due to the slowdown in the construction materials business and the continued slowdown in the real estate sector in line with the economic downturn. As a result, sales of precast concrete wall panels, piles, precast concrete bridge beams, and other construction materials decreased this year. Another factor contributing to this decrease in demand for construction materials due to the economic downturn was the delay in construction projects by customers. Furthermore, the Company faced significant price competition, with sales per unit decreasing considerably.

2. Gross Profit (Loss)

The Company and its subsidiaries had a gross loss of 56 million baht in the consolidated financial statements, a decrease of 2 million baht or 28.57% compared to the same period last year. This is due to the transfer of fixed costs from non-production factories to administrative expenses, and the downsizing of the factory workforce in this quarter to align with organizational needs, such as reducing staff and controlling costs.

3. **Cost of Sales and Services**

The Company and its subsidiaries had a cost of sales and services of 671 million baht, a decrease of 699 million baht or 51.02% compared to the same period last year. This is because the Company produced fewer goods this year than the previous year, due to the contraction in the real estate sector in line with the continued economic downturn. As a result, the cost of sales of precast concrete wall panels, piles, and other construction materials decreased in line with sales.

4. **Selling and Administrative Expenses**

The Company and its subsidiaries had administrative expenses of 298 million baht, an increase of 67 million baht or 29% compared to the same period last year. This is because the Company and its subsidiaries transfer fixed expenses of non-production factories into selling and administrative expenses, such as rent, depreciation, and employee-related expenses, etc.

5. **Financial Costs**

The Company and its subsidiaries had financial costs from borrowings from financial institutions and promissory notes of 92 million baht, a decrease of 14 million baht or 13.21% compared to the same period last year, due to the repayment of loans according to the contracts.

6. **Impairment Loss under TFRS 9**

The Company and its subsidiaries recorded revenue plus an impairment loss under TFRS 9 of 11 million baht, an increase of 1 million baht compared to the same period last year

7. **Share of Profit (Loss) from Associated**

In this quarter, the Company recognized a share of profit from McTRIC Public Company Limited of 5 million baht, compared to 6 million baht in the same period last year.

8. **Taxable Income (Expenses)**

The Company and its subsidiaries had a taxable income of 23 million baht, compared to tax expense of 5 million baht from the previous year.

- **Summary of Financial Position**

(Unit: Million Baht)

Items	June 30, 2026	December 31, 2025	Increase (decrease)	Percentage
Total assets	8,087	8,448	(361)	(4.27)
Total liabilities	5,483	5,510	(27)	(0.49)
Total shareholders' equity	2,604	2,938	(334)	(11.37)

Assets

As of June 30, 2026, the Company and its subsidiaries had total assets of 8,087 million Baht, a decrease of 361 million Baht or 4.27%, compared to December 31, 2025, due to:

1. Cash and cash equivalents amounted to 38 million Baht, a decreased of 9 million Baht from the previous year.
2. Trade receivables and other current receivables amounted to 343 million Baht, a decrease of 21 million Baht from the previous year.
3. Assets arising from revolving contracts amounted to 14 million Baht, a decrease of 37 million Baht from the same period of previous year, due to an increase in the delivery of completed work to customers compared to the previous year.
4. Performance guarantee receivables amounted to 142 million Baht, a decrease of 35 million Baht from the previous year.
5. Inventories amounted to 371 million Baht, a decrease of 11 million Baht.
6. Investment in available-for-sale-securities (MILL) amounted to 13 million Baht, a decrease based on comparison of the market price of 0.02 Baht per share as of June 30, 2026, compared to 0.08 Baht per share as of December 31, 2025, resulting in a decrease of 38 million Baht in the value of the securities.
7. Land, buildings and equipment amounted to 4,951 million Baht, a decrease of 114 million Baht from depreciation during the period.
8. Assets with rights to use under lease contracts amounted to 749 million Baht, under the land and factory lease contract of its subsidiaries, a decrease of 97 million Baht due to depreciation during the period.
9. Investment in associate companies amounted to 156 million baht, an increase of 4 million baht due to the recognition of profit sharing from McTRIC Public Company Limited.

Liabilities

As of June 30, 2026, the Company and its subsidiaries had total liabilities of 5,483 million Baht, a net decrease of 27 million Baht or 0.49%, compared to December 31, 2025, due to:

1. Bank overdrafts and short-term loans from financial institutions amounted to 746 million Baht, an increase of 26 million Baht.
2. Trade payables and other current payables amounted to 930 million Baht, an increase of 59 million Baht.
3. Liabilities arising from revolving contracts amounted to 353 million Baht, an increase of 43 million Baht.
4. Long-term loans from financial institutions amounted to 2,261 million Baht, a decrease of 29 million Baht due to repayment of the loan according to the contract.
5. Accounting for liabilities under finance lease by 924 million Baht, a decrease of 29 million Baht.
6. Deferred income tax liabilities decreased by 26 million Baht.

Shareholders' equity

As of June 30, 2026, the Company and its subsidiaries had total shareholders' equity of 2,604 million Baht, a decrease of 334 million Baht, compared to December 31, 2025, due to:

1. Investment in available-for-sale securities decreased from the market price of 0.02 Baht per share as of June 30, 2026, compared to 0.08 Baht per share as of December 31, 2025.
2. A loss of 298 million Baht was recorded for this year.

- **Cash Flow Statements**

(Unit: Million Baht)

Total Cash Flow Statements	Consolidated financial statements		
	31/6/2569	31/6/2568	Increase (decrease)
Net cash provided by (used in) operating activities	124	158	(34)
Net cash provided by (used in) investing activities	(8)	(10)	2
Net cash provided by (used in) financing activities	(125)	(243)	118
Net cash increase (decrease)	(9)	(95)	86
Cash and cash equivalents at year-end	38	54	(16)

As of June 30, 2026, the Company and its subsidiaries had cash and cash equivalents of 38 million Baht, compared to 150 million Baht as of June 30, 2025, a decrease of 16 million Baht from the previous year.

For this 2026, the Company and its subsidiaries had net cash flow provided by operating activities of 124 million Baht, net cash flow used in investing activities of 8 million Baht, and net cash flow used in financing activities of 125 million Baht, due to the Company and its subsidiaries repaying short-term and long-term loans and short-term loans from financial institutions of 103 million Baht, paying interest of 44 million Baht, and setting lease debt of 4 million Baht. In this quarter, overdrafts and short-term loans increased by 26 million baht.

<u>Factors Potentially Affecting Future Operations or Growth</u>

Strategic Plan for the Company group's Business in 2026:

- Reduce reliance on revenue from residential housing projects and focus on increasing sales from industrial factory building construction projects.
- Expand markets through collaboration with business partners to develop more rental apartment construction projects, especially Eco Apartment projects.
- Develop and utilize construction chemical products certified with carbon footprint and climate change mitigation labels from the Thailand Greenhouse Gas Management Organization (TGO) in the group's production processes. Support and promote environmentally friendly products to encourage widespread use and raise awareness of sustainability in society.
- Collaborate with major partners or contractors in the production and distribution of goods to support large-scale projects (Mega Projects), focusing on reliable product quality and timely delivery rather than price competition.
- Carefully vet credit terms of business partners and select only projects with clear budget allocations to mitigate the risk of bad debt.
- Restructure and control personnel costs, both in core and supporting functions, to reduce operating and administrative costs in line with the current business environment.

<u>The Company's Sustainability Practices</u>

Introduction and Policy Overview

In the second quarter of 2026, the Company and its group remained committed to conducting business according to the principles of Environmental, Social, and Governance (ESG), considering it a core principle for driving the organization amidst challenging economic conditions. The Company focuses on improving work processes to be responsible to all stakeholders and integrating sustainability policies into the corporate culture, with the goal of achieving stable and balanced long-term growth.

Environmental Operations

The Company continues to operate in accordance with its environmental impact reduction guidelines, focusing on efficient energy and resource utilization, including the use of solar energy to reduce reliance on fossil fuels. The Company has also conducted training on “Carbon Footprint and Energy Saving Guidelines” to educate and raise awareness among personnel about reducing greenhouse gas emissions and using energy efficiently. Furthermore, the Company continues to utilize “Carbon Cure” technology in the precast concrete manufacturing process to support the production of low-carbon construction products and manages waste materials according to the principles of the circular economy.

Social Operations

The Company places great importance on continuously contributing to the development of the surrounding society and community. In the second quarter of 2026, the Company organized a blood donation event, providing an opportunity for executives and employees to participate in social welfare and public service. Furthermore, the Company continues to prioritize the development of its personnel's skills and potential, as well as promoting ongoing learning and knowledge development relevant to their work.

Governance

In the second quarter of 2026, the Company continued to conduct business under the principles of good governance, transparency, and accountability, upholding its responsibility to all stakeholders equally. Furthermore, the Company remains committed to maintaining high standards of corporate governance and operating in accordance with the standards of its membership in the Collective Against Corruption (CAC) of the Thai Private Sector. Currently, the Company has submitted an application for renewal of its CAC membership for the third time, continuously building trust and supporting the Company’s sustainable long-term growth.

Yours sincerely,

General Engineering Public Company Limited

-signed-

(Mr. Wuttichai Sresthabutra)

Secretary of the Company

WE ARE SPECIALISTS, MANUFACTURER AND SERVICE PROVIDE OF CONCRETE PRODUCTS

เราคือผู้ผลิตและให้บริการที่เชี่ยวชาญงานผลิตภัณฑ์คอนกรีต

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