



FANCY WOOD INDUSTRIES PUBLIC CO., LTD.

357 MU 12 SOI SUKSAWAT84, SUKSAWAT RD., PRASAMUTJADEE, SAMUTPRAKARN 10290, THAILAND

TEL: (662) 815-7060 8163060-1, 461-2100-1, FAX: (662), 461-2102

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REF. : SET 69-09

14 August 2026

Subject : Management Discussion and Analysis (MD&A) for the Second Quarter of 2026

To : The President of the Stock Exchange of Thailand

We, Fancy Wood Industries Public Co., Ltd., would like to clarify the overall operations of the Company and its subsidiary company for the second quarter of 2026 period ended June 2026 with the details below.

The company's performance began to gradually recover in Q2 2026, driven by the recovery of the rubberwood production and sales business. This was in line with the upward trend in rubberwood prices after being pressured by the US reciprocal tariffs announced in Q2 2025, which caused a rapid decline in global rubberwood prices. The main supporting factor in this quarter was the performance of the company's wood product sales business group, as some leased areas were converted to resume normal operations in rubberwood production and sales. As a result, the company's total revenue increased compared to the same period of the previous year.

For the subsidiary's real estate development business, performance improved compared to the same period last year. However, the overall real estate market in 2026 still faces several challenges, including domestic purchasing power that has not fully recovered, high levels of household debt, continued stringent lending policies by financial institutions, and uncertainty in the global economy. In addition, geopolitical conflicts in several regions are impacting energy prices and transportation costs in the global market, adding pressure on the real estate sector as a whole. As a result, the market remains sluggish, and consumers are more cautious in their spending and delaying their decision to purchase housing.

The overall Thai economy in the second quarter of 2026 showed signs of slowing down compared to the previous quarter due to the impact of higher energy prices and travel restrictions stemming from the conflict in the Middle East. This economic slowdown is reflected in the significant decrease in foreign tourist arrivals, particularly from the Middle East and Europe. Headline inflation increased from the previous quarter, driven by the energy sector due to higher global crude oil prices. Meanwhile, core inflation rose mainly in the processed food category due to cost pass-through by businesses. The current account showed a deficit primarily due to the trade deficit stemming from energy imports and a deficit in the services, income, and transfer balance related to the repatriation of profits and dividends in May. The overall labor



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market improved slightly from the previous quarter, but employment in the manufacturing sector, which is slowing due to intense competition and rising production costs, still needs monitoring.

In summary, the company's performance in the second quarter of 2026 maintained growth amidst challenging market conditions, primarily driven by domestic demand. However, management continues to prioritize proactive risk management, especially regarding external factors and the volatile impact of global trade policies. The company is prepared to adapt and closely monitor the situation, while integrating its plans with government economic stimulus measures to maintain a competitive advantage and ensure sustainable organizational growth.

Consolidated Operating Results Analysis

Based on the consolidated financial statements for the year ending June 30, 2026, compared to June 30, 2025.

Summary of Profit and Loss Statement

Performance results	Quarter 2, three-month period			Quarter 2, six-month period		
<i>Unit: Million Baht</i>	June 2026	June 2025	% Change	June 2026	June 2025	% Change
Revenue from Sales and Services	25.45	-	+ 100.00%	33.56	0.75	+ 4,374.67%
Rental income	13.06	13.08	- 0.15%	28.63	25.25	+ 13.39%
Other income	3.68	0.21	+ 1,652.38%	4.15	0.57	+ 628.07%
Total income	42.19	13.29	+ 217.46%	66.34	26.57	+ 149.68%
Cost of Sales and Services	27.60	0.80	+ 3,350.00%	37.49	1.65	+ 2,172.12%
Rental cost	1.96	3.22	- 39.13%	4.77	6.35	- 24.88%
Distribution costs	1.43	0.39	+ 266.67%	1.80	0.86	+ 109.30%
Rental income	11.14	10.02	+ 11.18%	24.06	20.20	+ 19.11%
Impairment loss on assets	68.74	-	+ 100.00%	68.74	-	+ 100.00%
Financial cost	0.01	-	+ 100.00%	0.02	-	+ 100.00%
Total expenses	110.87	14.43	+ 668.33%	136.88	29.06	+ 371.03%
Profit and (Loss)	(68.68)	(1.14)	+ 5,924.56%	(70.54)	(2.49)	+ 2,732.93%



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Total Revenue

Quarter 2 for the three-month period.

Total revenue amounted to 42.19 million baht, an increase of 28.90 million baht from the same period last year, which had total revenue of 13.29 million baht, representing an increase of 217.46%

Revenue from sales and services totaled 25.45 million baht, an increase of 25.45 million baht or 100.00 %, primarily from the production and sale of wood products.

Rental income of 13.06 million baht, a decrease of 0.02 million baht or 0.15%, resulted from changes in both the number of tenants and the leased area in the space rental business, leading to a decrease in rental income compared to the same period last year.

Other income amounted to 3.68 million baht, an increase of 3.47 million baht, or 1,652.38%. This increase stemmed from the sale of by-products from the timber production business and the forfeiture of rental security deposits from one tenant who terminated their lease. As a result, other income increased compared to the same period last year.

Quarter 2 for the six-month period.

For the six-month period of 2026, total revenue was 66.34 million baht, an increase of 39.77 million baht from the same period of the previous year, which had total revenue of 26.57 million baht, or an increase of 149.68%. The main reason was

Revenue from sales and services totaled 33.56 million baht, an increase of 32.81 million baht, or 4,374.67%, resulting from a strategic business adjustment. The company resumed production in the processed rubberwood manufacturing and sales business segment, coupled with increased revenue from real estate sales by its subsidiary in the real estate development business. This led to a significant overall increase in revenue from sales and services compared to the same period last year.

Rental income totaled 28.63 million baht, an increase of 3.38 million baht or 13.39%. The main factor contributing to this increase was the rental business, as a new lease agreement was signed with one new tenant. This resulted in higher rental income for the company and contributed to the overall increase in rental income compared to the same period last year.

Other income totaled 4.15 million baht, an increase of 3.58 million baht or 628.07%. This increase was primarily due to the forfeiture of security deposits from tenants who terminated their leases, as well



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as income from the sale of by-products from the processed rubberwood business. As a result, overall other income increased significantly compared to the same period last year.

Total Expenses

Quarter 2 for the three-month period.

Expenses for the three-month period in 2026 amounted to 110.87 million baht, an increase of 96.44 million baht from the same period of the previous year in 2025, which had expenses of 14.43 million baht. This represents an increase of 668.33%, which is partly in line with the increase in revenue.

Quarter 2 for the six-month period.

For the six-month period of 2026, expenses amounted to 136.88 million baht, an increase of 107.82 million baht from the same period of the previous year, which had expenses of 29.06 million baht in 2025. This represents an increase of 371.03%

which is consistent with the increase in revenue. Furthermore, in the second quarter of 2026, the company was contacted by a company, a legal entity incorporated in Thailand and unrelated to the company's management, board of directors, or major shareholders, expressing interest in purchasing particleboard manufacturing equipment from the company. As of June 30, 2026, the book value of the said particleboard manufacturing equipment was 86.14 million baht. Currently, the company has temporarily ceased using the said equipment, and management has no plans to bring it back into operation. Its remaining useful life is approximately 7 years.

For the three-month and six-month periods ended June 30, 2026, management recognized an impairment loss on the said particleboard manufacturing equipment, considering the expected recoverable value from the sale of 68.74 million baht in the consolidated and separate comprehensive income statements. (Summary Note to the Interim Financial Statements, Item 10)

Profit (loss)

Due to the various factors affecting the company's performance as mentioned above, the company incurred a net loss of 68.68 million baht for the three-month period, compared to a loss of 1.14 million baht in the same period of 2025, representing an increase in losses of 67.54 million baht compared to the same period of the previous year. Furthermore.



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For the six-month period, the company and its subsidiaries incurred a net loss of 70.54 million baht, compared to a loss of 2.49 million baht in the same period of 2025, representing an increase in losses of 68.05 million baht compared to the same period of the previous year.

Performance results of the wood product manufacturing and distribution business group.

In 2026, over the past six months, the company has been restoring the operational capabilities of its wood product manufacturing and sales business group. The full-scale resumption of the processed rubberwood production line began in mid-February, enhancing the group's revenue generation capacity. As a result, in the second quarter, the company recognized revenue of 22.83 million baht from this business group, an increase of 22.08 million baht, or a growth rate of 2,944.00%.

Performance of the rental business group

For operating results in the second quarter of 2026, the factory space rental business in Surat Thani Province, the company continues to recognize income from the main tenants according to the original contract, totaling 5 people, in the area of rental business in the Khu Sang area. In Samut Prakan Province, the contract was canceled during the second quarter. However, the company has prepared a plan to recruit new tenants to replace the space as quickly as possible. Overall, the company's rental income from the space rental business group totaled 28.63 million baht, an increase of 3.38 million baht or an increase of 13.39%.

Performance results of the real estate development group.

For operating results in the second quarter of 2026, the real estate development business had income from the sale of 3 real estate units, resulting in the company recognizing income from the said business group in the amount of 10.73 million baht, an increase of 100%.



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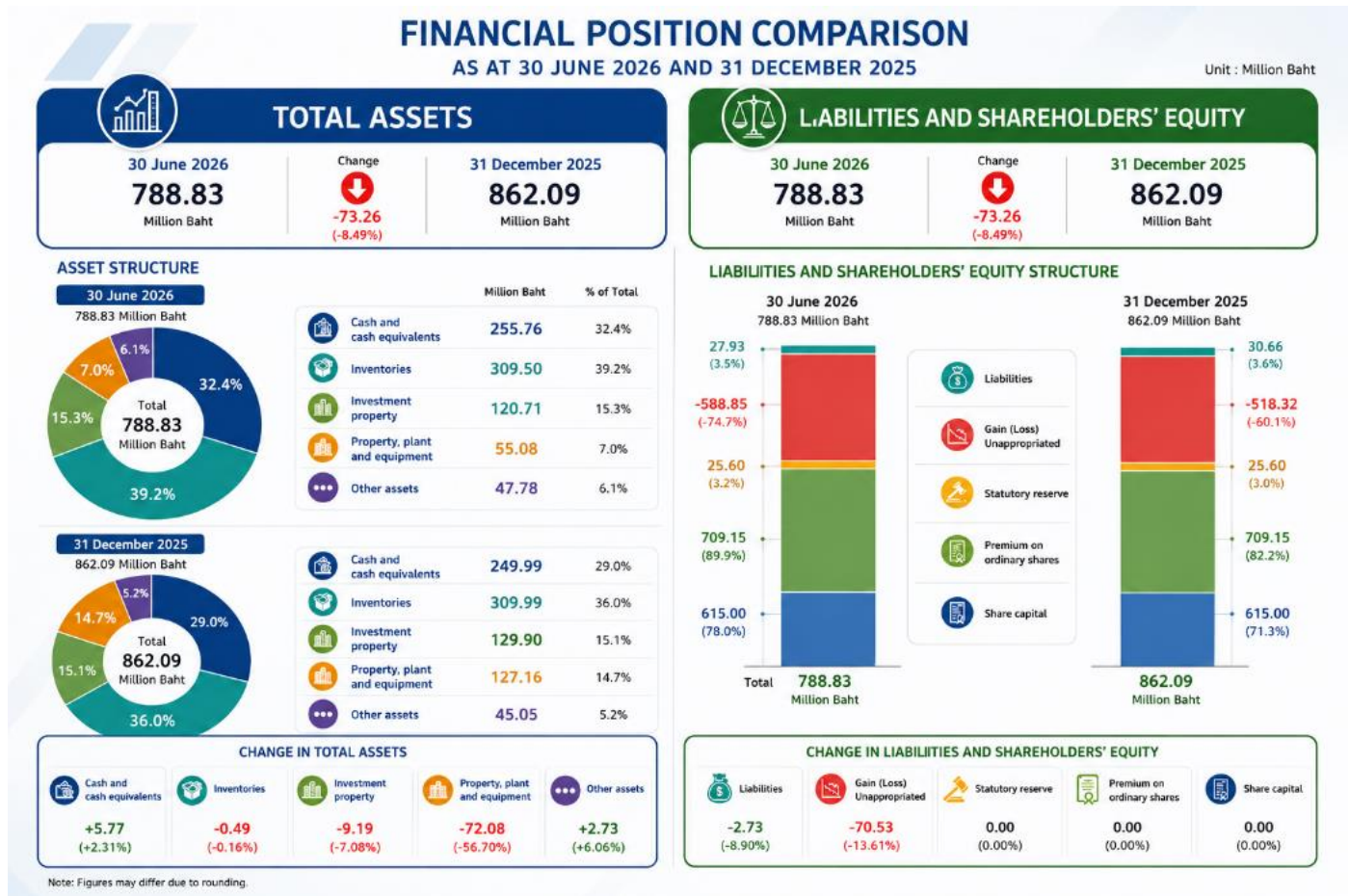
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Financial Analysis of the Company – Consolidated Financial Statements

Based on consolidated financial statements as of June 30, 2026, compared to December 31, 2025.



Summary of financial statements

Performance results	30 Jun.	31 Dec.	Changes	
Unit: Million Baht	2026	2025	Amount	Percent
Total Assets	788.83	862.09	(73.26)	(8.50)
Total Liabilities	27.93	30.66	(2.73)	(8.90)
Total Shareholders' Equity	760.90	831.43	(70.53)	(8.48)



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Total Assets

As of June 30, 2026, the company's total assets amounted to 788.83 million baht, a decrease of 73.26 million baht, or 8.50%. The main reasons for this decrease were the reduction in the value of land, buildings, and equipment due to depreciation, and the recognition of an impairment loss of 68.74 million baht from an expected sale of particleboard manufacturing equipment, resulting in an overall decrease in total assets.

In 2026, over the past six months, the Company recognized an expected impairment allowance for assets to accurately assess the value of assets as potentially recoverable and to prevent overvaluation of assets in the financial statements, in accordance with sound accounting principles.

Total Liabilities

As of June 30, 2026, the company's total liabilities amounted to 27.93 million baht, a decrease of 2.73 million baht, or 8.90%. This decrease was primarily due to the termination of security deposit obligations from one tenant whose lease agreement had been terminated, resulting in a reduction in the company's total liabilities.

Shareholders' Equity

As of June 30, 2026, the company's shareholders' equity amounted to 760.90 million baht, a decrease of 70.53 million baht, or 8.48%. The main reason for this decrease is the company's higher accumulated losses, resulting in a decrease in shareholders' equity commensurate with the increased losses.

Cash flow analysis

	Second Quarter	
	2026	2025
Net cash provided by operating activities	5.98	16.24
Net cash provided by (used in) operating activities	(0.03)	-
Net cash used in financing activities	(0.19)	(0.19)
Net increase in cash and cash equivalent	5.77	16.06
Cash and cash equivalents, beginning balance	249.99	200.75
Cash and cash equivalents, ending balance	255.76	216.80



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For the second quarter ended June 30, 2026, the Company had net cash from operations, net cash used in investing activities, and net cash used in financing activities of 5.98 million baht, 0.03 million baht, and 0.19 million baht, respectively.

- Net cash from operations primarily comes from the cash flow generated from the company's business operations.
- Net cash used in investing activities resulted from the purchase of office equipment during the period.
- Net cash used in financing activities, primarily resulting from the payment of lease liabilities according to the contract period.

Please be informed accordingly.

Yours Faithfully

(Mr.Viboon Kosoltanawong)
Chief Executive Officer