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Ref: CSD 025/2026 August 14, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR June 30, 2026

The Company wishes to explain the reasons contributing to the increase of loss on financial statement as of June 30, 2026, comparing with the previous year, the details are as follows;

Overview of Business Operations, Economic and Industry Conditions Affecting Performance

Italian-Thai Development Public Company Limited is a large construction company listed on the Stock Exchange of Thailand, when compared by the size of its total revenue among listed construction companies. In the first half of 2026, its market share was 15.69%, a decrease from the end of 2025 when its market share was 31.23%. In the first half of 2026, the Company had total revenue of Baht 16,704 million, mostly from construction services. The loss attributable to the owners of the Company was Baht 534 million.

The Company has a backlog of construction and service projects, according to the consolidated and separate financial statements as of June 30, 2026, amounting to Baht 126,756 million and Baht 119,879 million, respectively. The backlog according to the separate financial statements is divided into government projects 86.78% and domestic projects 94.57%.

Economic and Industry Conditions to Operation

The Thai economy in the first quarter of 2026 had a GDP growth rate of 2.8%, and the construction industry's GDP growth rate was 6.2% (Source: NESDC). It is expected that in the near future, large-scale projects to be tendered, such as railway construction projects, electric train projects, airport construction projects, highway projects, rural road projects, and expressway projects, as well as other construction projects, will significantly increase the Company's revenue if the Company wins the bids for these projects.

Key Events and Developments Summary

In the first half of 2026, the Company received financial support by syndicated loans and project finance to support its liquidity for current and future construction projects.

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Results of Operations

Operation Results	For the first half				By quarter						
			Change YoY					Change YoY		Change QoQ	
	6M26	6M25	THB million	%	Q2'26	Q2'25	Q1'26	THB million	%	THB million	%
Revenues from construction work, sales and services	15,966	15,932	+35	+0.22%	8,271	9,091	7,696	-821	-9.03%	+575	+7.47%
Costs of construction work, sales and services	(15,259)	(21,181)	+5,922	+27.96%	(7,803)	(11,391)	(7,455)	+3,588	+31.50%	-348	-4.67%
Gross profit (loss)	708	(5,249)	+5,957	+113.48%	467	(2,300)	240	+2,767	+120.31%	+227	+94.33%
Gross Profit Margin (%)	*4.43%*	*-32.95%*	*+37.38%*		*5.65%*	*-25.30%*	*3.12%*	*+30.95%*		*+2.52%*	
Other income	738	20,486	-19,748	-96.40%	401	8,306	337	-7,906	-95.17%	+64	+18.85%
Selling and administrative expenses	(709)	(1,497)	+788	+52.67%	(296)	(549)	(413)	+253	+46.05%	+117	+28.25%
Expected credit losses	(33)	(2,312)	+2,279	+98.56%	(0)	(1,401)	(33)	+1,401	+99.98%	+33	+99.05%
Others	(364)	(294)	-69	-23.59%	(355)	(294)	(9)	-61	-20.65%	-346	-4029.35%
Profit (loss) from operations	340	11,134	-10,793	-96.94%	217	3,762	124	-3,546	-94.24%	+93	+75.39%
Share of profit (loss) from investments in associated and joint ventures	357	(204)	+561	+274.54%	89	(229)	267	+319	+138.99%	-178	-66.53%
Profit (loss) before financial costs and income tax	697	10,930	-10,233	-93.62%	306	3,533	391	-3,227	-91.33%	-85	-21.64%
Finance costs	(953)	(1,256)	+303	+24.13%	(473)	(627)	(480)	+154	+24.56%	+6	+1.34%
Income tax expense	(282)	(848)	+566	+66.76%	(139)	(791)	(143)	+652	+82.43%	+4	+2.63%
Profit (loss) for the period	(538)	8,826	-9,363	-106.09%	(306)	2,115	(232)	-2,421	-114.47%	-74	-32.13%
PROFIT (LOSS) ATTRIBUTABLE TO :											
Owners of the Company	(534)	8,846	-9,379	-106.04%	(313)	2,079	(221)	-2,392	-115.06%	-92	-41.84%
Non-controlling interests	(4)	(20)	+16	+80.74%	7	36	(11)	-29	-80.49%	+18	+164.68%

Revenues from construction work, sales and services

In the first half of 2026, the Company's revenues from construction work were Baht 15,966 million, an increase of Baht 35 million mainly due to increased revenue from construction services from new large-scale projects such as road and airport projects, as well as increased revenue from sales and services of some subsidiaries. However, in this period, a mining project, which was affected by a landslide, was still undergoing repair and maintenance, resulting in a decrease in revenue from sales and services for the Company.

Costs of construction work, sales and services

In the first half of 2026, the Company's costs of construction work were Baht 15,259 million, a decrease of Baht 5,922 million from the same period of previous year mainly due to a reduction in costs from providing construction services for the railway works.

Gross profit and gross profit margin

In the first half of 2026, the Company's gross profit was Baht 672 million, an increase compared to the same period of previous year which recorded the gross loss of Baht 5,249 million. While the Company's gross profit margin in the first half of 2026 was 4.43%, an increase from the same period of previous year for which the gross profit margin was -32.95%. The profit in this period mainly came from subsidiaries and some joint ventures. However, an undergoing rectification and improvement from a mining project still affected the Company.

Other income

In the first half of 2026, the Company’s other income was Baht 214 million, an increase of Baht 10 million from the same period of previous year.

In the first half of 2026, the Company’s other income was Baht 738 million, a decrease from the same period of the previous year which amounted to Baht 19,748 million due to the absence of gains from changes in the reclassification of investment from subsidiary to investment in associate and the absence of gains from the disposal of investments in a subsidiary. The majority of other income in this period consisted of gains from exchange rate, as well as other income from joint ventures and a share of profits from one of the joint ventures.

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Selling, general and administrative expenses (SG&A expenses)

In the first half of 2026, the Company's administrative expenses were Baht 709 million, a decrease of Baht 788 million from the same period of previous year because of, in this period, no expenses from reclassification of investment from subsidiary to investment in associate and no expenses from disposal of investment in a subsidiary.

Expected credit losses

In the first half of 2026, the Company's expected credit losses were Baht 33 million, a decrease of loss Baht 2,279 million from the same period of previous year due to a decrease in expected credit losses on debtors from the rail system project, large industrial plant projects, and some joint ventures abroad.

Others

In the first half of 2026, the Company had other items totaling Baht -364 million, an increase in expenses of Baht 69 million from the same period of the previous year. This period included losses on disposal and write-off fixed assets due to damages in accidents.

The Company had a share of profit from investments in associates and joint ventures Baht 357 million, an increase of Baht 561 million from the same period of the previous year. This profit in this period was mainly due to increased profits from some associates that benefited from the depreciation of the Thai Baht. The Company had financial costs of Baht 953 million, a decrease of Baht 303 million from the same period of the previous year, due to reduced borrowing from financial institutions, including a reduction in interest rates by those institutions. Income tax expense Baht 282 million, a decrease of Baht 566 million from the same period of the previous year. Most income tax expenses in this period were for joint ventures and some subsidiaries.

Loss attributable to the owners of the Company

As stated above, in the first half of 2026, the Company received a loss attributable to the owners of the Company Baht 534 million, representing an increase in losses of Baht 9,379 million from the same period of the previous year.

Financial Position

Financial Position	As of 30 Jun. 2026		As of 31 Dec. 2025		As of 31 Mar. 2026		Change YTD		Change QoQ	
	THB million	Portion	THB million	Portion	THB million	Portion	THB million	%	THB million	%
Total assets	81,767	100.00%	84,971	100.00%	82,717	100.00%	-3,204	-3.77%	-950	-1.15%
Total liabilities	78,661	96.20%	81,476	95.89%	79,412	96.00%	-2,814	-3.45%	-751	-0.95%
Total equity	3,106	3.80%	3,495	4.11%	3,305	4.00%	-389	-11.14%	-199	-6.02%

Assets

The Company's total assets as of June 30, 2026, amounted to Baht 81,767 million, a decrease of Baht 3,204 million from the end of 2025, or a decrease of 3.77%, due to the Company's current assets amounting to Baht 38,411 million, a decrease of Baht 2,971 million from the previous year, or a decrease of 7.18%, partly due to the decrease of the contract assets (details as per Note 8 to the Financial Statements).

Liabilities

As of June 30, 2026, the Company's total liabilities amounted to Baht 78,661 million, a decrease of Baht 2,814 million from the end of 2025, or a decrease of 3.45%, due to the decrease in current portion of debentures.

As of June 30, 2026, the Company's debt-to-equity ratio was 27.15 times, an increase compared to 2.499 times at the end of 2025. The interest-coverage ratio was 0.75 times; a decrease compared to 1.98 times at the end of 2025. Furthermore, the net interest-bearing debt to equity ratio was 2.59 times, an increase compared to 2.40 times at the end of 2025. (In accordance with the original terms of the debentures, in January 2026, the debenture holders' meeting approved a resolution to consider a waiver of the debt-to-equity ratio and an extension of the redemption date for all debenture series of the Company.)

Liquidity

As of June 30, 2026, the Company's liquidity ratio (current assets to current liabilities) was 0.67 times, and its quick ratio (liquidity assets to current liabilities) was 0.25 times unchanged when compared to the end of 2025. Furthermore, the cash cycle is -11 days, an increase compared to the end of 2025 which had a cash cycle of -21 days, due to longer average collection periods and longer average inventory periods.

Equity

The Company's total equity as of June 30, 2026, amounted to Baht 3,106 million, a decrease of Baht 389 million or 11.14% from the end of 2025 due to its net losses. The Company's return on equity was -113.82%, a decrease when compared to 88.74% at the end of 2025 and the return on assets was -6.40%, a decrease when compared to 4.53% at the end of 2025.

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Key Financial Ratios and Results of Operation

		Consolidated F/S			
	Unit	6M 2026	3M 2026	2025	6M 2025
Total Assets	THB Million	81,767	82,717	84,971	96,208
Trade Accounts Receivable	THB Million	9,797	9,280	8,756	11,128
Inventories	THB Million	6,152	5,741	5,630	5,438
Total Liabilities	THB Million	78,661	79,412	81,476	85,544
Trade Accounts Payable	THB Million	15,970	16,497	16,598	18,602
Share Capital - Issued and Fully Paid-Up	THB Million	5,280	5,280	5,280	5,280
Shareholders' Equity	THB Million	3,106	3,305	3,495	10,664
Total Turnovers (Total Revenues)*	THB Million	16,704	8,033	56,711	36,418
Revenues from Construction Works, Sales and Services	THB Million	15,966	7,696	35,878	15,932
Gross Profit (Loss)	THB Million	708	240	(5,934)	(5,249)
Total Expenses - net	THB Million	17,242	8,264	54,929	27,592
Earning (Loss) before Interest and Tax	THB Million	697	391	4,538	10,930
Profit (Loss) after Tax	THB Million	(538)	(232)	1,783	8,826
Profit (Loss) for the Year Attributable to Owners of the Company	THB Million	(534)	(221)	1,783	8,846
EBITDA	THB Million	2,753	1,449	12,826	15,338
Net Cash from Operating Activities	THB Million	512	527	1,274	(827)
Net Cash from Investing Activities	THB Million	308	548	9,199	10,628
Net Cash from Financing Activities	THB Million	(2,114)	(2,158)	(9,285)	(6,249)
Par Value	Baht	1	1	1	1

		Consolidated F/S			
	Unit	6M 2026	3M 2026	2025	6M 2025
Current Ratio					
Current Ratio	Times	0.67	0.70	0.67	0.73
Quick Ratio	Times	0.25	0.25	0.25	0.31
A/R Turnover	Times	3.43	3.70	4.17	4.26
Collection Period	Days	106.34	98.53	87.51	85.72
Inventory Turnover	Times	6.19	7.08	7.61	8.10
Return on Sales	Days	58.94	51.53	47.97	45.09
A/P Turnover	Times	2.08	2.19	2.33	2.35
Payment Period	Days	175.80	167.05	156.57	155.12
Cash Cycle	Days	(10.53)	(16.99)	(21.09)	(24.32)
Profitability Ratio					
Gross Profit	%	4.43%	3.12%	(16.54%)	(32.95%)
Net Profit**	%	(3.20%)	(2.75%)	3.14%	24.29%
Return on Equity	%	(113.82%)	(99.05%)	88.74%	59.33%
Efficiency Ratio					
Return on Assets	%	(6.40%)	(2.40%)	4.53%	8.55%
Return on Fixed Assets	%	149.39%	179.05%	201.05%	205.83%
Assets Turnover	%	41.58%	44.42%	56.62%	64.87%
Financial Ratio Analysis					
Debt to Equity	Times	27.15	25.75	24.99	8.19
Interest Coverage	Times	0.75	0.82	1.98	8.60
Dividend Payout Ratio	%	0.00%	0.00%	0.00%	0.00%
Debt to Equity (Under Terms and Conditions of Debentures)***	Times	2.59	2.47	2.40	2.05

Data per Share and Growth Ratio of Business

		Consolidated F/S			
	Unit	6M 2026	3M 2026	2025	6M 2025
Growth Ratio					
Total Assets	%	(15.01%)	(32.83%)	(26.34%)	(19.35%)
Total Liabilities	%	(8.05%)	(28.92%)	(26.29%)	(22.04%)
Revenues from Construction Works, Sales and Services	%	0.22%	12.50%	(49.23%)	(57.59%)
Costs of Construction Works, Sales and Services	%	(27.96%)	(23.84%)	(38.34%)	(39.18%)
Profit (loss) Attributable to Owners of the Company	%	(106.04%)	(103.26%)	130.87%	637.51%
Data per Share					
Book Value	Baht	0.55	0.58	0.62	1.98
EPS	Baht	(0.10)	(0.04)	0.34	1.68
Dividend per Share	Baht	0.00	0.00	0.00	0.00

(1) Weighted average common shares = 5,279,869 (Thousand shares)

Financial Ratios for Debt Offering

As per the Capital Market Supervisory Board Announcement No. Tor.Jor. 44/2013, as amended by the Capital Market Supervisory Board Announcement No. Tor.Jor. 14/2024 (No. 27).

		Consolidated F/S			
	Unit	6M 2026	3M 2026	2025	6M 2025
1) Current Ratio	Times	0.67	0.70	0.67	0.73
2) Cash Cycle	Days	(4.61)	(11.96)	(18.42)	(27.43)
3) Avg. Inventory Period	Days	57.79	51.09	47.66	47.28
4) Avg. Collection Period	Days	106.34	98.53	87.51	85.72
5) Avg. Payment Period	Days	168.73	161.59	153.59	160.43
6) Interest Coverage Ratio	Times	2.89	3.02	5.54	12.21
7) Interest Bearing Debts / EBITDA Ratio	Times	160.48	6.52	3.09	2.56
8) Debt Services Coverage Ratio	Times	0.01	0.27	0.45	0.64
9) Debt to Equity Ratio	Times	25.33	24.03	23.31	8.02
10) Interst Bearing Debts / Total Equity Ratio	Times	12.48	11.54	11.35	3.90
11) Current Portion of Interest Bearing Debts to Total Interest Bearing Debts Ratio	%	60.69%	56.53%	72.02%	60.93%
12) Loans from Financial Institution to Interest Bearing Debts Ratio	%	60.87%	60.14%	61.03%	62.51%
13) EBIT Margin	%	4.17%	4.86%	8.00%	30.01%
14) Return on Assets	%	0.78%	0.38%	4.53%	10.14%
15) Return on Equity	%	10.12%	5.31%	109.19%	108.12%

Remarks:

* Summation of revenues and gain from operation only
** Calculated on profit (loss) attributable to owners of the Company / Total revenues
*** The debt to equity was calculated base on the definition under the terms and conditions and the approval of bondholders meetiings.
**** In case of interim financial ratios: annualised by using last 4 quarters.

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Factors Affecting Future Operations and Growth

Unrest in various regions of the world, along with other related issues such as oil price volatility, currency fluctuations, global economic problems, and natural disasters, may increase the cost and duration of construction projects. Furthermore, trends in government investment budgets and disbursements could also impact future revenue growth. Currently, the Company is in the process of improving its operational efficiency to ensure that operations proceed according to plan and that it can remain competitive in the business.

Corporate Services Division
Tel. 02-716-1600 ext. 3800-4
Email: cccs@itd.co.th