Management Discussion and Analysis: "MD&A"

1. Overview of Business Operations, Economy, and Industry Conditions Affecting Performance

Thailand's overall economy in Q2/2026 slowed down compared to the previous quarter, driven by higher energy prices and travel restrictions arising from the geopolitical conflict in the Middle East. Nevertheless, the economy received ongoing support from the upward trend in the global electronics cycle, as well as government relief measures that partially mitigated these impacts.

The economic deceleration was reflected in a decline in foreign tourist arrivals, particularly from the Middle East, Europe, and short-haul markets, impacted by reduced demand and airline flight cuts due to high energy costs. Consequently, service sector activities—especially hotels and restaurants—contracted. Private consumption also declined, primarily due to higher costs of living, despite partial support from government measures implemented in June. Spending fell across nearly all categories, particularly in hotels and restaurants, while non-durable goods consumption and fuel consumption dropped following accelerated purchases in the prior quarter. Additionally, electric vehicle (EV) sales experienced a slight drop after the expiration of the EV 3.0 incentive scheme.

Industrial production contracted due to reduced petroleum output caused by partial refinery maintenance shutdowns, as well as a slowdown in chemical production following higher raw material costs. Household appliance manufacturing also declined in line with weaker external demand. However, merchandise exports and private investment continued to improve, driven by technology products—aligning with the global electronics upturn and rising demand for data center investments. Imports surged significantly, particularly in the fuel category due to crude oil stockpiling, as well as in raw materials (specifically electronic components and electrical appliances) to support growing tech exports. Public spending expanded year-on-year across both current and capital expenditures by the central government.

Regarding economic stability, headline inflation rose from the previous quarter due to energy prices following higher global crude oil prices. Core inflation increased primarily in prepared food items as businesses passed on higher costs. The current account posted a deficit, largely driven by trade balance pressures from energy import costs, as well as the net services, income, and transfer account due to seasonal profit and dividend repatriations in May. The overall labor market improved slightly from the previous quarter; however, employment in the manufacturing sector requires continued monitoring due to high market competition and rising production costs. *(Source: Bank of Thailand)*

The overall construction industry in Q2/2026 remained stagnant amidst multiple negative external factors, primarily pressured by energy price volatility and geopolitical conflicts, which pushed construction material prices steadily higher. Nevertheless, the industry was buoyed by ongoing revenue recognition (Backlog) from public sector megaprojects, as well as private sector developments in industrial estates and data centers.

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Summary of the Construction Industry in Q2/2026 by Segment:

Construction Segment	Status in Q2/2026	Key Drivers and Constraints
Public Projects	Stagnant to Moderate Recovery	Supported by ongoing megaprojects (e.g., High-Speed Rail, M5/M9 Motorways), though limited by a ~5% reduction in the FY2026 investment budget.
Residential Buildings (Private)	Clear Contraction	Severely sluggish market due to strict financial institution credit policies, despite temporary acceleration of transfers prior to the expiry of the fee reduction measure in June.
Home Building Business	Stagnant	The overall market remained stable, though the luxury segment (THB 20 million and above) showed remarkable growth.
Warehouse / Data Center	Prominent Growth (Rising Star)	High expansion in the Eastern Economic Corridor (EEC) driven by technology investors.

Key Challenges in Q2/2026:

1. Surging Construction Material Costs: The Construction Material Price Index (particularly steel and cement) increased by an average of 5.8%–6.3% YoY, impacted by elevated global energy prices, freight rates, and oil prices.
2. Risk of Project Abandonment: Escalating costs led the Home Builder Association to push for a "Consumer Protection Fund" to build confidence and mitigate risks in cases where contractors cannot absorb cost overruns and abandon projects.
3. Slowdown in Backlog: Certain major contractors reported a lack of new large-scale project announcements during Q2, leading to a quarter-on-quarter decline in total backlog on hand.

Outlook and Strategy for H2/2026 (Q3–Q4/2026):

1. Focus on niche private-sector segments and recurring clients.
2. Proactive cost management: Enhance operational efficiency, control job-site material waste, and adopt energy-saving or eco-friendly (ESG) construction materials to protect profit margins.
3. Selectively bid for public sector projects aligned with core expertise and profitability targets (a reasonable volume of large public tenders is expected to open).

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2. Summary of Key Events and Developments

2.1. On February 27, 2026, the Extraordinary General Meeting of Shareholders No. 1/2026 approved the following matters:

- Approved the increase of the company's registered capital from THB 907,878,638 to THB 1,815,757,276.

- Approved the amendment to Clause 4 of the Company's Memorandum of Association to reflect the capital increase, and approved the allocation of up to 1,815,757,276 newly issued ordinary shares at a par value of THB 0.50 per share to existing shareholders via Rights Offering (RO) at a ratio of 1 existing share to 1 new share at an offering price of THB 0.20 per share. Existing shareholders exercised rights for 385,038,000 shares between March 25 and 31, 2026.

2.2. On April 24, 2026, the Annual General Meeting of Shareholders for 2026 approved the following matters:

- Approved the allocation of net profit for the year 2025 amounting to THB 5,000,000 (Five Million Baht) to the statutory reserve, supplementing the existing reserve of THB 29,000,000 (Twenty-Nine Million Baht), bringing the total statutory reserve as of December 31, 2025, to THB 34,000,000 (Thirty-Four Million Baht). Approved the omission of dividend payments from 2025 operational performance.

- Approved the re-election of three directors retiring by rotation—Mr. Amnuay Kanjanopas, Mr. Pisan Jintanapakdee, and Mr. Methas Srisuchart—to serve as directors for another term.

3. Executive Summary of Operational Results

For Q2 ending June 30, 2026, the company recorded total revenue of THB 1,029.31 million, a decrease of 68.65% compared to Q2/2025 (THB 3,282.96 million). Construction contract revenue stood at THB 909.91 million, down 69.22% YoY from THB 2,955.71 million in Q2/2025. Meanwhile, construction costs decreased compared to Q2/2025. In Q2/2026, construction costs totaled THB 894.71 million (98.33% of construction revenue), resulting in a gross margin of 1.67%. In comparison, Q2/2025 construction costs were THB 2,521.01 million (85.29% of construction revenue) with a gross margin of 14.71%. This sharp decline in Q2/2026 gross margin was mainly attributable to significantly increased construction costs.

Administrative expenses for Q2/2026 decreased by 30.16% YoY from THB 264.05 million in Q2/2025 to THB 184.42 million in Q2/2026, primarily due to reduced personnel expenses. Financial costs decreased from THB 194.92 million in Q2/2025 to THB 161.02 million in Q2/2026 following bank debt repayments under Project Financing facilities. Overall, the company reported a net loss of THB 283.37 million for the period ending June 30, 2026, compared to a net profit of THB 77.70 million in Q2/2025.

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4. Summary of Financial Position

4.1. Assets

As of June 30, 2026, total assets stood at THB 13,450.66 million, a slight decrease of 1.46% from THB 13,649.89 million at year-end 2025. This was mainly due to a decline in current assets from THB 11,308.41 million to THB 11,093.59 million in Q2/2026.

Total liabilities increased slightly from THB 12,052.20 million at year-end 2025 to THB 12,059.32 million in Q2/2026, driven primarily by increases in advances received and other non-current liabilities. Regarding leverage financial ratios in Q1/2026, minor improvements were observed:

4.2. The Debt-to-Equity (D/E) ratio increased from 7.54x in 2025 to 8.67x in Q2/2026. The Financial Debt-to-Equity ratio also increased from 3.60:1 as of year-end 2025 to 4.37:1 in Q2/2026, which remains compliant with the debenture covenant limit of 5.00:1.

4.3. Liquidity

The company experienced a slight decrease in liquidity, as reflected by the Current Ratio dropping from 0.96x at year-end 2025 to 0.94x in Q2/2026. This indicates that liquidity remains weak; however, the company is actively pursuing remedies through negotiations with financial institutions and execution of its capital increase.

4.4. Shareholders' Equity

Shareholders' equity decreased from THB 1,597.70 million at year-end 2025 to THB 1,391.34 million in Q2/2026, resulting directly from the net loss incurred in Q2/2026.

5. Factors Affecting Future Operations and Growth

5.1. Domestic economic growth, alongside real estate and construction industry conditions, directly impacts company revenues. A full expansion in these sectors and an increased rollout of large public infrastructure projects would allow the company to bid for and secure more tenders, expanding its backlog and top-line growth. However, efficient and effective cost control remains crucial to achieving target profitability.

5.2. Intense competition between large and medium contractors during periods of limited market project volume impacts revenues and profit margins significantly. Nevertheless, with over 30 years of operating history, strong technical teams, and an established reputation, the company can directly bid with project owners or act as a specialized sub-contractor for major contractors—particularly in Mechanical, Electrical, and Plumbing (MEP) systems—to sustain revenue and margin levels.

5.3. Internal operational factors, such as working capital liquidity (maintaining working capital of no less than 25%–35% of project value to buffer material and labor costs prior to milestone disbursements), rely heavily on project financing support from financial institutions, with whom the company maintains close coordination. Efficient project management, scheduling, machinery deployment, operational execution, and quality control remain essential to maintaining reputation and client satisfaction.

5.4. Price increases in major raw materials (e.g., rebar, structural steel, concrete, electrical cabling) along with rising labor and energy costs directly impact profit margins. The company mitigates these risks through bulk

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procurement and price-lock agreements with suppliers at negotiated rates. To mitigate labor shortages and wage inflation, the company maintains specialized recruitment and training teams for both local and foreign labor to safeguard operational efficiency and cost control.

5.5. In 2026, ongoing conflicts involving Iran, the U.S., and Israel pose risks of prolonged disruption to raw material prices and freight rates. In response, the company is adapting procurement strategies—such as executing phased advance purchases instead of long-term fixed pricing, negotiating price adjustments for private projects, and sourcing cost-effective equivalent materials.

5.6. Throughout 2026, the company remains focused on cost optimization and liquidity management. Support from financial institutions—such as credit line expansions and interest rate reductions—plays a vital role in providing necessary liquidity support for construction operations.

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