No. MFEC/CSOT/014/2026

Date: 10 August 2026

Subject: Management Discussion and Analysis for the Second Quarter Period Ended 30 June 2026

To: The Directors and Manager

The Stock Exchange of Thailand

MFEC Public Company Limited (the “Company”) would like to report the operating results for the second quarter ended 30 June 2026, the Company and its subsidiaries (the “Group”) recorded net profit attributable to owners of the Company of Baht 78.6 million, an increase of Baht 43.0 million, or 120.8%, compared to the same quarter of previous year, and an increase of 7.1% compared to the previous quarter (Q1/2026). For the six-month period ended 30 June 2026, the Group recorded net profit attributable to owners of the Company of Baht 152.0 million, an increase of 58.5% from the same period of previous year.

The key factor supporting the growth in operating results this quarter was the significant improvement in gross profit margin. Gross profit for Q2/2026 increased by 26.3% from the same quarter of previous year, and gross profit margin rose to 18.0% from 13.7% in Q2/2025. This was mainly driven by the recognition of profit from new projects secured by the Group since 2025, particularly Maintenance Agreement (“MA”) services and IT professional services project, which achieved higher gross margins following the improved profitability of new sales orders secured since the second half of 2025, together with the continued effective control of personnel costs. In addition, the Group has continued to apply Artificial Intelligence (“AI”) technologies in project planning, human resource allocation, and operating cost management, which is a further factor supporting the Group's ability to manage costs more effectively. As a result, the Group's profitability continued to improve both quarter-on-quarter (Q-o-Q) and year-on-year (Y-o-Y), despite continued uncertainty in the overall economic environment arising from global economic factors and the limited pace of domestic economic recovery.

As of the end of Q2/2026, the Group's outstanding backlog remained high at Baht 8,282 million. Despite the elevated uncertainty in the overall economic environment, the Group has been able to maintain its backlog at a high level, which increased from the end of 2025. This backlog level confirms the stability of future revenue and supports the Group's sustainable long-term growth in operating results.

Executive Summary

(Unit: Baht million)	Q1/2026	Q2/2026	%Q-o-Q	Q2/2025	Q2/2026	%Y-o-Y
Revenue from sales and services	1,646.2	1,630.5	-1.0%	1,698.6	1,630.5	-4.0%
Cost of sales and services	1,367.5	1,336.4	-2.3%	1,465.6	1,336.4	-8.8%
Gross profit	278.7	294.1	+5.5%	232.9	294.1	+26.3%
Selling and administrative expenses	215.6	191.0	-11.4%	183.9	191.0	+3.9%
Operating profit	96.4	100.4	+4.1%	51.3	100.4	+95.7%
Net profit attributable to owners of the Company	73.4	78.6	+7.1%	35.6	78.6	+120.8%

(Unit: %)	Q1/2026	Q2/2026	QoQ (ppt)	Q2/2025	Q2/2026	YoY (ppt)
Gross profit margin	16.9%	18.0%	+1.1	13.7%	18.0%	+4.3
SG&A to total revenue	13.1%	11.7%	-1.4	10.8%	11.7%	+0.9
Operating profit margin	5.9%	6.2%	+0.3	3.0%	6.2%	+3.2
Net profit margin (owners of the Company)	4.5%	4.8%	+0.3	2.1%	4.8%	+2.7

<u>Business Overview for Q2/2026</u>

In Q2/2026, the Company and its subsidiaries recorded revenue from sales and services of Baht 1,630.5 million, a decrease of 4.0% from the same quarter of previous year, mainly attributable to lower revenue from System Integration ("SI") project in line with the timing of project revenue recognition. Nevertheless, the Group recorded gross profit of Baht 294.1 million, a significant increase of 26.3% from the same period of previous year. Gross profit margin for the current quarter was 18.0% (Q2/2025: 13.7%), and improved further from 16.9% in the previous quarter (Q1/2026), reflecting the continued improvement in profitability, particularly the increase in margins from Maintenance Agreement (MA) services and IT Professional services project secured since 2025, which contributed to the improvement in the Group's overall gross profit margin for the current period.

As a result of the improved gross profit, the Group recorded operating profit before interest and income tax of Baht 100.4 million, a significant increase of 95.7%, and net profit attributable to owners of the Company of Baht 78.6 million, an increase of 120.8% from the same period of the previous year, reflecting a continuing trend of profit growth both quarter-on-quarter (QoQ) and year-on-year (YoY), despite continued uncertainty in the Thai and global economies arising from various external factors, such as rising energy costs and household debt burdens that continue to weigh on domestic purchasing power.

For the six-month period ended June 30, 2026, the Group recorded revenue from sales and services of Baht 3,276.7 million, an increase of 0.4% from the same period of the previous year, with gross profit of Baht 572.8 million, an increase of 15.0%. Gross profit margin for the first half of the year was 17.5%, an improvement from 15.3% in the same period of previous year. For the six-month period, the Group reported net profit attributable to owners of the Company of Baht 152.0 million, an increase of 58.5% from the same period of the previous year.

Overview of Operating Results - Q2/2026

Description	Q2/2026		Q2/2025		Change	
	Million Baht	% Rev.	Million Baht	% Rev.	Million Baht	%
Revenue from sales and services	1,630.5	100.0%	1,698.6	100.0%	-68.1	-4.0%
Cost of sales and services	(1,336.4)	-81.9%	(1,465.6)	-86.3%	129.2	-8.8%
Gross profit	**294.1**	**18.0%**	**232.9**	**13.7%**	**61.2**	**+26.3%**
Other income	0.6	0.0%	4.5	0.3%	-3.9	-86.9%
Loss on fair value measurement of derivatives	(3.3)	-0.2%	(2.3)	-0.1%	-1.0	+45.2%
Selling and Administrative expenses	(191.0)	-11.7%	(183.8)	-10.8%	-7.2	+3.9%
Operating profit	**100.4**	**6.2%**	**51.3**	**3.0%**	**49.0**	**+95.7%**
Share of profit (loss) from investment in associates	3.4	0.2%	(0.5)	0.0%	3.9	n.m.
Finance income	1.6	0.1%	3.2	0.2%	-1.6	-50.5%
Finance cost	(2.1)	-0.1%	(4.2)	-0.3%	2.1	-49.8%
Profit before income tax	**103.2**	**6.3%**	**49.8**	**2.9%**	**53.4**	**+107.3%**
Corporate income tax	(20.5)	-1.3%	(12.6)	-0.7%	-7.9	+62.6%
Net profit	82.8	5.1%	37.2	2.2%	45.6	+122.4%
Profit attributable to non-controlling interests	(4.1)	-0.3%	(1.6)	-0.1%	-2.5	+156.8%
Net profit attributable to owners of the Company	**78.6**	**4.8%**	**35.6**	**2.1%**	**43.0**	**+120.8%**

Management Discussion and Analysis

1. Revenue from sales and services decreased by Baht 68.1 million, or 4%, from the same period of previous year. Gross profit increased by Baht 61.2 million, or 26.3%.

Item (Baht million)	Q2/2026	Q2/2025	Increase (Decrease)	%
Revenue from sales and services	1,630.5	1,698.6	-68.1	-4.0%
Cost of sales and services	1,336.4	1,465.6	-129.2	-8.8%
Gross profit	**294.1**	**232.9**	**61.2**	**+26.3%**
Gross profit margin (%)	**18.0%**	**13.7%**	**+4.3 ppt**	

The decrease in revenue from sales and services was mainly attributable to lower revenue from System Integration (SI) projects, in line with the timing of delivery and revenue recognition of large projects, which varies from quarter to quarter, together with a slight decrease in revenue from Maintenance Agreement (MA) compared to the same period of the previous year. Meanwhile, revenue from IT professional services, cloud services, and other businesses increased. Although revenue from the SI and MA businesses declined, their gross profit margins improved, owing to the higher profit quality of projects secured in the second half of 2025, together with effective internal cost control, resulting in a significant improvement in the Group's overall gross profit margin for the current quarter.

Gross profit margin for Q2/2026 improved to 18.0%, an increase of 4.3 percentage points from 13.7% in the same quarter of the previous year, and continued to improve from 16.9% in the previous quarter (Q1/2026). When gross profit is analyzed by business segment, Maintenance Agreement (MA) recorded a 15.3% increase in gross profit, IT professional services increased by 115.2%, and other businesses increased by 153.8% compared to the same period of the previous year. This was a result of profit recognition from new projects secured since 2025, which have been managed with effective project cost control, together with efficient work planning and on-schedule project delivery that helped reduce the risk of cost overruns. Although the Group's total revenue decreased from the same quarter of previous year, the quality of the Group's earnings continued to improve.

2. Selling and administrative expenses, and other expenses, for Q2/2026 increased by Baht 7.2 million, or 3.9%, from the same period of previous year.

Item (Baht million)	Q2/2026	Q2/2025	Increase (Decrease)	Change (%)
Selling and distribution expenses	27.7	29.0	-1.3	-4.5%
Administrative expenses	162.8	143.3	19.5	+13.6%
Other expenses	0.5	11.5	-11.0	-95.7%
Total	**191.0**	**183.8**	**7.2**	**+3.9%**
Ratio to total revenue (%)	**11.7%**	**10.8%**	**+0.9 ppt**	

Administrative expenses increased by Baht 19.5 million, or 13.6%, mainly due to higher personnel-related expenses to support the Group's long-term business expansion, while selling and distribution expenses decreased by Baht 1.3 million, or 4.5%, and other expenses decreased by Baht 11.1 million, or 95.7%, due to non-recurring (one-off) items recorded in the previous year. As a result, the ratio of selling and administrative expenses to total revenue for Q2/2026 was 11.7%, broadly in line with 10.8% in the same period of the previous year, and increased from 13.1% in the previous quarter, reflecting effective operating cost management alongside the Group's business growth.

3. Operating profit increased by Baht 49 million, or 95.7%, from the same period of previous year, and net profit attributable to owners of the Company increased by Baht 43 million, or 120.8%.

Item (Baht million)	Q2/2026	Q2/2025	Increase (Decrease)	Change (%)
Operating profit	100.4	51.3	49.0	+95.7%
Net profit attributable to owners of the Company	78.6	35.6	43.0	+120.8%

For Q2/2026, the Group recorded higher operating profit and net profit attributable to owners of the Company. Although revenue from sales and services declined slightly, the significant improvement in gross profit margin, together with effective control of project delivery costs and personnel-related expenses, drove the increase in profitability. In this regard, the Group has applied AI technologies systematically across multiple functions of the organization, including project planning, workforce allocation in line with workload, and project delivery management, which has played an important role in helping to control personnel and overall operating costs. In addition to using AI as a tool to support project operations, the Group has also extended its application to back-office support functions and sales support functions, demonstrating that MFEC is an organization capable of applying a diverse range of AI tools in a tangible manner, thereby enhancing operational efficiency and optimizing the management of personnel costs. This has contributed to a significant increase in net profit for the current period, amid a highly uncertain economic environment. In addition, the Group has continued to maintain its backlog at a high level, supporting sustainable long-term revenue growth and profitability.

Analysis of the Group's Financial Position

Statement of Financial Position (Consolidated)	As of 30 June 2026		As of 31 December 2025		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	6,006.2	100.0%	6,644.6	100.0%	-638.4	-9.6%
Total liabilities	3,425.4	57.0%	4,033.7	60.7%	-608.3	-15.1%
Total shareholders' equity	2,580.8	43.0%	2,610.9	39.3%	-30.1	-1.2%

As of 30 June 2026, the Group had total assets of Baht 6,006.2 million, a decrease of Baht 638.4 million, or 9.6%, from the end of the previous year, mainly due to:

- Cash and cash equivalents decreased by Baht 215.8 million, or 35.0%, mainly due to the full repayment of short-term loans from financial institutions and the payment of dividends during the period.
- Trade and other current receivables decreased by Baht 300.4 million, or 18.6%, due to normal collections from customers.
- Deferred service costs (current) decreased by Baht 131.3 million, or 9.1%, in line with the gradual recognition of costs under Maintenance Agreement (MA) contracts over its contract terms.

The Group had total liabilities of Baht 3,425.4 million, a decrease of Baht 608.3 million, or 15.1%, from the end of the previous year, mainly due to:

- Short-term loans from financial institutions decreased by Baht 70.9 million, or 100.0%, following the full repayment of borrowings, resulting in the Group having no outstanding borrowings from financial institutions at the end of the quarter, resulted decrease in financial costs significantly from the previous period.
- Deferred revenue decreased by Baht 246.4 million, or 13.7%, and accrued expenses decreased by Baht 131.1 million, or 49.2%, in line with the gradual recognition of revenue and payments in accordance with the normal business cycle.
- Trade and other current payables decreased by Baht 124.5 million, or 11.0%, due to payments of trade payables in line with normal credit terms during the current period.

Total shareholders' equity amounted to Baht 2,580.8 million, a decrease of Baht 30.1 million, or 1.2%, from the end of the previous year, mainly due to net profit attributable to owners of the Company for the six-month period of Baht 152.0 million, offset by the payment of dividends from 2025 operating results of Baht 220.7 million, while other components of equity improved by Baht 32.2 million due to changes in the fair value of cash flow hedging instruments.

Please be informed in accordingly.

Yours sincerely,

-Siriwat Vongjarukorn-

(Mr. Siriwat Vongjarukorn)

Chief Executive Officer