SiS Distribution (Thailand) PCL.

MD&A

MANAGEMENT DISCUSSION AND ANALYSIS

For the Financial Statements

Q2/2026

INNOVATING TODAY
EMPOWERING TOMORROW

Driven by Technology
Focused on Sustainable Growth

For the Three-Month Period Ended

30 JUNE 2026

Business Overview

In Q2/2026 and the first six months of 2026, the Thai economy faced multiple challenges, including global economic volatility, geopolitical tensions affecting energy prices and exchange rates, and domestic political uncertainty. These factors led businesses and consumers to remain cautious about spending and investment.

IT Market Conditions

The overall value of the IT market increased year on year, mainly due to higher product prices and costs driven by exchange-rate movements and economic conditions. Actual purchasing volumes remained constrained, particularly for consumer IT products, as household purchasing power had not fully recovered.

Key growth drivers included:

- **Enterprise technology investment:** Continued demand for upgrading digital infrastructure, enhancing cybersecurity systems, and expanding cloud adoption has remained a key driver of enterprise IT spending
- **Government Policy Support:** Tax incentives for residential Solar Rooftop installations have stimulated demand for energy-related products and supporting technology infrastructure.
- **Accelerated Procurement to Lock in Existing Prices**: Certain corporate resellers and businesses brought forward their procurement activities in the first half of the year to lock in current prices, mitigating the risk of higher IT product and equipment costs resulting from the weakening Thai Baht and increasing import costs.

Key Events and Developments

1. Expansion of the Solar Distribution Center Network

The Company continues to expand its renewable energy infrastructure, with 13 Solar Distribution Centers now operating in strategic locations nationwide to support rapidly growing demand for solar energy. The integration of regional warehouses with the main warehouse in Bangkok has enhanced logistics and inventory management efficiency, significantly reducing delivery times and transportation costs while improving operational agility, competitive advantage, and service coverage for customers and partners across all regions.

2. Authorized Distribution Appointments

- **Fox ESS**: Distributor of cost-effective inverters and ESS, ranging from string inverters to all-in-one solutions for single-phase residential applications.
- **Insta360**: A globally recognized manufacturer of cameras and imaging software, renowned for its industry-leading 360-degree cameras and action cameras. The Company has expanded into conference solutions using Insta360's advanced camera and microphone technologies.

3. Pilot Deployment of Electric Trucks (EV Trucks) for Product Transportation

The Company launched an EV truck pilot project to enhance logistics efficiency, reduce greenhouse gas emissions and fossil fuel dependence, and improve energy efficiency.

4. Inclusion in the 2026 ESG100 Universe

The Company was selected for inclusion in the 2026 ESG100 Universe by Thaipat Institute. The recognition reflects the Company's commitment to sustainability, good corporate governance, and responsible management of environmental, social and stakeholder impacts.

Operating Results Summary

For Q2/2026, the Company and its subsidiaries recorded total revenue of 8,116 million Baht and net profit of 268 million Baht. For the first six months of 2026, total revenue was 15,785 million Baht and net profit was 525 million Baht.

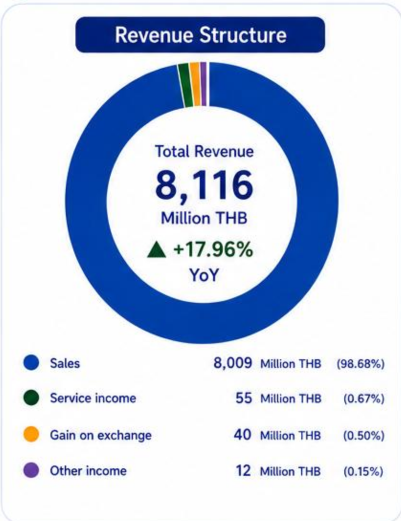
(Unit: million Baht)

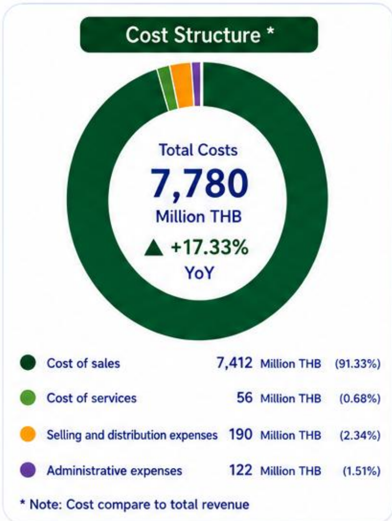
	Quarter 2				6-Month Period			
	2026	2025	Increase (Decrease)		2026	2025	Increase (Decrease)	
Total revenue	8,116	6,880	1,236	17.96%	15,785	14,276	1,509	10.57%
Gross profit	595	606	(11)	(1.77%)	1,170	1,177	(7)	(0.52%)
Net profit	268	191	77	40.00%	525	393	132	33.71%
Adjusted net profit*	243	246	(3)	(1.35%)	428	412	16	3.78%

Remarks: Adjusted net profit excludes unrealized foreign-exchange gains and losses

Statement of Comprehensive Income for Q2 (Unit: million Baht)

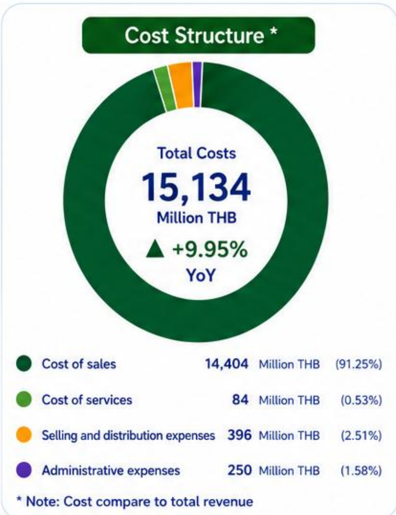
	3-Month Period - Ended 30 June					
	2026		2025		Increase (Decrease)	
Revenue						
Sales	8,009	98.68%	6,811	99.00%	1,198	17.59%
Service income	55	0.67%	59	0.85%	(4)	(7.09%)
Gain on exchange	40	0.50%	0	0.00%	40	N/A
Other income	12	0.15%	10	0.15%	2	17.01%
Total revenue	**8,116**	**100.00%**	**6,880**	**100.00%**	**1,236**	**17.96%**
Expenses						
Cost of sales	7,412	91.33%	6,224	90.47%	1,188	19.09%
Cost of services	56	0.68%	39	0.57%	17	41.46%
Selling and distribution expenses	190	2.34%	201	2.92%	(11)	(5.53%)
Administrative expenses	122	1.51%	114	1.66%	8	7.40%
Loss on exchange	0	0.00%	53	0.76%	(53)	(100.00%)
Total expenses	**7,780**	**95.86%**	**6,631**	**96.38%**	**1,149**	**17.33%**
Operating profit	**336**	**4.14%**	**249**	**3.62%**	**87**	**34.93%**
Finance income	12	0.15%	15	0.22%	(3)	(22.63%)
Finance cost	(11)	(0.14%)	(16)	(0.23%)	5	(30.68%)
Reversal (loss) on impairment of financial assets	(1)	(0.02%)	(9)	(0.13%)	8	(84.01%)
Profit before income tax expenses	**336**	**4.13%**	**239**	**3.48%**	**97**	**40.14%**
Income tax expenses	(68)	(0.83%)	(48)	(0.70%)	(20)	40.72%
Profit for the period	**268**	**3.30%**	**191**	**2.78%**	**77**	**40.00%**





Statement of Comprehensive Income for 6-Month Period (Unit: million Baht)

	6-Month Period Ended 30 June					
	2026		2025		Increase (Decrease)	
Revenue						
Sales	15,548	98.50%	14,141	99.05%	1,407	9.95%
Service income	110	0.69%	113	0.79%	(3)	(3.18%)
Gain on exchange	104	0.66%	0	0.00%	104	N/A
Other income	23	0.15%	22	0.16%	1	1.00%
Total revenue	**15,785**	**100.00%**	**14,276**	**100.00%**	**1,509**	**10.57%**
Expenses						
Cost of sales	14,404	91.25%	12,995	91.02%	1,409	10.84%
Cost of services	84	0.53%	82	0.58%	2	1.49%
Selling and distribution expenses	396	2.51%	419	2.94%	(23)	(5.65%)
Administrative expenses	250	1.58%	229	1.61%	21	9.11%
Loss on exchange	0	0.00%	38	0.26%	(38)	(100.00%)
Total expenses	**15,134**	**95.87%**	**13,763**	**96.41%**	**1,371**	**9.95%**
Operating profit	**651**	**4.13%**	**513**	**3.59%**	**138**	**27.05%**
Finance income	21	0.13%	21	0.14%	0	0.24%
Finance cost	(19)	(0.12%)	(33)	(0.23%)	14	(41.05%)
Reversal (loss) on impairment of financial assets	5	0.03%	(9)	(0.06%)	14	(161.07%)
Profit before income tax expenses	**658**	**4.17%**	**492**	**3.44%**	**166**	**33.77%**
Income tax expenses	(133)	(0.84%)	(99)	(0.69%)	(34)	34.00%
Profit for the period	**525**	**3.33%**	**393**	**2.75%**	**132**	**33.71%**



1) Revenue

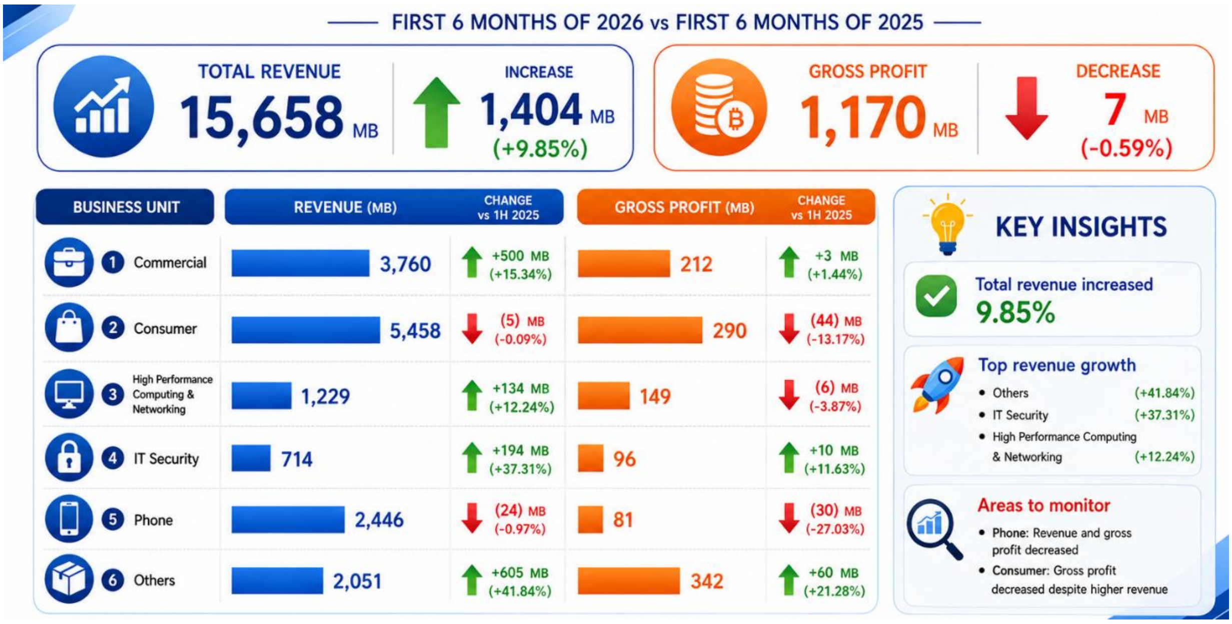
In Q2/2026, total revenue was 8,116 million Baht, an increase of 1,236 million Baht or 18.0% year on year. This comprised sales and service income of 8,063 million Baht, a gain on exchange of 40 million Baht and other income of 12 million Baht. For 6M/2026, total revenue was 15,785 million Baht, an increase of 1,509 million Baht or 10.6%, comprising sales and service income of 15,658 million Baht, a gain on exchange of 104 million Baht and other income of 23 million Baht.

Revenue from sales and services in Q2/2026 by segment

Business Unit	Revenue (million Baht)		Increase (Decrease)		Gross Profit (million Baht)		Increase (Decrease)	
	2026	2025	MB	%	2026	2025	MB	%
Commercial	2,028	1,673	355	21.22%	110	110	0	0.00%
Consumer	2,757	2,611	146	5.59%	148	166	(18)	(10.84%)
High Performance Computing & Networking	636	455	181	39.78%	85	80	5	6.25%
IT Security	363	244	119	48.77%	39	22	17	77.27%
Phone	1,129	1,142	(13)	(1.14%)	40	83	(43)	(51.81%)
Others	1,150	744	406	54.57%	173	145	28	19.31%
Total	**8,063**	**6,869**	**1,194**	**17.38%**	**595**	**606**	**(11)**	**(1.82%)**

Revenue from sales and services for 6-month period in 2026 by segment

Business Unit	Revenue (million Baht)		Increase (Decrease)		Gross Profit (million Baht)		Increase (Decrease)	
	2026	2025	MB	%	2026	2025	MB	%
Commercial	3,760	3,260	500	15.34%	212	209	3	1.44%
Consumer	5,458	5,463	(5)	(0.09%)	290	334	(44)	(13.17%)
High Performance Computing & Networking	1,229	1,095	134	12.24%	149	155	(6)	(3.87%)
IT Security	714	520	194	37.31%	96	86	10	11.63%
Phone	2,446	2,470	(24)	(0.97%)	81	111	(30)	(27.03%)
Others	2,051	1,446	605	41.84%	342	282	60	21.28%
Total	**15,658**	**14,254**	**1,404**	**9.85%**	**1,170**	**1,177**	**(7)**	**(0.59%)**



Segment Performance Summary for Q2 and 6-month period in 2026

Commercial: Q2/2026 sales increased by 355 million Baht or 21.2% year on year, bringing 6M/2026 sales growth to 500 million Baht or 15.3%. The main drivers were:

1. Tighter memory supply and higher prices, as some chip manufacturers shifted production capacity toward higher-return AI and data center chips, reducing market supply of memory products.
2. Accelerated enterprise purchasing, as customers expected IT prices to remain high and brought forward purchases to manage budgets and reduce future cost risk.
3. Continued demand for computers and commercial IT equipment to support AI adoption, hybrid work and infrastructure upgrades.

Although commercial sales increased, gross profit remained stable as growth was driven mainly by higher prices. Rising memory costs could only be partially passed on to customers amid intense price competition, limiting margin improvement.

Consumer: Sales in Q2/2026 increased by 146 million Baht, or 5.6% year-on-year. However, sales for the first six months decreased by 5 million Baht, or 0.1%, due to the continued slowdown in the consumer market. High household debt remained a key pressure on consumer purchasing power.

The main revenue contributors in this business segment were personal computers (PC) and storage products. Sales of PC and notebooks increased in line with stronger market demand, together with higher selling prices for memory products, including RAM and SSD, compared with the same period of the previous year. Sales of DIY products and storage devices also continued to grow. In addition, the Company secured a large project order for memory products and SSD, resulting in significant sales growth in these categories.

Gross profit declined despite the recognition of revenue from a large project during Q2. The project carried a relatively low margin, while the proportion of sales from core products with lower margins increased. Consequently, the gross profit margin of this business segment decreased.

High Performance Computing & Networking: Sales in Q2/2026 increased by 181 million Baht, or 39.8% year-on-year, while sales for the first six months increased by 134 million Baht, or 12.2%. The growth was driven by accelerated purchasing decisions among corporate customers following a significant increase in global memory chip prices, which led to expectations of continued price increases for servers and storage systems. Corporate customers therefore brought forward their purchases to manage budgets and mitigate the risk of higher costs in the future. The Company also recognized revenue from large projects that were progressively delivered to customers during the quarter. Nevertheless, businesses generally remained cautious about technology investments amid continued economic uncertainty.

IT Security: Sales in Q2/2026 increased by 119 million Baht, or 48.8% year-on-year, bringing sales for the first six months up by 194 million Baht, or 37.3%. The growth was driven by rising demand for cybersecurity solutions amid the increasing frequency and complexity of cyber threats. Both public- and private-sector organizations continued to accelerate investments in digital infrastructure and strengthen their information security systems in a more structured and comprehensive manner to manage risks and comply with increasingly stringent regulatory and data protection requirements. Gross profit from this product group increased in line with sales growth.

Phone: Sales in Q2/2026 decreased by 13 million Baht, or 1.1% year-on-year, resulting in a 24 million Baht, or 1.0%, decrease in sales for the first six months. The phone market remained saturated, while weaker consumer purchasing power led consumers to exercise greater caution in spending and delay device replacement. In addition, higher memory prices increased smartphone production costs, particularly for entry-level models, resulting in lower product availability and affecting consumers' purchasing decisions. At the same time, certain manufacturers increased the proportion of sales made through direct channels, causing the Company's sales through its distribution channels in some product categories to decline from the same period of the previous year.

Gross profit from phone decreased year-on-year, mainly because the Company received compensation from vendor in the previous year, which resulted in a higher gross profit during that period. No such compensation was recognized in the current year.

Others: Sales in Q2/2026 increased by 406 million Baht, or 54.6%, bringing sales for the first six months up by 605 million Baht, or 41.8% year-on-year. Significant growth was recorded across the following three product groups:

1. Energy Products: Sales in Q2 increased by 245 million Baht, or 272.2%, resulting in a 322 million Baht, or 192.8%, increase in sales for the first six months. Growth was supported by tax measures introduced by the Revenue Department to promote the installation of solar rooftop systems.

2. Surveillance Products: Sales in Q2 increased by 93 million Baht, or 36.6%, bringing sales for the first six months up by 98 million Baht, or 18.1%. The main products in this group are closed-circuit television (CCTV) cameras. Higher prices of memory chips, which are key product components, led to increased production costs and selling prices. Concerns over further price increases prompted certain customers to accelerate purchases and build inventory.

3. Audio-Visual Products: Sales in Q2/2026 increased by 29 million Baht, or 17.2%, bringing first-half sales up by 77 million Baht, or 25.0%. Growth was driven by continued demand for conference room systems supporting hybrid work and digital meetings, together with new product brands that expanded customer choice.

In addition to the business segment classification above, the Company categorizes its products into two main groups based on their different management requirements, as follows:

1. **Volume products** are mature, easy-to-use products with high sales volumes but low margins, limited market growth and intense competition. They comprise commercial products, consumer products and mobile phone products. The key strategy is to broaden distribution coverage, improve operating efficiency and control costs to maintain competitiveness.

2. **Value products** are newer technology products with higher gross margins but a smaller revenue base and generally require related services. They include value-added products and products from other segments. These products are in a growth stage and offer stronger profit potential. Over time, mature value products may be managed as volume products.

Sales and service income for Q2/2026 categorized by type are as follows:

Business Unit	Revenue (million Baht)		Increase (Decrease)		Gross Profit (million Baht)		Increase (Decrease)	
	2026	2025	MB	%	2026	2025	MB	%
Volume Products	**5,914**	**5,426**	**488**	**8.99%**	**298**	**359**	**(61)**	**(16.99%)**
Commercial	2,028	1,673	355	21.22%	110	110	0	0.00%
Consumer	2,757	2,611	146	5.59%	148	166	(18)	(10.84%)
Phone	1,129	1,142	(13)	(1.14%)	40	83	(43)	(51.81%)
Value Products	**2,149**	**1,443**	**706**	**48.93%**	**297**	**247**	**50**	**20.24%**
High Performance Computing & Networking	636	455	181	39.78%	85	80	5	6.25%
IT Security	363	244	119	48.77%	39	22	17	77.27%
Others	1,150	744	406	54.57%	173	145	28	19.31%
Total	**8,063**	**6,869**	**1,194**	**17.38%**	**595**	**606**	**(11)**	**(1.82%)**

Sales and service income for 6-month period in 2026 categorized by type are as follows:

Business Unit	Revenue (million Baht)		Increase (Decrease)		Gross Profit (million Baht)		Increase (Decrease)	
	2026	2025	MB	%	2026	2025	MB	%
Volume Products	**11,664**	**11,193**	**471**	**4.21%**	**583**	**654**	**(71)**	**(10.86%)**
Commercial	3,760	3,260	500	15.34%	212	209	3	1.44%
Consumer	5,458	5,463	(5)	(0.09%)	290	334	(44)	(13.17%)
Phone	2,446	2,470	(24)	(0.97%)	81	111	(30)	(27.03%)
Value Products	**3,994**	**3,061**	**933**	**30.48%**	**587**	**523**	**64**	**12.24%**
High Performance Computing & Networking	1,229	1,095	134	12.24%	149	155	(6)	(3.87%)
IT Security	714	520	194	37.31%	96	86	10	11.63%
Others	2,051	1,446	605	41.84%	342	282	60	21.28%
Total	**15,658**	**14,254**	**1,404**	**9.85%**	**1,170**	**1,177**	**(7)**	**(0.59%)**

2) Net Profit

For Q2/2026, the Company and its subsidiaries reported consolidated net profit of 268 million Baht, an increase of 77 million Baht or 40.0% year on year. For 6M/2026, net profit was 525 million Baht, an increase of 132 million Baht or 33.7%.

The key factors affecting net profit were as follows:

Gross profit: Q2/2026 gross profit was 595 million Baht, representing 7.4% of sales and service revenue, compared with 606 million Baht or 8.8% in Q2/2025. For 6M/2026, gross profit was 1,170 million Baht or 7.5% of sales and service revenue, compared with 1,177 million Baht or 8.3% in the same period of the previous year. The lower gross profit margin mainly reflected a higher contribution from lower-margin volume products. The Company continued to increase the sales mix of value products to support overall margin improvement.

Gain on exchange: The Company recorded a gain on exchange of 40 million Baht in Q2/2026, compared with a loss of 53 million Baht in the same period of the previous year.

For 6M/2026, the Company recorded a gain on exchange of 104 million Baht, compared with a loss of 38 million Baht in the prior-year period. The change resulted from movements in the Thai Baht against the US dollar.

Selling and administrative expenses: In Q2/2026, the Company recorded selling and administrative expenses of 312 million Baht, decreasing by 3 million Baht, or 0.8% year-on-year. As a result, the ratio of selling and administrative expenses to total revenue declined from 4.6% to 3.8%.

For the first six months of 2026, selling and administrative expenses amounted to 646 million Baht, decreasing by 3 million Baht, or 0.4% year-on-year. The expense-to-revenue ratio declined from 4.5% to 4.1%, remaining broadly in line with the previous year.

Finance income and cost: The Company recorded finance income of 12 million Baht and finance costs of 11 million Baht, compared with finance income of 15 million Baht and finance costs of 16 million Baht in the same period of the previous year, resulting in a slight improvement in net finance income.

For the first six months of 2026, finance income amounted to 21 million Baht, while finance costs were 19 million Baht, compared with 21 million Baht and 33 million Baht, respectively, in the same period of the previous year. This resulted in a 14 million Baht improvement in the net position, reflecting more efficient liquidity and working capital management.

Net profit: In Q2/2026, the Company recorded net profit of 268 million Baht, an increase of 76 million Baht, or 40.0% year-on-year, representing a net profit margin of 3.3% of total revenue.

For the first six months of 2026, the Company recorded net profit of 525 million Baht, an increase of 132 million Baht, or 33.7% year-on-year, with a net profit margin of 3.3% of total revenue.

Summary of Financial Position

Asset	2026		2025	
Current Assets	Million Baht	%	Million Baht	%
Cash and cash equivalents	377	2.71%	745	6.65%
Trade and other receivables - current	6,062	43.62%	5,428	48.48%
Current portion of long-term loan to other company	7	0.05%	7	0.06%
Inventories	5,906	42.50%	3,652	32.62%
Other current financial assets	33	0.24%	-	-
Other current assets	501	3.61%	329	2.94%
Total current assets	**12,886**	**92.73%**	**10,161**	**90.76%**
Non-current assets				
Trade and other receivables - non-current	145	1.04%	135	1.20%
Investment properties	66	0.47%	67	0.60%
Equipment	107	0.77%	127	1.13%
Right-of-use assets	167	1.20%	201	1.80%
Intangible assets	15	0.11%	16	0.14%
Deferred tax assets	493	3.55%	473	4.23%
Other non-current assets	17	0.12%	16	0.14%
Total non-current assets	**1,010**	**7.27%**	1,035	9.24%
Total assets	**13,896**	**100.00%**	**11,196**	**100.00%**

Liabilities and shareholders' equity	2026		2025	
Current liabilities	Million Baht	%	Million Baht	%
Short-term loans from financial institutions	2,471	17.78%	1,083	9.67%
Trade and other current payables	6,353	45.72%	5,068	45.27%
Current portion of liabilities under finance lease agreements	38	0.27%	51	0.45%
Income tax payable	62	0.45%	74	0.66%
Other current liabilities	19	0.14%	56	0.50%
Total current liabilities	**8,943**	**64.36%**	**6,332**	**56.55%**
Non-current liabilities				
Lease liabilities - net of current portion	132	0.95%	154	1.38%
Provision for cost of assets dismantlement	4	0.03%	4	0.04%
Provision for employee benefits	135	0.97%	122	1.09%
Total non-current liabilities	**271**	**1.95%**	**280**	**2.51%**
Total liabilities	**9,214**	**66.31%**	**6,612**	**59.06%**
Shareholders' equity				
Share Capital - issued and fully paid up	350	2.52%	350	3.13%
Share premium	436	3.14%	436	3.89%
Capital reserve for share-based payment	48	0.35%	38	0.34%
Retained earnings - appropriated - statutory reserve	35	0.25%	35	0.31%
Retained earnings - unappropriated	3,861	27.78%	3,763	33.61%
Treasury shares	(48)	(0.35%)	(38)	(0.34%)
Total shareholders' equity	**4,682**	**33.69%**	**4,584**	**40.94%**
Total liabilities and shareholders' equity	**13,896**	**100.00%**	**11,196**	**100.00%**

Asset

As at 30 June 2026, total assets were 13,896 million Baht, an increase of 2,700 million Baht or 24.1% from previous year. The main movements were as follows:

1. **Trade and other receivables:** In Q2/2026, total trade and other receivables were 6,207 million Baht, up 645 million Baht or 11.6%, in line with business and sales growth.

Despite the increase, the average collection period improved from 67.31 days to 65.22 days, reflecting effective receivables management and payment-risk control.

2. **Inventories:** In Q2/2026, inventories were 5,906 million Baht, up 2,254 million Baht or 61.7%. Average inventory days increased from 42.71 days to 55.78 days. Inventory comprised

1. Product available for sales	4,109 million Baht
2. Good in transit	1,055 million Baht
3. Sold products awaiting next-day delivery	742 million Baht
Total	**5,906 million Baht**

The higher inventory balance was mainly intended to support sales in the following quarter and reduce risk by securing products affected by emerging supply shortages or expected cost increases. Longer supplier lead times also required earlier ordering to avoid lost sales opportunities and ensure continuity of supply.

The Company continued to manage inventory closely; most inventory consisted of current, liquid products ready for sale.

Liabilities

As at 30 June 2026, total liabilities were 9,214 million Baht, an increase of 2,602 million Baht or 39.3% from year-end 2025. The main movements were as follows:

1. Short-term loans from financial institutions: In Q2/2026, the company short-term borrowings were 2,471 million Baht, up 1,389 million Baht or 128.3%. The additional borrowings funded working capital required for higher operating assets, including inventory purchased to manage memory supply shortages and price increases, and higher receivables from sales growth. The Company plans to reduce borrowings as inventory conditions and the market normalize.

2. Trade and other payables: Trade and other payables were 6,353 million Baht, up 1,285 million Baht or 25.4%. Average payment days increased from 31.37 days to 38.25 days. The Company continued to make payments in accordance with agreed terms, maintaining supplier confidence and adequate credit facilities.

Shareholders' Equity

As at 30 June 2026, shareholders' equity was 4,682 million Baht, an increase of 98 million Baht or 2.1% from year-end 2025, mainly supported by net profit generated during the period. In Q2/2026, the Company paid dividends of 427 million Baht.

Continued profitability reflected the Company's sound financial position and liquidity to support sustainable growth.

Statement of Cash Flow

Statement of Cash Flows (million Baht)	2026	2025	Change
Net cash provided by (used in) operating activities	(1,260)	615	(1,875)
Net cash provided by (used in) investing activities	(14)	55	(69)
Net cash provided by (used in) financing activities	907	(253)	1,160
Net increase (decrease) in cash and cash equivalents	**(367)**	**417**	**(784)**

For the first six months of 2026, the Company reported net cash used in operating activities of 1,260 million Baht, compared with net cash provided by operating activities of 615 million Baht in the same period of the previous year. The main reasons were as follows:

1. **Inventories increased by 2,285 million Baht:** This was primarily due to a shortage of memory chips, which are key components in manufacturing, together with longer lead times and an upward trend in costs. The Company therefore increased advance purchases and inventory levels to avoid lost sales opportunities and ensure timely delivery of products to customers. Purchase volumes will be reduced once the situation returns to normal.
2. **Trade and other receivables increased by 639 million Baht:** The increase was in line with sales growth and the expansion of business activities.
3. **Trade and other current payables increased by 1,284 million Baht:** The increase corresponded with higher product purchases made to build inventory reserves. The Company received favorable trade credit terms, which supported liquidity and partially offset the cash outflows.

Higher inventory and trade receivables increased working capital requirements, resulting in an additional 1,388 million Baht in bank borrowings. Borrowings are expected to decline as the memory chip shortage normalizes.

Factors That May Affect Future Operations or Growth

The Company recognizes that future operations and growth may be affected by internal and external risks amid continued uncertainty in the Thai and global economies. Key risks include:

- **Strategic risk:** the need to adapt business models and strategies to changing economic conditions and rapidly evolving technologies.
- **Operational risk:** effective inventory management for products subject to rapid obsolescence, intensifying competition, government policy changes and global geopolitical developments.
- **Financial risk:** foreign exchange volatility and customers' ability to meet payment obligations under changing economic conditions.
- **Sustainability risk:** environmental impacts from operations, human-rights considerations, and changes in domestic and international sustainability regulations.

To address these risks, the Company has established a comprehensive risk management plan. Key strategies include strengthening strategic partnerships with business partners, differentiating its products and services to meet market demand, closely monitoring market trends and consumer needs, and ensuring compliance with relevant regulations and international standards.

In addition, the Company continuously monitors emerging risks to ensure that it can maintain its competitiveness and achieve sustainable long-term growth.

Sustainability Developments

The Company remains committed to sustainable business practices based on good corporate governance, transparency and shared value creation for society and the environment. It continues to strengthen its environmental, social and governance (ESG) practices to build long-term competitiveness.

Key sustainability developments during the quarter included:

- **Inclusion in the 2026 ESG100 Universe:** the Company was selected by Thaipat Institute to be in the 2026 ESG100 Universe, reflecting its commitment to sustainability, good governance and responsible management of environmental, social and stakeholder impacts.
- **Support for AI and robotics innovation to improve sustainable productivity:** the Company continued to expand its robotics business from collaborative robots to humanoid robots. These solutions support the transition to the AI era, address labor challenges and an aging society, improve business efficiency, and promote more efficient use of resources and long-term sustainable development.