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Qualitech Public Company Limited

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Ref. Elth 017/2026

13 August 2026

Subject: Management Discussion and Analysis of the Operating Results for the Second Quarter Ended June 30, 2026

To: The Directors and Manager
The Stock Exchange of Thailand

Qualitech Public Company Limited and its subsidiaries (the "Company") would like to clarify the operating results for the second quarter ended June 30, 2026, as follows:

Overview of Business Operations, Significant Events and Developments

The operating results for the second quarter of 2026 did not meet the targets set by the Company. Revenue from sales and services decreased compared with the same period of the previous year, mainly due to the volume of work undertaken and the work eligible for revenue recognition during the quarter being lower than expected, particularly projects related to investment, construction, installation, and customers' annual maintenance shutdown plans in the Company's key industrial sectors.

The key factors were the slowdown in production and investment activities in certain industries, together with the war and conflicts in the Middle East, which resulted in increased volatility in energy prices, raw material costs, transportation costs, and supply chain costs, as well as increased uncertainty in overall business planning.

Under these circumstances, most customers have exercised greater caution in managing liquidity and budget expenditures by reviewing capital expenditure budgets, dividing project scopes into phases, or postponing project approvals. As the Company's engineering inspection services are aligned with each stage of the customers' main projects, when customers postpone their projects, the Company's revenue recognition schedule is also delayed accordingly. The postponement of projects resulted in the Company's utilization rates of personnel and equipment being lower than planned. This was because certain service costs are fixed costs and semi-fixed costs that cannot be reduced immediately in proportion to the decrease in revenue, resulting in lower cost absorption and operating profit margins.

However, the Company has implemented measures to mitigate the impact of external factors and strengthen the stability of its operating results in the long term, with a focus on increasing the proportion of regular inspection and maintenance services, which are highly essential to the safety and continuity of customers' operations. This is accompanied by expanding the customer base in industries with growth potential. The Company has also implemented measures to control the cost of sales and services, as well as administrative expenses, in line with the level of revenue and volume of work. As a result, the aforementioned costs and expenses decreased compared with the same period of the previous year. In addition, the Company is in the process of developing systematic sales management and customer relationship management processes to enhance its competitiveness, reduce reliance on revenue from any industry, and support the recovery of operating results in the next period.

Business Development for Sustainability

The Company is committed to driving growth by integrating ESG principles into its engineering services, while applying innovation and advanced technologies to its work processes to create added value for customers, reduce environmental impacts, and enhance safety standards to international levels. The key performance highlights are as follows:

1. Environment

The Company focuses on delivering "Eco-Friendly Engineering Services" to help customers in target industries reduce greenhouse gas emissions and pollution. The Company has expanded its advanced testing services as an alternative to radiographic testing and penetrant testing, which helps reduce hazardous waste generation and pollution from residual chemicals in the process, as well as occupational health risks at worksites. In addition, the Company has adopted a new technology for cleaning heat exchanger and tube boiler systems as an alternative to conventional high-pressure water jet cleaning methods. This helps reduce water consumption and wastewater generation in customers' processes by up to 90%.

2. Social and Safety

The Company places the highest importance on health, safety, and human resource development, while maintaining the goal of zero Lost Time Injuries (LTI) among both employees and contractors at operating sites. The Company also analyzes accident and risk data to continuously improve safety measures, promotes the use of technology to inspect high-risk or difficult-to-access areas in order to reduce personnel exposure to risks, and develops employees' skills through Multi-Skilling to enhance flexibility and efficiency in providing a diverse range of services. These efforts are carried out alongside regular activities for society and surrounding communities.

3. Corporate Governance

The Company maintains its international service standards certifications, ISO/IEC 17020 and ISO/IEC 17025, and operates in accordance with good corporate governance principles, internal controls, and risk management. The Company also maintains its membership in the Thai Private Sector Collective Action Against Corruption (CAC). These initiatives form part of the Company's approach to enhancing its services to better respond to the needs of industries that increasingly prioritize efficiency, safety, and sustainability.

Overview of Operating Results

(Unit: Million Baht))

STATEMENTS OF COMPREHENSIVE INCOME (Consolidated Financial Statements)	Q1/2569	Q1/2568	Change	
			Amount	%
Revenue from sales and services	71.18	88.30	-17.12	-19.39%
Cost of sales and services	(59.03)	(65.42)	-6.40	-9.78%
Gross profit	**12.15**	**22.87**	**-10.72**	**-46.88%**
Other income	0.19	0.26	-0.08	-29.56%
Selling expenses	(3.07)	(2.31)	0.76	32.94%
Administrative expenses	(17.43)	(20.76)	-3.32	-16.01%
Finance costs	(0.44)	(0.52)	-0.08	-15.10%
Profit (loss) before income tax	**(8.60)**	**(0.45)**	**8.16**	**1,827.26%**
Income tax (expenses) income	1.24	0.13	1.11	867.17%
Profit (loss) for the period	**(7.37)**	**(0.32)**	**7.05**	**2,212.56%**
Profit (loss) attributable to owners of the parent	**(7.37)**	**(0.32)**	**7.05**	**2,212.58%**

1. Revenue

In the second quarter of 2026, the Company reported revenue from sales and services of Baht 71.18 million, decreasing by Baht 17.12 million or 19.39% compared to the same period of the previous year. The decrease was mainly attributable to the impact of economic conditions and the war situation. Overall industrial investment remained sluggish, and certain affected customers postponed their investment decisions and the commencement of new projects. As a result, revenue from services for several projects did not meet the Company's expectations. Nevertheless, the Company continues to focus on maintaining its existing customer base while expanding business opportunities in inspection and engineering maintenance services, which remain essential to safety and operational continuity in the industrial sector.

2. Cost of Sales and Services

In the second quarter of 2026, the Company reported cost of sales and services of Baht 59.03 million, decreasing by Baht 6.40 million or 9.78% compared to the same period of the previous year, in line with the decrease in work volume. However, cost of sales and services decreased at a lower rate than the decrease in revenue because certain service costs are fixed costs and semi-fixed costs, particularly personnel costs, depreciation of equipment, and equipment maintenance expenses, which the Company needs to maintain operational readiness to support services provided to customers. As a result, the ratio of cost of sales and services to revenue increased compared to the same period of the previous year.

3. Gross Profit

In the second quarter of 2026, the Company reported gross profit of Baht 12.15 million, decreasing by Baht 10.72 million or 46.88% compared to the same period of the previous year. The decrease wasattributable to revenue decreasing at a higher rate than the decrease in cost of sales and services.The Company therefore focuses on managing resource utilization, allocating personnel and equipment in line with the volume of work, as well as managing costs on a project-by-project basis, to support the recovery of gross profit margin and profitability in the next period

4. Selling Expenses

In the second quarter of 2026, the Company reported selling expenses of Baht 3.07 million, increasing by Baht 0.76 million or 32.94% compared to the same period of the previous year. The increase was mainly attributable to the Company increasing the number of sales and marketing staff to expand its customer base.

5. Administrative Expenses

In the second quarter of 2026, the Company reported administrative expenses of Baht 17.43 million, decreasing by Baht 3.32 million or 16.01% compared to the same period of the previous year. The decrease was mainly attributable to lower expected credit losses, as the Company was able to follow up and receive more repayments from overdue receivables. In addition, certain administrative expenses decreased, such as legal consulting fees, directors' meeting fees, and executive compensation.

6. Profit (Loss) Attributable to Owners of the Parent

In the second quarter of 2026, the Company reported a loss attributable to owners of the parent of Baht 7.37 million. Compared to the same period of the previous year, when the Company reported a loss attributable to owners of the parent of Baht 0.32 million, the operating loss increased by Baht 7.05 million or 2,212.58%.

STATEMENTS OF FINANCIAL POSITION

Consolidated Financial Statements	Q2/2026		Year 2025		%
	Million Baht	%	Million Baht	%	Change
Total assets	345.82	100.00%	367.82	100.00%	-5.98%
Total liabilities	74.73	21.61%	86.96	23.65%	-14.06%
Equity attributable to owners of the parent	271.08	78.39%	280.85	76.35%	-3.48%

Total Assets

As of June 30, 2026, the Company had total assets of Baht 345.82 million, decreasing by Baht 22.00 million or 5.98% from December 31, 2025. The Company's total assets consisted of the following:

Current Assets as of June 30, 2026, the Company had current assets of Baht 162.53 million, decreasing by Baht 20.67 million or 11.28% from December 31, 2025, mainly due to the following factors:

- Cash and cash equivalents increased by Baht 6.51 million.
- Trade and other current receivables decreased by Baht 26.08 million.
- Contract assets increased by Baht 0.73 million.
- Inventories decreased by Baht 1.83 million.

The decrease in trade and other current receivables reflected improved efficiency in debt collection and receivables management, while contract assets increased in line with the progress of ongoing service projects.

Non-current Assets as of June 30, 2026, the Company had non-current assets of Baht 183.29 million, decreasing by Baht 1.34 million or 0.72% from December 31, 2025. The key details were as follows:

- Property, plant and equipment decreased by Baht 2.40 million.
- Right-of-use assets decreased by Baht 4.13 million.
- Intangible assets other than goodwill decreased by Baht 0.86 million.
- Deferred tax assets increased by Baht 0.98 million.
- Refundable income tax increased by Baht 4.83 million.
- Other non-current assets increased by Baht 0.24 million.

Total Liabilities

As of June 30, 2026, the Company had total liabilities of Baht 74.73 million, decreasing by Baht 12.23 million or 14.06% from December 31, 2025. The Company's total liabilities consisted of the following:

Current Liabilities as of June 30, 2026, the Company had current liabilities of Baht 34.86 million, decreasing by Baht 10.49 million or 23.14% from December 31, 2025. The key details were as follows:

- Trade and other current payables decreased by Baht 10.44 million.
- Current portion of lease liabilities decreased by Baht 0.40 million.
- Income tax payable decreased by Baht 0.05 million.
- Current provisions for employee benefits increased by Baht 0.39 million.

Non-current Liabilities As of June 30, 2026, the Company had non-current liabilities of Baht 39.87 million, decreasing by Baht 1.74 million or 4.17% from December 31, 2025, mainly due to the following factors:

- Lease liabilities decreased by Baht 2.87 million.
- Non-current provisions for employee benefits increased by Baht 1.24 million.
- Other non-current liabilities decreased by Baht 0.10 million.

Equity Attributable to Owners of the Parent

As of June 30, 2026, the Company had equity attributable to owners of the parent of Baht 271.08 million, decreasing by Baht 9.77 million or 3.48% from December 31, 2025. The decrease was attributable to the operating results for the second quarter of 2026, which resulted in a loss of Baht 9.77 million, mainly comprising a loss for the six-month period attributable to owners of the parent of Baht 6.72 million and dividends of approximately Baht 3.05 million.

Statement of Cash Flows

Statement of Cash Flows (Consolidated Financial Statements)	For the three-month period ended 30 June 2026 (Million Baht)
Net cash provided by (used in) operating activities	16.88
Net cash provided by (used in) investing activities	(4.06)
Net cash provided by (used in) financing activities	(6.31)
Net increase (decrease) in cash and cash equivalents	6.51
Cash and cash equivalents at beginning of the period	59.21
Cash and cash equivalents at end of the period	65.72

As of June 30, 2026, the Company had cash and cash equivalents amounting to Baht 65.72 million. Net cash provided by operating activities amounted to Baht 16.88 million. Net cash used in investing activities amounted to Baht 4.06 million, mainly from investments in tools and equipment. Net cash used in financing activities amounted to Baht 6.31 million, mainly from repayments of lease liabilities and dividend payments to shareholders.

Financial Ratios

Financial Ratios (Consolidated Financial Statements)	Q2/2026	Q2/2025
Profitability Ratios		
Gross profit margin (%)	22.56%	27.69%

Financial Ratios (Consolidated Financial Statements)	Q2/2026	Q2/2025
Operating profit margin (%)	(4.12%)	(0.75%)
Net profit margin (%)	(4.07%)	(1.29%)
Return on equity (%)	(2.43%)	(0.81%)
Liquidity Ratios		
Current ratio (times)	4.66	4.39
Trade receivable turnover ratio (times)	4.56	4.44
Average collection period (days)	81	83
Trade payable turnover ratio (times)	10.08	7.74
Average payment period (days)	37	48

- The Company's gross profit margin, operating profit margin, and net profit margin decreased due to the decline in operating results. The main factors were lower revenue and lower absorption of fixed and semi-fixed costs in line with the decrease in work volume, resulting in lower profitability.
- The Company's return on equity decreased in line with the Company's net loss for the current period.
- The Company's current ratio increased because current liabilities decreased at a higher proportion than current assets, particularly due to a decrease in trade and other current payables.
- The Company's trade receivable turnover ratio increased and the average collection period decreased, reflecting improved follow-up and collection of receivables, together with lower revenue and trade receivables compared with the previous period.
- The Company's trade payable turnover ratio increased and the average payment period decreased due to a decrease in cost of sales and services and trade payables.

Factors or Events That May Have a Significant Impact on Financial Position and Future Operations

The Company continues to monitor uncertainties in economic conditions, international conflicts, as well as volatility in energy prices, raw material costs, and supply chain costs, which may affect customers' investment decisions, project approvals, and maintenance shutdown plans, and may result in changes to the Company's work commencement schedules and revenue recognition from the planned schedule.

Therefore, the Company places importance on closely monitoring project Backlog and Pipeline, increasing the proportion of regular inspection and maintenance services, expanding its customer base and target industries, managing the utilization rates of personnel and equipment, and controlling costs in line with the level of revenue. These measures are intended to limit the impact on the Company's profitability and maintain its financial liquidity.

Please be informed accordingly.

Yours sincerely,

(Ms.Rinnatha Akeassavapirom)

President