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Subject: Management Discussion and Analysis for the six-month period ended 30 June 2026

To: Managing Director, the Stock Exchange of Thailand

Please find management discussion and analysis for the six-month period ended 30 June 2026 of Thai Enger Holding Public Company Limited ("the Company") as the following details:

The Consolidated Financial Statements for the six-month period ended 30 June 2026;

Consolidated : Million Baht	Q2 25	%	Q2 26	%	Inc/(Dec	%
Revenues from sales and services	328.06	100.00	360.23	100.00%	32.17	9.81%
Cost of sales and services	302.58	92.23%	338.54	93.98%	35.96	11.88%
Gross profit (loss)	**25.48**	**7.77%**	**21.69**	**6.02%**	**(3.79)**	**(14.87%)**
Selling expenses	2.78	0.85%	2.30	0.64%	(0.48)	(17.27%)
Administrative expenses	25.89	7.89%	24.40	6.77%	(1.49)	(5.76%)
Loss from operation	**(3.19)**	**(0.97%)**	**(5.01)**	**(1.39%)**	**(1.82)**	**57.05%**
Other income	0.67	0.20%	1.66	0.46%	0.99	147.76%
Loss before interests &taxes	**(2.52)**	**(0.77%)**	**(3.35)**	**(0.93%)**	**(0.83)**	**32.94%**
Share of profit from associate	2.14	0.65%	0.61	0.17%	(1.53)	(71.50%)
Finance costs	(1.41)	(0.43%)	(0.88)	(0.24%)	0.53	(37.59%)
Income tax expense	0.50	0.15%	0.11	0.00	(0.39)	(78.00%)
Net loss	**(3.59)**	**(1.09%)**	**(3.51)**	**(0.97%)**	**0.08**	**(2.23%)**

Over the recent period, Thailand's construction industry has continued to face intense competition amid the slowdown in both public and private sector investment. The decline in new construction projects has resulted in a market where a large number of contractors are competing for a limited pool of opportunities, leading to increasingly aggressive price competition. At the same time, project owners have become more selective in their contractor selection, placing greater emphasis on financial strength, project management capability, and corporate credibility than ever before. As a result, the operating environment has become significantly more challenging for the construction industry.

For the six-month period ended 30 June 2026, the Company reported a net loss of THB 3.51 million, compared to a net loss of THB 3.59 million in the same period of the previous year. Although the Company returned to profitability in the first quarter of 2026, recording a net profit of THB 4.80 million, this was offset by a net loss of THB 8.30 million in the second quarter. Despite the operating loss, the Company made significant progress in strengthening its cash flow management during the period. Trade receivables and unbilled receivables were substantially reduced, while billings exceeded construction costs incurred by a meaningful margin. The additional operating cash flow generated from advance billings was utilized to repay trade payables and bank borrowings, resulting in a reduction of the Company's debt-to-equity ratio from 0.83 times to 0.78 times. The Company's second-quarter operating loss was primarily attributable to two key factors. First, two government construction projects were completed with actual project costs exceeding their original budgets (Project Cost Overrun). These consisted of the Surin Water Supply Project and the Photharam Water Supply Project, which exceeded their respective budgets by THB 1.50 million and THB 8.00 million. The total cost overrun of THB 9.50 million was recognized as an expense during the second quarter of 2026, significantly reducing the Company's gross profit and preventing it from fully covering selling and administrative expenses. Second, the overall construction market remained weak, limiting the Company's ability to secure new projects to replace completed contracts. In addition, the Company's two subsidiaries and one associate were also affected by the challenging economic environment, resulting in operating results below management's expectations and further impacting the Group's overall performance.

Toward the end of 2024, the Company secured a THB 670 million contract for the construction of a six-star luxury hotel in Phuket, increasing the Company's backlog to THB 1,575 million as of 31 December 2024, the highest level in recent years. However, throughout 2025 and continuing into 2026, the prolonged slowdown in the construction sector significantly reduced new project opportunities. During the first quarter of 2026, the Company successfully secured two small construction projects with a combined contract value of THB 40 million. As of 30 June 2026, the Company's remaining backlog stood at THB 602 million, comprising approximately 30% private-sector projects and 70% government projects. Management believes that the current backlog has fallen below the level required to support the Company's long-term growth, primarily due to the limited availability of large new projects and the cancellation of more than THB 80 million of existing backlog as a result of project owners' cash flow concerns. To address these challenges, the Company has adopted a strategy aimed at rebuilding a high-quality backlog by focusing on projects that align with the Company's core capabilities, offer sustainable profitability, and maintain an acceptable level of risk, rather than pursuing backlog growth for its own sake. The Company's strategic initiatives are summarized as follows:

1. Smart Bidding Strategy

The Company has fundamentally transformed its bidding approach from pursuing project volume to selectively targeting projects that are aligned with the Company's execution capability and long-term profitability objectives. Greater emphasis is now placed on project risk assessment, operational capability, project owner credibility, and the quality of cost estimation. This disciplined bidding approach is intended to build a healthier and more profitable backlog, rather than simply increasing revenue through additional project awards.

2. Strengthening Organizational Capability

The Company continues to invest in the development of its people, technology, and operational processes to enhance project execution and customer service standards. The Company's long-term objective is to evolve into a Consult-capable Contractor, capable of providing value-added engineering solutions and professional advice beyond conventional construction services. At the same time, digital technologies and Artificial Intelligence (AI) are being adopted to improve operational efficiency and strengthen the Company's long-term competitiveness.

3. Focusing on Customer Quality and Cash Flow Management

The Company places strong emphasis on maintaining healthy cash flow while exercising greater discipline in project selection. Increased attention is given to evaluating the financial strength and credibility of project owners to reduce collection risk and improve payment certainty. In parallel, the Company continues to strengthen receivable collection and working capital management in order to preserve liquidity and maintain financial stability.

4. Portfolio Transformation toward Higher-Potential Markets

The Company is strategically expanding its presence in sectors that continue to demonstrate sustainable growth and require higher levels of technical capability, including luxury hotels and resorts, international schools, private hospitals, as well as manufacturing facilities and projects supported by foreign direct investment (FDI). This portfolio transformation is intended to strengthen the Company's competitive positioning while reducing its exposure to highly commoditized, price-driven construction markets.

A detailed analysis of the company’s operating performance is as follows.

Revenue from Construction and Services

For the six-month period ended 30 June 2026, the Group reported revenue from construction and services of THB 360.23 million, compared to THB 328.06 million in the same period of the previous year, representing an increase of THB 32.17 million, or 9.81%. Although the Company secured only a limited number of new projects during the period and several existing projects experienced delays due to the current economic environment, revenue increased primarily as a result of accelerated construction progress on the six-star luxury hotel project in Phuket. Both the physical construction progress and project billings increased significantly during the reporting period.

The principal revenue-generating projects during the second quarter of 2026 included: Six-Star Luxury Hotel Project, Phuket: THB 243.52 million, Phajuk Water Transmission and Drainage System Project, Uttaradit Province: THB 42.49 million, Ari Condominium Project: THB 25.26 million. In addition to construction revenue, the Group also generated increasing revenue from its construction support businesses, namely TEG Aluminum Co., Ltd. and Cons Inno Co., Ltd., which together contributed THB 15.92 million (excluding intercompany transactions). The revenue mix during the period consisted of 13% government projects and 87% private-sector projects.

Cost of Construction and Services

For the second quarter of 2026, the Group recorded cost of construction and services of THB 338.54 million, representing an increase of THB 35.96 million, or 11.88%, compared to the same period last year. The increase was generally in line with the growth in construction revenue. As a result, the cost-to-revenue ratio for the quarter was 93.98%, compared with 92.23% in the corresponding period of the previous year, indicating a relatively consistent cost structure.

Gross Profit

Gross profit for the second quarter of 2026 amounted to THB 21.69 million, a decrease of THB 3.79 million, or 14.87%, from the same period last year. The gross profit margin declined to 6.02%, which remained below both the Company's internal target and the average expected margin of its current project backlog. During the quarter, the Company completed two government projects that incurred actual construction costs exceeding their original budgets, resulting in total project cost overruns of THB 9.50 million, as discussed above. The majority of these additional costs were incurred in accelerating project completion and achieving construction milestones in accordance with the Company's cash flow management strategy, enabling timely billing and collection from project owners.

Selling and Administrative Expenses

Selling and administrative expenses for the second quarter of 2026 totaled THB 26.70 million, compared with THB 28.67 million in the same period of the previous year. The decrease was primarily attributable to the Company's ongoing cost control initiatives, including reductions in non-essential administrative expenses and organizational restructuring to better align staffing levels with the current business environment.

Net Loss

For the second quarter of 2026, the Group reported a net loss of THB 3.51 million, which was broadly in line with the corresponding period of the previous year despite higher construction revenue. The principal reason was the Company's deliberate strategy to strengthen cash flow by accelerating the completion and billing of older projects. While this strategy significantly improved operating cash flow, it also resulted in additional project completion costs and the recognition of project cost overruns. In addition, the Group's subsidiaries and associate were affected by the continued slowdown in the construction industry. Although these businesses remained operational, their financial performance was substantially below management's expectations, further impacting the Group's consolidated results.

Despite the challenging conditions facing the construction industry, management believes that the Company's strategic transformation—including the implementation of Smart Bidding, the strengthening of organizational capability, and a greater focus on projects that align with the Company's core expertise—will support the development of a higher-quality project portfolio and strengthen the Group's financial position over the long term.

Yours sincerely,

(Mr.Viboon Pojanalai)

Chief Financial Officer