PROEN Corp Public Company Limited and Subsidiaries

Management Discussion and Analysis Quarter 2 of 2026

Business overview

PROEN Corp Public Company Limited and its subsidiaries ("the Group") operate in the field of Information Communication and Technology (ICT), Internet Data Center (IDC), Internet Service Provider (ISP), and Cloud Services, collectively called ICT business, which constitutes the primary source of revenue. Additionally, the Group undertakes telecommunications and infrastructure project contracting services. The Group's key strategies include:

- Promoting comprehensive services by developing new products and services to meet the needs of existing customers, thereby enhancing value and building customer loyalty.
- Expanding the customer base within the telecommunications infrastructure sector.
- Increasing accessibility through the PROEN Power Partner Program and the PROEN Customer Loyalty Program.

Operating result

For the six-month period ended 30 June 2026, the Group recorded total revenue of Baht 183.13 million, a decrease of Baht 107.92 million or 37.08% compared with the corresponding period of the previous year. The decrease was mainly attributable to lower sales revenue of Baht 7.24 million and lower service revenue of Baht 15.24 million, resulting in an aggregate decrease in revenue from sales and services of Baht 22.48 million. The decrease in sales revenue was mainly due to the fact that, in the corresponding period of the previous year, the Company had recognized revenue from a government project involving the procurement of machinery for water resource development, which resulted in higher sales revenue than in the current period. Nevertheless, during the second quarter of 2026, the Company recorded higher revenue from the sale of technology-related equipment. Service revenue decreased primarily due to lower revenue from project management services for a public service center, which had been recognized in the first quarter of 2025. Revenue from data center (IDC) services also decreased as a result of lower customer usage. However, the Company expanded its revenue base by increasing the provision of Government Data Center and Cloud Services (GDCC) for general information systems and Open Data services. Revenue from infrastructure projects decreased by Baht 85.44 million, mainly because existing projects had gradually been completed during 2025. Nevertheless, the Company continued to pursue new projects in 2026 and was in the process of submitting bids and awaiting the results of several tenders. The Group recorded gross profit of Baht 49.54 million, representing a decrease of Baht 2.38 million or 4.58% compared with the corresponding period of the previous year. Despite the decline in revenue, gross profit remained relatively stable compared with the same period of the previous year. The Company continued to closely monitor its operating performance and adjust its business plans as appropriate in response to prevailing circumstances. The Company recorded a net loss of Baht 34.94 million, primarily due to relatively high selling and administrative expenses. Nevertheless, the Company continued to closely monitor and control such expenses. In addition, during the period, the Company recognized other losses totaling Baht 15.76 million, comprising a loss of Baht 2.41 million arising from the modification of the terms and conditions of its debentures. The loss represented the difference between the previous carrying amount of the financial liability and the carrying amount of the modified financial liability, which was determined based on the present value of the modified contractual cash flows discounted using the original effective interest rate of the existing financial liability and adjusted for related fees. The modification of the debenture terms included an extension of the maturity date by two years and an increase in the interest rate from 7.00% per annum to 7.25% per annum. The Company also recognized a loss of Baht 13.17 million from the fair value measurement of derivative contracts.

For the three-month period from April to June 2026, the Group recorded total revenue of Baht 101.05 million, a decrease of Baht 22.57 million or 18.26% compared with the corresponding period of the previous year. Service revenue decreased by Baht 6.79 million or 9.01% compared with the corresponding period of the previous year, mainly due to lower revenue from Information Data Center (IDC) services as a result of decreased customer usage. However, the Company expanded its revenue base through increased provision of Government Data Center and Cloud

Services (GDCC) for general information systems and Open Data services. Sales revenue increased by Baht 27.67 million or 588.72%, mainly attributable to higher revenue from the sale of technology-related equipment. Revenue from infrastructure projects decreased by Baht 43.56 million or 99.75%, mainly because existing projects had gradually been completed during 2025. Nevertheless, the Company continued to pursue new projects in 2026 and was in the process of submitting bids and awaiting the results of several tenders. The Group's gross profit decreased by Baht 2.12 million or 7.58% compared with the corresponding period of the previous year. Despite the decline in revenue, gross profit remained relatively stable compared with the same period of the previous year. The Company continued to closely monitor its operating performance and adjust its business plans as appropriate in response to prevailing circumstances. The Company recorded a net loss of Baht 22.83 million, primarily due to relatively high selling and administrative expenses. Nevertheless, the Company continued to closely monitor and control such expenses. In addition, during the second quarter of 2026, the Company recognized other losses totaling Baht 11.49 million, arising from losses on the fair value measurement of derivative contracts.

Business Operation Analysis

The cumulative performance comparison for the six-month periods ending on June 30, 2026, and 2025, can be summarized as follows:

Operating Result	Quarter 2/2026 (Jan - Jun)		Quarter 2/2025 (Jan - Jun)		Change YoY	
(Unit : million Baht)	MB.	%	MB.	%	Increase (Decrease)	%
Total revenues	183.13	100.00%	291.05	100.00%	(107.92)	(37.08%)
Total costs	(133.59)	(72.95%)	(239.13)	(82.16%)	(105.54)	44.13%
Gross profit	49.54	27.05%	51.92	17.84%	(2.38)	(4.58%)
Gain (loss) on sale of investment	(0.37)	(0.20%)	52.15	17.92%	52.52	100.00%
Other income	1.16	0.63%	1.37	0.47%	(0.21)	(15.33%)
Distribution costs	(15.11)	(8.25%)	(13.10)	(4.50%)	2.01	(15.34%)
Administrative expenses	(47.06)	(25.70%)	(51.24)	(17.61%)	(4.18)	8.16%
Other gains (losses)	(15.76)	(8.61%)	2.75	0.01	18.51	673.09%
(Loss) profit from operations	(27.60)	(15.07%)	43.85	15.07%	(71.45)	162.94%
Finance costs	(10.70)	(5.84%)	(13.72)	(4.71%)	(3.02)	22.01%
Share of loss of an associate accounted for using the equity method	-	-	(4.32)	(1.48%)	(4.32)	(100.00%)
Profit (loss) before income tax (expense) income	(38.30)	(20.91%)	25.81	8.87%	(64.11)	248.39%
Income tax (expense) income	3.36	1.83%	(6.82)	(2.34%)	10.18	(149.27%)
Profit (loss) for the periods	(34.94)	(19.08%)	18.99	6.52%	(53.93)	283.99%

The performance comparison for the three-month periods ending June 30, 2026, and 2025, can be summarized as follows:

Operating Result	Quarter 2/2026 (Apr - Jun)		Quarter 2/2025 (Apr - Jun)		Change YoY	
(Unit: million Baht)	MB.	%	MB.	%	Increase (Decrease)	%
Total revenues	101.05	100.00%	123.62	100.00%	(22.57)	(18.26%)
Total costs	(75.20)	(74.42%)	(95.65)	(77.37%)	(20.45)	21.38%
Gross profit	25.85	25.58%	27.97	22.63%	(2.12)	(7.58%)
Gain (loss) on sale of investment	(0.37)	(0.37%)	52.15	42.19%	(52.52)	(100.71%)
Other income	0.63	0.62%	1.11	0.90%	(0.48)	(43.24%)
Distribution costs	(8.25)	(8.16%)	(7.56)	(6.12%)	0.69	(9.13%)
Administrative expenses	(25.78)	(25.51%)	(27.34)	(22.12%)	(1.56)	5.71%
Other gains (losses)	(11.49)	(11.37%)	1.28	1.04%	12.77	997.66%
(Loss) profit from operations	(19.41)	(19.21%)	47.61	38.51%	(67.02)	140.77%
Finance costs	(6.29)	(6.22%)	(6.05)	(4.89%)	(0.24)	3.97%
Share of loss of an associate accounted for using the equity method	-	-	(0.89)	(0.72%)	0.89	(100.00%)
Profit (loss) before income tax (expense) income	(25.70)	(25.43%)	40.67	32.90%	(66.37)	163.19%
Income tax income (expense)	2.87	2.84%	(5.78)	(4.68%)	8.65	(149.65%)
Profit (loss) for the periods	(22.83)	(22.59%)	34.89	28.22%	(57.72)	165.43%

Revenue, Cost, and Gross Profit

Operating Result	Revenue				Cost				Gross Profit			
(Unit: million Baht)	Jan - Jun 2026 (6 months)	Jan - Jun 2025 (6 months)	Increase (Decrease)	%	Jan - Jun 2026 (6 months)	Jan - Jun 2025 (6 months)	Increase (Decrease)	%	Jan - Jun 2026 (6 months)	Jan - Jun 2025 (6 months)	Increase (Decrease)	%
ICT Business:												
Revenues from sales of goods	47.48	54.72	(7.24)	(0.13)	43.36	48.68	(5.32)	(0.11)	4.12	6.04	(1.92)	(0.32)
Revenues from rendering of services	134.86	150.10	(15.24)	(10.15%)	86.05	102.71	(16.66)	(16.22%)	48.81	47.39	1.42	3.00%
Total revenue from ICT business	**182.34**	**204.82**	**(22.48)**	**(10.98%)**	**129.41**	**151.39**	**(21.98)**	**(14.52%)**	**52.93**	**53.43**	**(0.50)**	**(0.94%)**
Infrastructure construction business:												
Revenues from construction contracts	0.79	86.23	(85.44)	(99.08%)	4.18	87.74	(83.56)	(95.24%)	(3.39)	(1.51)	(1.88)	124.50%
Total revenue from main business	**183.13**	**291.05**	**(107.92)**	**(37.08%)**	**133.59**	**239.13**	**(105.54)**	**(44.13%)**	**49.54**	**51.92**	**(2.38)**	**(4.58%)**

Operating Result	Revenue				Cost				Gross Profit			
(Unit: million Baht)	Apr - Jun 2026 (3 months)	Apr - Jun 2025 (3 months)	Increase (Decrease)	%	Apr - Jun 2026 (3 months)	Apr - Jun 2025 (3 months)	Increase (Decrease)	%	Apr - Jun 2026 (3 months)	Apr - Jun 2025 (3 months)	Increase (Decrease)	%
ICT Business:												
Revenues from sales of goods	32.37	4.70	27.67	588.72%	30.43	4.05	26.38	651.36%	1.94	0.65	1.29	198.46%
Revenues from rendering of services	68.57	75.36	(6.79)	(9.01%)	42.77	52.83	(10.06)	(19.04%)	25.80	22.53	3.27	14.51%
Total revenue from ICT business	**100.94**	**80.06**	**20.88**	**26.08%**	**73.20**	**56.88**	**16.32**	**28.69%**	**27.74**	**23.18**	**4.56**	**19.67%**
Infrastructure construction business:												
Revenues from construction contracts	0.11	43.56	(43.45)	(99.75%)	2.00	38.77	(36.77)	(94.84%)	(1.89)	4.79	(6.68)	(139.46%)
Total revenue from main business	**101.05**	**123.62**	**(22.57)**	**(18.26%)**	**75.20**	**95.65**	**(20.45)**	**(21.38%)**	**25.85**	**27.97**	**(2.12)**	**(7.58%)**

Revenue

For the six-month period from January to June 2026, the Company recorded total revenue from its core businesses of Baht 183.13 million, a decrease of Baht 107.92 million or 37.08% compared with the corresponding period of the previous year. The decrease was mainly attributable to a decline in sales revenue of Baht 7.24 million and a decrease in service revenue of Baht 15.24 million, resulting in an aggregate decrease in revenue from sales and services of Baht 22.48 million. In the corresponding period of the previous year, the Company had been awarded a government project for the procurement of machinery sets for water resource development, which resulted in higher sales revenue than that recorded in the current period. Nevertheless, during the second quarter of 2026, the Company recorded higher revenue from the sale of technology-related equipment. Service revenue decreased mainly due to lower revenue from project management services for a public service center, which had been recognized during the first quarter of 2025. Revenue from Information Data Center (IDC) services also declined as a result of lower customer usage. However, the Company expanded its revenue base through increased provision of Government Data Center and Cloud Services (GDCC) for general information systems and Open Data services. Revenue from infrastructure projects decreased by Baht 85.44 million, mainly because existing projects had gradually been completed during 2025. Nevertheless, the Company continued to pursue new projects in 2026 and was in the process of submitting bids and awaiting the results of several tenders.

For the three-month period from April to June 2026, the Company recorded revenue from its core businesses of Baht 101.05 million, a decrease of Baht 22.57 million or 18.26% compared with the corresponding period of the previous year. Service revenue decreased by Baht 6.79 million or 9.01% compared with the corresponding period of the previous year, mainly due to lower revenue from Information Data Center (IDC) services as a result of decreased customer usage. However, the Company expanded its revenue base through increased provision of Government Data Center and Cloud Services (GDCC) for general information systems and Open Data services. Sales revenue increased by Baht 27.67 million or 588.72%, mainly attributable to higher revenue from the sale of technology-related equipment. Revenue from infrastructure projects decreased by Baht 43.56 million or 99.75%, mainly because existing projects had gradually been completed during 2025. Nevertheless, the Company continued to pursue new projects in 2026 and was in the process of submitting bids and awaiting the results of several tenders.

Cost of sales and Gross Profit

For the six-month period from January to June 2026, the Company recorded total costs of Baht 133.59 million, a decrease of Baht 105.54 million or 44.13%, in line with the decline in revenue. The Company's gross profit decreased by Baht 2.38 million or 4.58% compared with the corresponding period of the previous year. Despite the decrease in revenue, gross profit remained relatively stable compared with the same period of the previous year.

For the three-month period from April to June 2026, the Company recorded total costs of Baht 75.20 million, a decrease of Baht 20.45 million or 21.38%, in line with the decline in revenue. The Company's gross profit decreased by Baht 2.12 million or 7.58% compared with the corresponding period of the previous year. Despite the decrease in revenue, gross profit remained relatively stable compared with the same period of the previous year.

Gain (loss) on sale of investment

For the three-month and six-month periods ended 30 June 2026, the Company recognized a loss arising from the disposal of 12,800 ordinary shares of Jumpbox Co., Ltd. at a selling price of Baht 1 per share, for a total consideration of Baht 12,800. Following the disposal, the Company's shareholding interest decreased to 19%, and the Company recognized a loss on loss of control of Baht 0.37 million. For the corresponding periods of the previous year, the Company recognized a gain on the disposal of an investment in an associate of Baht 52.15 million. The gain arose from the Company's entry into an agreement to sell all of its ordinary shares in Seashore Data Center and Cloud Services Co., Ltd., representing a 30% shareholding interest, to an existing shareholder for a total consideration of Baht 290.00 million.

Other income

For the six-month period from January to June 2026, the Company recorded other income of Baht 1.16 million, a decrease of Baht 0.21 million or 15.33% compared with the corresponding period of the previous year.

For the three-month period from April to June 2026, the Company recorded other income of Baht 0.63 million, a decrease of Baht 0.48 million or 43.24% compared with the corresponding period of the previous year.

Distribution costs and Administrative Expenses

For the six-month period from January to June 2026, distribution costs amounted to Baht 15.11 million, an increase of Baht 2.01 million or 15.34% compared with the corresponding period of the previous year. Administrative expenses amounted to Baht 47.06 million, a decrease of Baht 4.18 million or 8.16%, mainly due to more effective cost management and control. Nevertheless, the Company recognized an allowance for expected credit losses of Baht 2.33 million and continued to closely monitor the collection of the outstanding receivables.

For the three-month period from April to June 2026, distribution costs amounted to Baht 8.25 million, a decrease of Baht 0.69 million or 9.13% compared with the corresponding period of the previous year. Administrative expenses amounted to Baht 25.78 million, a decrease of Baht 1.56 million or 5.71%, mainly due to more effective cost management and control. Nevertheless, the Company recognized an allowance for expected credit losses of Baht 2.67 million and continued to closely monitor the collection of the outstanding receivables.

Other gains (losses)

For the six-month period from January to June 2026, the Company recognized other losses totaling Baht 15.76 million, comprising a loss of Baht 2.41 million arising from the modification of the terms and conditions of its debentures. The loss resulted from the difference between the previous carrying amount of the financial liability and the carrying amount of the modified financial liability, which was determined based on the present value of the modified contractual cash flows discounted using the original effective interest rate of the existing financial liability and adjusted for related fees. The terms and conditions of the debentures were modified by extending the maturity date by a further two years and increasing the interest rate from 7.00% per annum to 7.25% per annum. In additional, the Company recognized a loss of Baht 13.17 million arising from the fair value measurement of derivative contracts during this quarter.

For the three-month period from April to June 2026, the Company recognized other losses totaling Baht 11.49 million, arising from the fair value measurement of derivative contracts.

Finance costs

For the six-month period from January to June 2026, the Company recorded finance costs of Baht 10.70 million, a decrease of Baht 3.02 million or 22.01% compared with the corresponding period of the previous year. Finance costs mainly consisted of interest expenses on debentures, which decreased as a result of the reduction in outstanding debentures following partial repayments, thereby resulting in lower interest expenses.

For the three-month period from April to June 2026, the Company recorded finance costs of Baht 6.29 million, an increase of Baht 0.24 million or 3.97% compared with the corresponding period of the previous year.

Share of loss of an associate accounted for using the equity method

For the six-month and three-month periods ended 30 June 2025, the Company recognized its share of losses from Seashore Data Center and Cloud Services Co., Ltd., an associate accounted for using the equity method, in which the Company held a 30% ownership interest, amounting to Baht 4.32 million and Baht 0.89 million, respectively. The Company subsequently disposed of its entire investment in the associate on 21 April 2025.

Income tax (expense) income

For the six-month period from January to June 2026, the Company recognized an income tax benefit of Baht 3.36 million. For the three-month period from April to June 2026, the Company recognized an income tax benefit of Baht 2.87 million.

Statement of financial position

Statement of Financial Position (Unit: million Baht)	30 Jun 26	31 Dec 25	Increase (decrease)	%Increase (decrease)
Assets				
Current assets	733.05	853.08	(120.03)	(14.07%)
Non-current assets	418.58	404.91	13.67	3.38%
Total assets	**1,151.63**	**1,257.99**	**(106.36)**	**(8.45%)**
Liabilities and Equity				
Current liabilities	425.25	604.32	(179.07)	(29.63%)
Non-current liabilities	177.76	66.23	111.53	168.40%
Total liabilities	**603.01**	**670.55**	**(67.54)**	**(10.07%)**
Equity	548.62	587.44	(38.82)	(6.61%)
Total liabilities and equity	**1,151.63**	**1,257.99**	**(106.36)**	**(8.45%)**

As of 30 June 2026, the Company had total assets of Baht 1,151.63 million, a decrease of Baht 106.36 million or 8.45% from the previous year. The decrease was mainly attributable to lower cash and cash equivalents following the repayment of Baht 100 million of debentures. Total liabilities decreased by Baht 67.54 million or 10.07%, mainly due to a reduction in outstanding debentures following the repayment of Baht 100 million. However, trade and other current payables increased by Baht 27.79 million.

As of 30 June 2026, the Company had granted a loan to Gateway Service Co., Ltd. with a principal amount of Baht 25.00 million, bearing interest at a rate of 8.00% per annum and having a term of three years, from 30 September 2025 to 30 September 2028. The first repayment installment of Baht 3.00 million was due by 31 March 2026 and was fully received by the Company on 3 April 2026. The second installment of Baht 1.60 million was due by 30 June 2026 and was subsequently fully received by the Company on 20 July 2026.

Statement of Cash Flow

Statement of Cash Flows (Unit : million Baht)	30 Jun 26	31 Mar 25	Increase (decrease)	%Increase (decrease)
Net cash (used in) provided by operating activities	3.93	(65.68)	69.61	(105.98%)
Net cash provided by (used in) investing activities	(16.86)	307.82	(324.68)	(105.48%)
Net cash used in financing activities	(123.65)	(107.22)	(16.43)	15.32%
Net increase in cash and cash equivalents	**(136.58)**	**134.92**	**(271.50)**	**(201.23%)**
Opening balance of cash and cash equivalents	391.03	176.61	214.42	121.41%
Closing balance of cash and cash equivalents	**254.45**	**311.53**	**(57.08)**	**(18.32%)**

As of 30 June 2026, the Group had cash and cash equivalents of Baht 254.45 million. For the six-month period ended 30 June 2026, net cash provided by operating activities amounted to Baht 3.93 million. Net cash used in investing activities amounted to Baht 16.86 million, mainly attributable to purchases of equipment and intangible assets totaling Baht 23.63 million, cash paid for the acquisition of an investment in a subsidiary of Baht 2.62 million, and a decrease in cash resulting from the loss of control of a subsidiary of Baht 1.11 million. These cash outflows were partially offset by a decrease of Baht 6.50 million in deposits at financial institutions pledged as collateral and cash receipts of Baht 3.00 million from repayment of loans to other entities. Net cash used in financing activities amounted to Baht 123.65 million, mainly due to repayments of debentures totaling Baht 102.94 million and net repayments of borrowings from financial institutions of Baht 14.08 million.

Sustainability Development

The Company has a policy to operate its business with the belief that long-term success requires ethical management and adherence to good corporate governance principles, as well as a focus on sustainable growth. This involves balancing economic, social, and environmental considerations. Social responsibility is a key focus for the Group, which is firmly committed to collaborating with stakeholders while considering potential impacts on shareholders, employees, customers, partners, and surrounding communities. The Company also fosters and encourages employees to be socially responsible by participating in activities that benefit society, continuously caring for and preserving the environment sustainably. This approach aligns with the principles set forth by the Stock Exchange of Thailand, driven by a commitment to sustainable business practices.

Strategy	Tactic
Develop products, innovations, and advanced technologies to meet the diverse needs of customers.	Elevate customer collaboration to a partnership level to deliver valuable products and services to the market.
	Design and gather insights information to analyze and accurately meet customer needs.
Enhance the potential of people to align with the business's sustainability direction.	Encourage the development of individual skills for employees to design innovative products that appropriately meet the diverse needs of customers.
	Promote behaviors and enhance employee knowledge to improve work processes that align with eco-efficiency goals.
Manage energy use within the organization to achieve eco-efficiency.	Encourage the use of alternative energy within the organization.
	Promote the use of environmentally friendly materials.