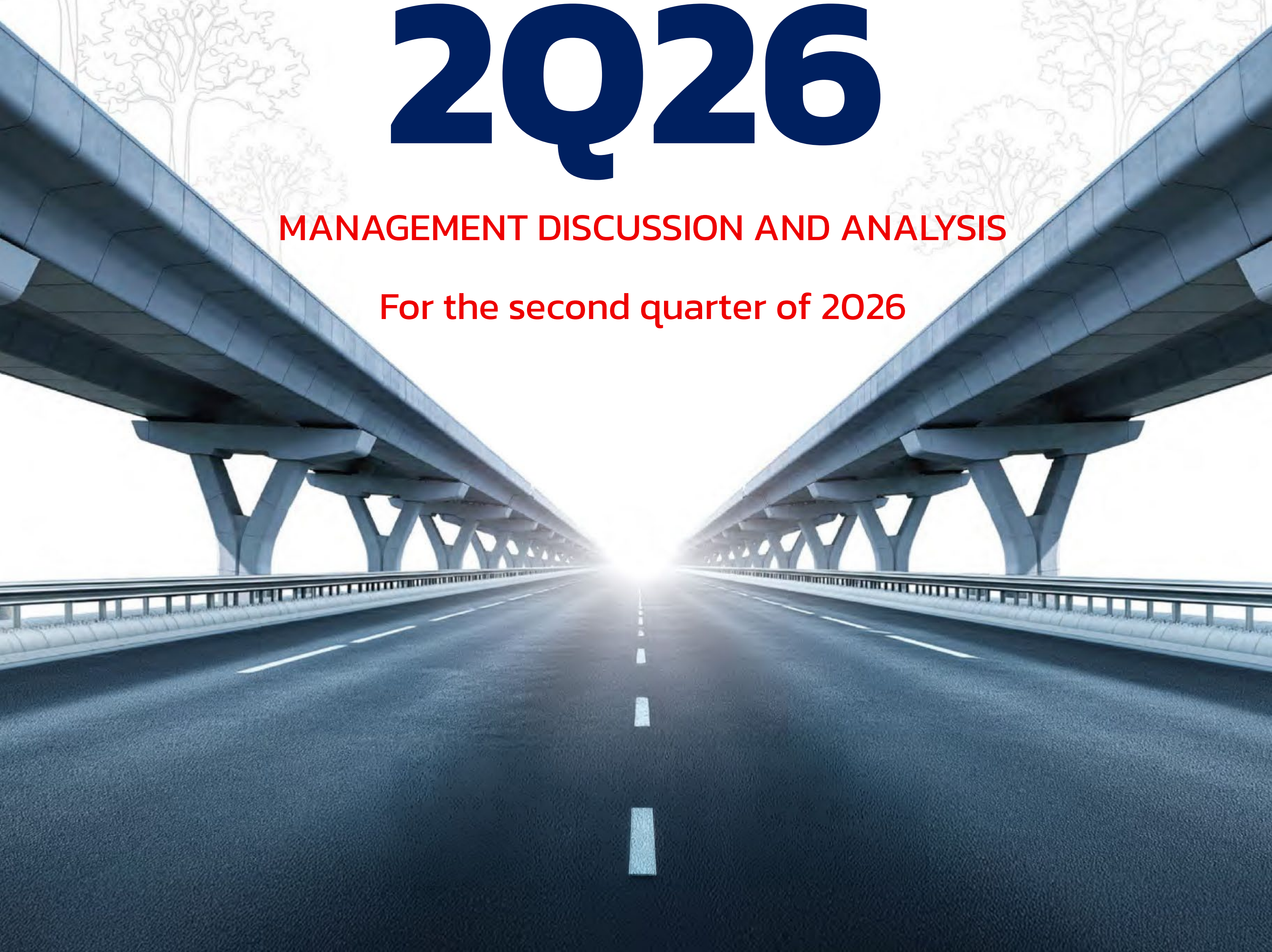
60TH ANNIVERSARY

CIVIL ENGINEERING

MD&A 2Q26

MANAGEMENT DISCUSSION AND ANALYSIS

For the second quarter of 2026



Executive Summary

In 1H26, the Company operated under a challenging business environment, driven by Thailand's low economic growth and the continued slowdown of the global economy. Meanwhile, geopolitical conflicts in the Middle East resulted in higher global energy and raw material prices, creating cost pressures across the overall industrial sector. For the construction industry, contractors continued to face rising costs of construction materials, energy, and operating expenses, putting pressure on the profitability of certain projects amid intense competition. However, the government introduced measures to help mitigate the impact on public-sector contractors by relaxing the criteria for calculating construction cost compensation under price adjustment contracts (K factor), which helped partially reduce the impact of rising construction costs.

Amid these challenges, the Company implemented a proactive strategy under the concept of **"CIVIL FAST" (Right Project Selection + Cost Control + On-Schedule Delivery.**), focusing on selecting high-potential projects, closely monitoring project progress, and delivering projects according to or ahead of the planned schedule. The Company also implemented measures to manage fluctuations in construction material and energy prices, while controlling operating expenses, improving resource utilization efficiency, and maintaining overall operational effectiveness.

In 2Q26, **the Company secured new contracts with a total value of more than 114 million baht (bringing the cumulative value in 1H26 more than 2,731 million baht).** Of this amount, 2,394 million baht were projects with signed contracts, while 337 million baht were projects pending contract signing. **The current signed backlog stood at 13,600 million baht**, providing continuous revenue recognition visibility for at least the next three years. This strong backlog reflects customers' confidence in the Company's operational capabilities and continued trust in the Company.

Operations under the **"CIVIL FAST"** framework played a significant role in improving organizational efficiency. In 1H26, the Company successfully completed and delivered 10 projects with a total value of more than 1,529 million baht. **In 2Q26, the Company completed and delivered 6 projects with a total value of more than 1,290 million baht**, comprising 4 road construction projects, 1 airport project, and 1 drainage and flood mitigation project. Three small-scale road projects had short execution periods, enabling faster revenue recognition and cash flow generation. Meanwhile, for one medium-sized road project, the Company completed delivery 8 months ahead of schedule.

In 2Q26, **the revenue was 1,053 million baht, decreasing by 6%** from last year, and recorded a net loss of 71 million baht. In 1H26, **the revenue was 2,455 million baht, increasing by 9%** from last year, and recorded a net loss of 51 million baht. Regarding the financial position, **the Company had total assets of 8,931 million baht** and continued to maintain appropriate and consistent liquidity management. **The Company generated increased cash flow from operations**, supporting the working capital requirements for ongoing project execution.

The Company places importance on sustainability operations and has prepared a greenhouse gas management report **that has already been verified and is currently under submission to the Thailand Greenhouse Gas Management Organization (TGO).** This reflects the Company's commitment to conducting business under good governance, environmental stewardship, and social responsibility principles, while supporting long-term goals of greenhouse gas emission reduction and efficient energy utilization.

1 Overview of Business Operations, Economy, and Industrial Sector Impacting Operations

An overview of business operations, as well as the economic and industry conditions affecting operations, can be summarized as follows:

1. **Thai Economy in the Second Half of 2026** Thailand's economy is expected to recover gradually but remain fragile in the second half of 2026, with full-year GDP growth projected at 2.0%. Although the economy has likely passed its lowest point, the recovery is expected to rely primarily on government stimulus measures. At the same time, businesses continue to face pressure from elevated operating costs, including higher energy prices, raw material costs, and rising inflation, which are expected to weigh on both business operators and consumer spending.
2. **Ministry of Transport to Promote PPP and Thailand Future Fund (TFF) for Mega Infrastructure Projects** The Ministry of Transport plans to accelerate large-scale infrastructure investment through Public-Private Partnership (PPP) arrangements, together with the Thailand Future Fund (TFF), to reduce the government's fiscal burden while ensuring the continuous implementation of major infrastructure projects. This initiative aims to support long-term transportation network development, ease public budget constraints, and attract private sector participation. The Motorway M8 project has been identified as the flagship project under this financing model.
3. **Opportunities in large-scale projects.** The Ministry of Transport has prepared 11 megaprojects with a total value of approximately 359,804 million baht to be proposed to the Cabinet for consideration and advancement in 2026. These projects primarily focus on the development of transportation infrastructure, including road and expressway networks and rail systems. Key projects that present bidding opportunities for the Company include the double-track railway project Phase 2 (Khon Kaen–Nong Khai section), high-speed rail Phase 2, Chumphon Airport, Nakhon Si Thammarat Airport (expansion), the Don Mueang Tollway (Rangsit–Bang Pa-In section), and the U-Tapao Airport connecting road, as well as public–private partnership (PPP) projects.

The company has a strategy plan to diversify revenue in small and medium project size that can accelerated revenue recognition, reducing the risk from potential material price fluctuations to manage overall profit margin at a suitable level. This also involves looking at new business opportunities in the future that will promote stronger company growth. **Source : LH Bank, Khaohoon*

2 Summary of Incidents and Key Developments

Key Achievements in 2Q26

1. **Continuous Backlog Growth:** The Company has secured new projects totaling more than 114 million baht, bringing its current backlog (for projects with signed contracts only) to over 13.6 billion baht. In addition, several projects are currently under negotiation and are expected to be signed in the near future which will support the company in generating **"continuous revenue recognition through 2029."** This reflects the company's strong revenue base and stable growth trend due to consistent new project acquisition in the future.

2. **Faster-than-Planned Project Completion:** Under the company's "CIVIL FAST" initiative, construction projects have been completed and delivered 100% ahead of schedule. Most of these projects were road construction projects with relatively short construction periods, enabling the Company to receive payments more quickly. In addition, such projects generated higher profit margins compared to large-scale projects. This aligns with the Company's strategy of focusing on a diversified project mix to balance revenue recognition and ensure continuity of operations. In2Q26, the Company successfully completed six projects, including one medium-sized road project that was delivered eight months ahead of schedule.

3. **The Company received a full score of 100 points, rated "Excellent and Exemplary",** in the 2026 AGM Checklist under the Annual General Meeting (AGM) Quality Assessment Program for companies listed on the Stock Exchange of Thailand, organized by the Thai Investors Association and the Federation of Thai Capital Market Organizations. This achievement reflects the Company's commitment to protecting and respecting shareholders' rights in accordance with good corporate governance principles.

3 Summary of Operating Results

Unit: million baht	3M		%Increase (Decrease)	1H		%Increase (Decrease)
	2Q25	2Q26		1H25	1H26	
Revenue	1,118	1,053	(6%)	2,244	2,455	9%
Gross Profit	104	(5)	(105%)	196	112	(43%)
Gross Profit Margin (%)	9.3%	(0.5%)	(9.8%)	8.7%	4.6%	(4.1%)
Admin. Expenses	96	86	(10%)	185	182	(2%)
(%)	8.6%	8.2%	(0.4%)	8.3%	7.4%	(1.0%)
EBITDA	70	(40)	(157%)	130	31	(76%)
EBITDA (%)	6.3%	-3.8%	(10.1%)	5.8%	1.2%	(4.6%)
Net Profit	14	(71)	(607%)	22	(51)	(332%)
Net Profit Margin (%)	1.3%	(6.7%)	(8.0%)	1.0%	(2.1%)	(3.1%)

Key Highlights

Revenue: In 1H26, the revenue was 2,455 million baht, increasing by 9% YoY mainly driven by construction material sales, which increased by 256 million baht, or +205% YoY, as the Company expanded its businesses related to its core construction contracting operations. The strong growth was primarily supported by higher sales of precast concrete products (Segment). **In 2Q26, the revenue was 1,053 million baht, decreasing by 6% YoY** The decline was mainly due to lower construction revenue, as the Company revised the cost estimates of certain projects to reflect higher construction costs resulting from increased energy and construction material prices caused by the conflict in the Middle East. Consequently, the percentage of project completion used for revenue recognition under the cost-to-cost method declined for certain projects. However, the government has introduced measures to support government contractors through compensation for construction costs under price-adjustment provisions (K-Factor). The Company has gradually recognized a portion of the estimated compensation, while certain projects are still in the process of delivery and awaiting recognition in accordance with government criteria. These measures have helped offset the impact of higher construction costs and mitigate the effect on revenue recognition.

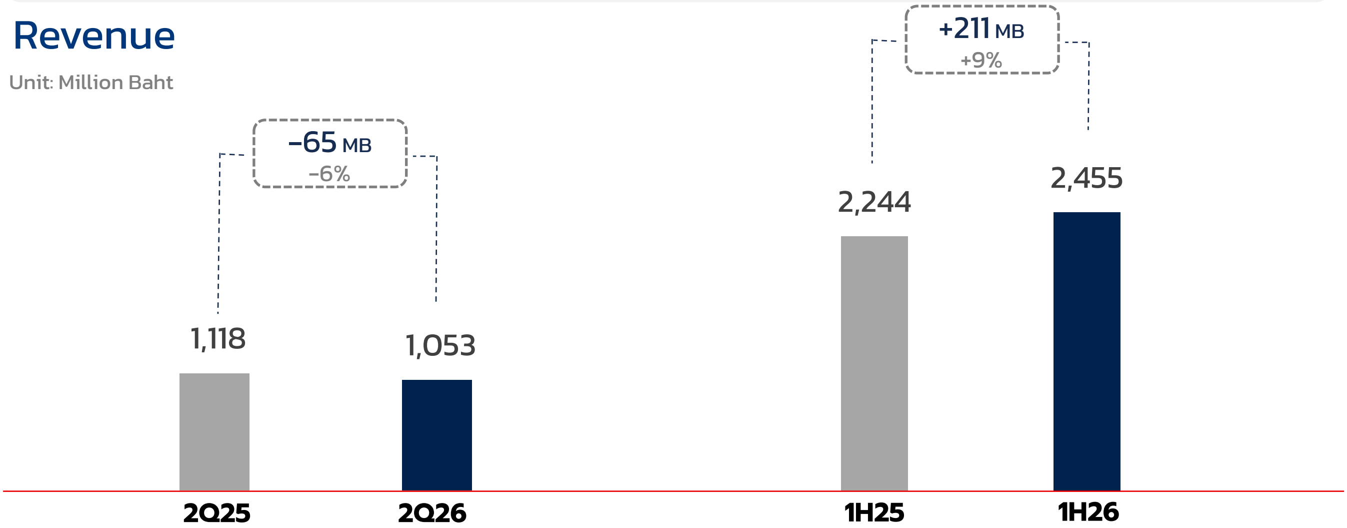
%Gross Profit: In 1H26, the gross profit margin was 4.6%, decreasing by -4.1% YoY. In 2Q26, the gross profit margin was -0.5% decreasing by -9.8% YoY. The decline was mainly due to the revision of construction cost estimates for certain projects to reflect higher construction costs resulting from increased energy and construction material prices. Nevertheless, the Company has closely monitored project progress and regularly reviewed project cost estimates, while continuously implementing cost management measures to mitigate the impact of cost volatility and enhance project execution efficiency.

Net Profit (Loss): In 1H26, the net loss was 51 million baht. In 2Q26, the net loss was 71 million baht. The decline was mainly due to the impact of volatile and rising construction costs, together with economic uncertainty and external factors beyond the Company's control. Nevertheless, the Company has continued to implement management measures focusing on cost control, improving resource utilization efficiency, closely monitoring project performance, and reviewing operational plans to align with the prevailing business environment in order to limit the impact on its overall operating results.

Financial Performance

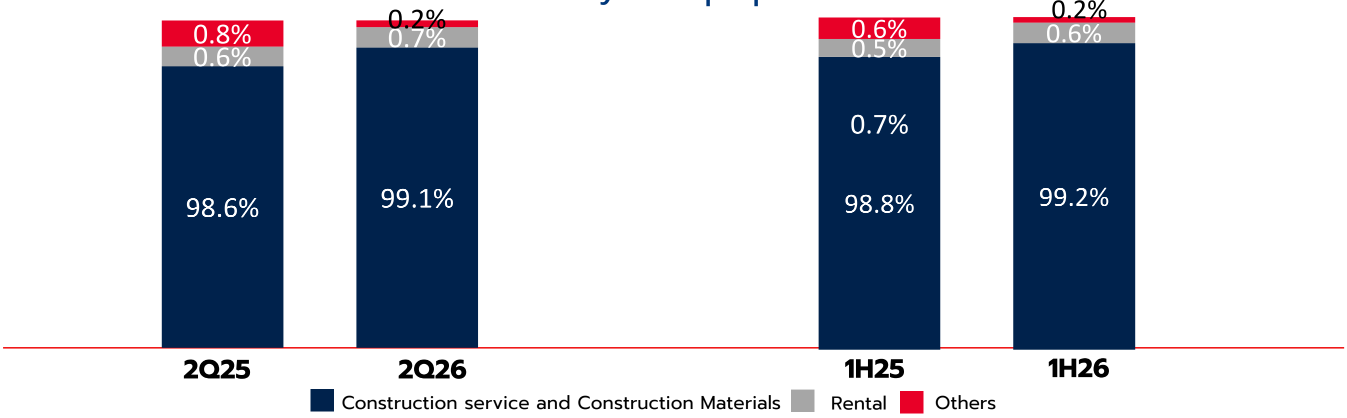
Revenue

Unit: Million Baht



3M	**In 2Q26, total revenue amounted to 1,053 million baht, decreasing by 65 million baht or -6% YoY,** this mainly came from lower construction revenue. However, revenue from construction material sales continued to grow strongly, increasing by 164 million baht, or +358% YoY, primarily driven by higher sales of precast concrete products (Segment).
1H	**In 1H26, total revenue amounted to 2,455 million baht, increasing by 211 million baht, or +9% YoY.** This was mainly driven by the continued growth in construction material sales, particularly precast concrete products (Segment), which helped offset the decline in construction contracting revenue. The expansion of the construction materials business is in line with the Company's strategic plan to diversify its revenue sources and reduce its reliance on construction contracting as its sole source of revenue.

Revenue by sales proportion



3M

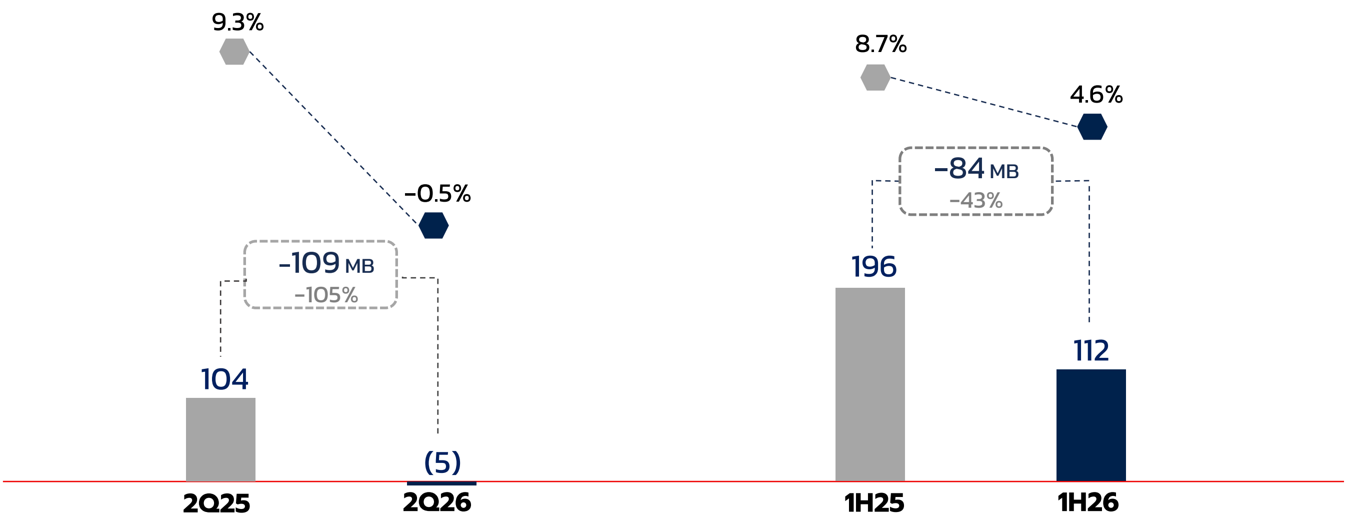
- **Revenue from construction service and Construction materials** (99.1% of Total revenue)
  In 2Q26, revenue from construction services and construction material was 1,044 million baht, decreasing by 59 million baht or -5% YoY. The decline was mainly due to lower construction contracting revenue following the revision of cost estimates for certain projects, which reduced the percentage of completion used for revenue recognition under the cost-to-cost method. However, revenue from construction material sales, particularly precast concrete products (Segment), continued to grow and partially offset the decline in construction contracting revenue.
- **Revenue from rental** (0.7% of Total revenue)
  In 2Q26, revenue from rental was 7 million baht, remaining unchanged compared to last year. The Company continued to maintain its ability to sustain a stable level of rental income from its rental business.
- **Revenue from others** (0.2% of Total revenue)
  In 2Q26, revenue from others was 2 million baht, decreasing by 7 million baht YoY. The decrease was mainly due to the recognition of income from the sale of unused old machinery in the previous year.

1H

- **Revenue from construction service and Construction materials** (99.2% of Total revenue)
  In 1H26, revenue from construction services and construction material was 2,435 million baht for 1H26, increasing by 218 million baht or +10% YoY. The increase was mainly due to the continued growth in construction material sales, particularly precast concrete products (Segment), which increased by 256 million baht YoY, or +205%.
- **Revenue from rental** (0.6% of Total revenue)
  In 1H26, revenue from rental was 16 million baht, increasing by 31% YoY. The increase was mainly due to more efficient management of machinery, resulting in higher income from machinery rental services.
- **Revenue from others** (0.2% of Total revenue)
  In 1H26, revenue from others was 4 million baht, decreasing by 10 million baht YoY. The decrease was mainly due to the recognition of income from the sale of unused old machinery in the previous year.

Gross Profit

Unit: Million Baht



3M

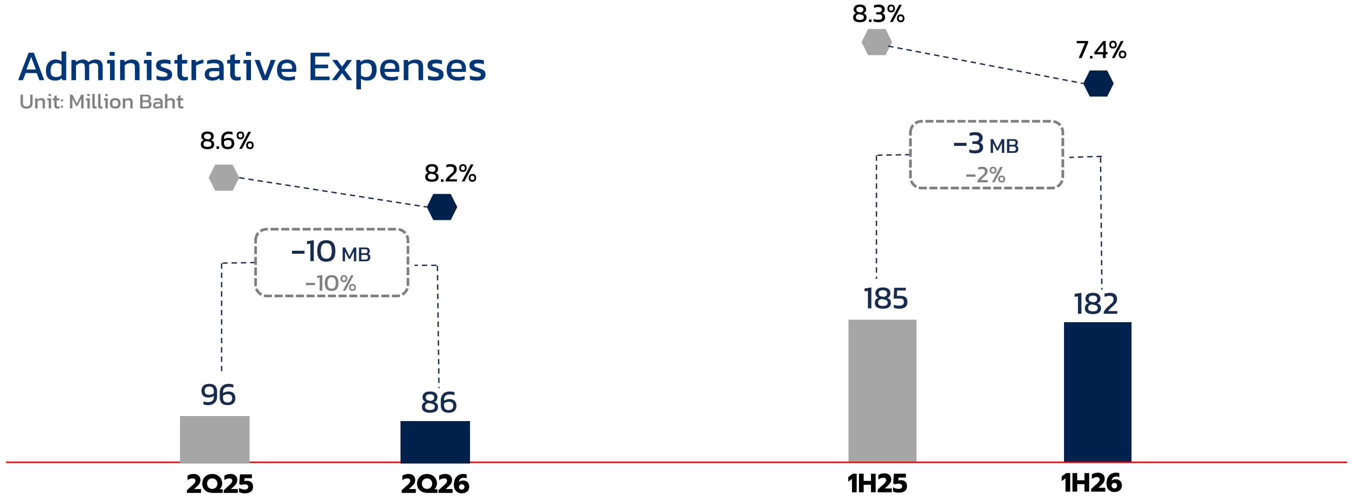
In 2Q26, the gross profit margin was -0.5%, decreasing by 9.8% YoY, mainly came from the revision of construction cost estimates for certain projects to reflect higher construction costs resulting from increased energy and construction material prices.

1H

In 1H26, the gross profit margin was 4.6%, decreasing by 4.1% YoY. The decline was primarily attributable to the conflict in the Middle East, which led to higher energy prices and increased construction material costs. As a result, the Company reviewed and revised the estimated construction costs of its projects to reflect the higher cost levels, which adversely affected its gross profit margin. However, the government has introduced measures to support government contractors through compensation for construction costs under price-adjustment provisions (K-Factor). The Company has gradually recognized a portion of the estimated compensation, while certain projects are still in the process of delivery and awaiting recognition in accordance with government criteria. These measures have helped mitigate the impact of rising construction costs.

Administrative Expenses

Unit: Million Baht



3M

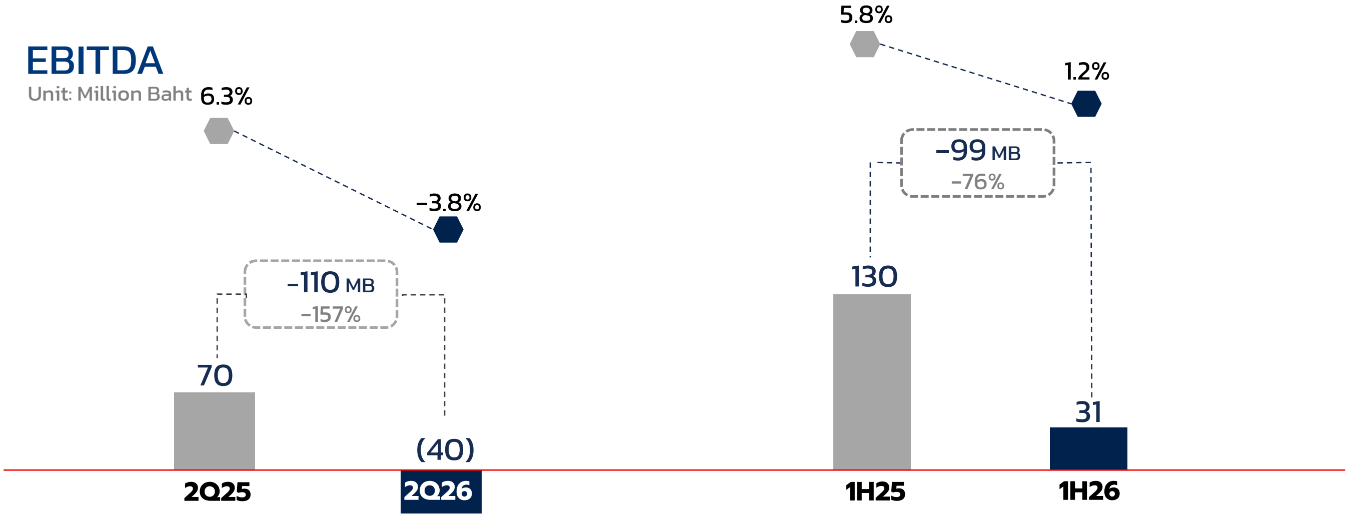
In 2Q26, the administrative expenses amounted to 86 million baht, decreasing by 10 million baht or -10% YoY. The improvement was primarily driven by the Company's enhanced utilization of its existing resources. The Company leveraged the production capacity of its precast concrete segment manufacturing yard (Yard Segment) to manufacture and sell products to external customers, thereby increasing the utilization of its existing production capacity. In addition, the Company implemented a Lean initiative aimed at improving operational efficiency through waste reduction, workforce optimization, efficient resource utilization, process improvement, and cost control. As a result, the Company was able to manage its administrative expenses more effectively, contributing to improved operational efficiency.

1H

In 1H26, the administrative expenses amounted to 182 million baht, decreasing by 3 million baht or -2% YoY. The decrease was mainly due to enhanced management efficiency across the Group and the continued implementation of the Lean program, which has helped strengthen cost control over administrative expenses while continuously improving operational efficiency.

EBITDA

Unit: Million Baht



3M

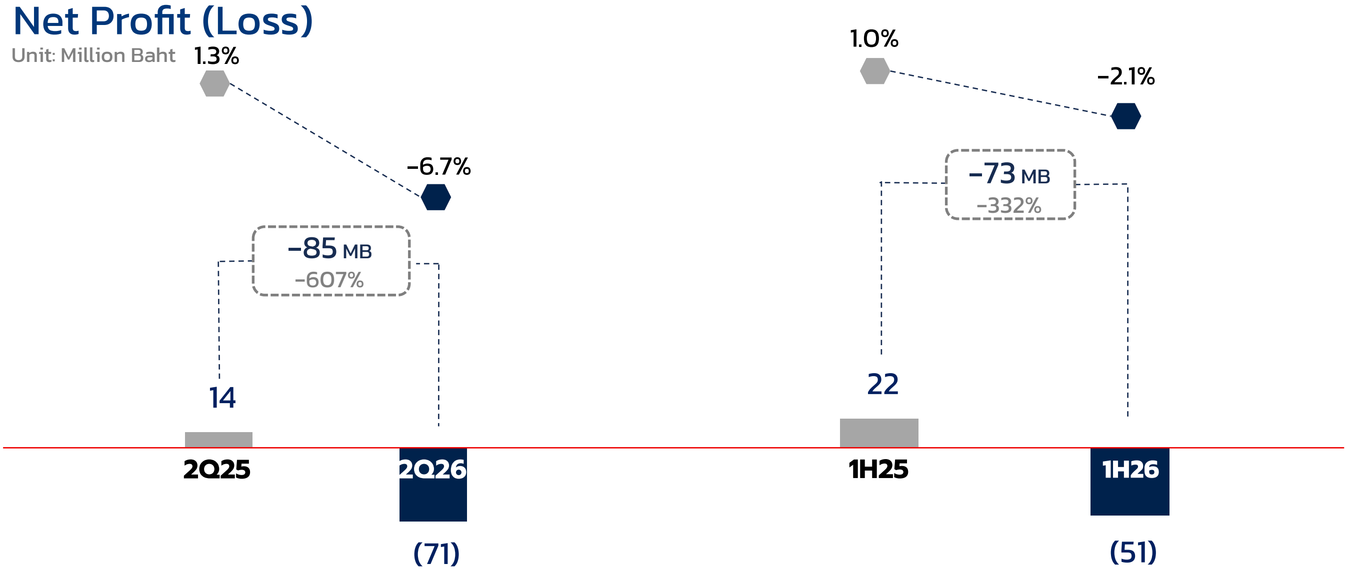
In 2Q26, EBITDA amounted to -40 million baht, decreasing by 157% YoY. The decline was mainly due to the revision of construction cost estimates for certain projects to reflect higher construction costs resulting from increased energy and construction material prices.

1H

In 1H26, EBITDA amounted to 31 million baht, decreasing by 76% YoY. The decline was primarily attributable to the conflict in the Middle East, which led to higher energy prices and increased construction material costs. As a result, the Company reviewed and revised the estimated construction costs of its projects to reflect the higher cost levels, which adversely affected its gross profit margin. However, the government has introduced measures to support government contractors through compensation for construction costs under price-adjustment provisions (K-Factor). The Company has gradually recognized a portion of the estimated compensation, while certain projects are still in the process of delivery and awaiting recognition in accordance with government criteria. These measures have helped mitigate the impact of rising construction costs.

Net Profit (Loss)

Unit: Million Baht



3M

In 2Q26, net profit amounted to -71 million baht, decreasing by 85 million baht YoY. Although the Company was able to effectively control administrative expenses through enhanced management practices and the implementation of operational efficiency improvement (Lean) initiatives, its operating results continued to be under pressure from rising construction material and energy costs resulting from the conflict in the Middle East. As a result, the Company revised its project cost estimates to reflect the higher expected costs.

1H

In 1H26, net profit amounted to -51 million baht, decreasing by 73 million baht YoY. The decline was mainly due to the impact of volatile and rising construction costs, together with economic uncertainty and external factors beyond the Company's control. Nevertheless, the Company has continued to implement management measures focusing on cost control, improving resource utilization efficiency, closely monitoring project performance, and reviewing operational plans to align with the prevailing business environment. These measures are intended to mitigate the impact of cost volatility and enhance the Company's overall operating efficiency.

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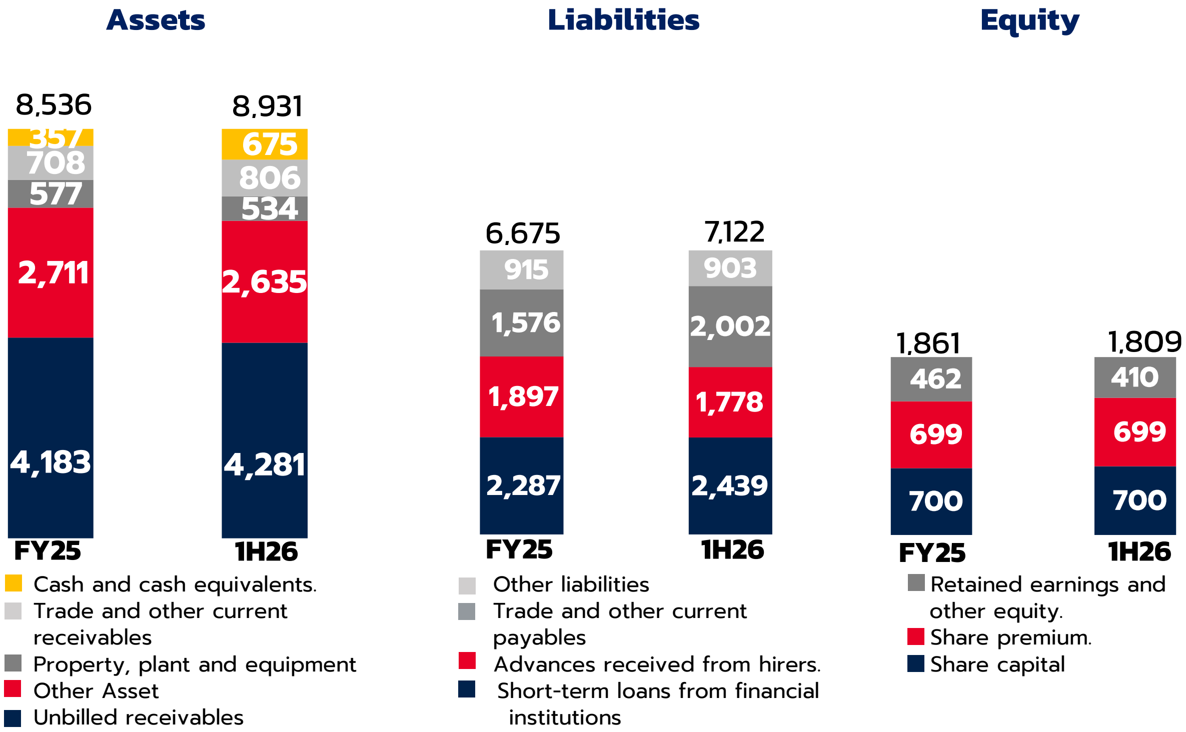
4 Summary of Financial Position

Unit: Million Baht

Statement of Financial Position



Financial Information

Assets

The Company had total assets of 8,931 million baht, increasing by 395 million baht, or +4.6% YoY. The main reason was an increase in cash and cash equivalents of 318 million baht, resulting from the management of cash flow and working capital to support ongoing operations and the commencement of new projects for which contracts were signed during the first half of 2026. In addition, trade and other current receivables increased by 98 million baht, mainly due to projects completed toward the end of the second quarter of 2026 that were awaiting collection under normal payment terms. Subsequent to 30 June 2026, the Company has already received partial payments from these receivables. Unbilled revenue also increased by 98 million baht in line with project progress. Meanwhile, inventories and construction materials pending transfer to projects decreased by 82 million baht due to the utilization of construction materials in projects and the sale of construction materials to external parties. Property, plant and equipment decreased by 43 million baht as a result of depreciation recognized over the useful lives of the assets.

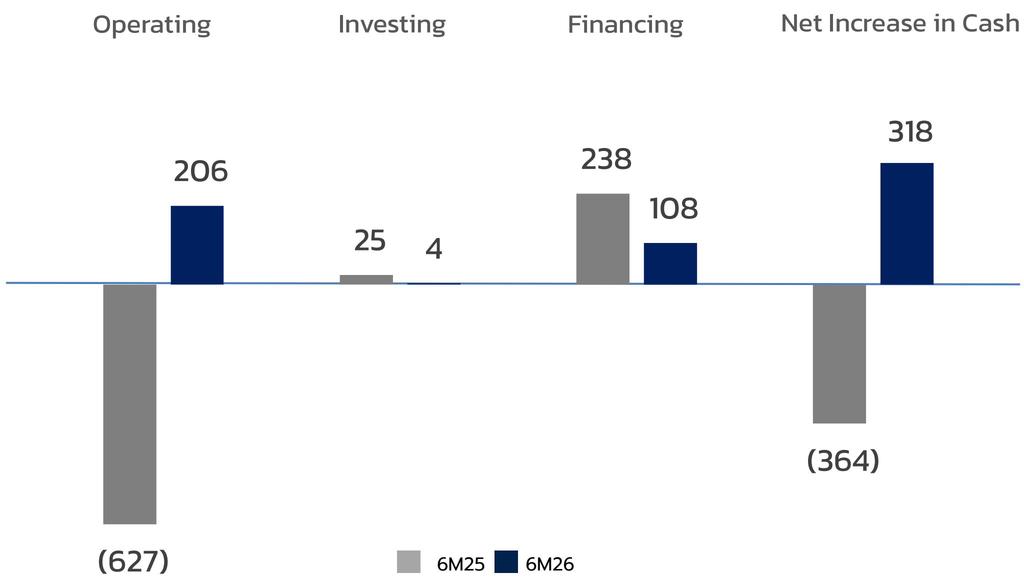
Liabilities The Company had total liabilities of 7,122 million baht, increasing by 447 million baht, or +6.7% YoY. mainly due to trade and other current payables, which increased by 426 million baht in accordance with normal business payment terms and payment cycles. In addition, short-term borrowings from financial institutions increased by 152 million baht to support investments and provide working capital for newly awarded construction projects. The procurement of these funding sources was in line with the Company's capital structure management plan. Furthermore, other non-current liabilities increased by 20 million baht. Meanwhile, certain liabilities decreased, including advances received from customers, which declined by 119 million baht, and advance construction revenue, which decreased by 43 million baht, as a result of the gradual recognition of revenue based on project progress and the settlement of contractual obligations as scheduled.

Equity

The Company had shareholders' equity of 1,809 million baht, decreasing by 52 million baht, or -2.8% YoY, primarily due to the net loss reported for 1H26.

Financial Information (continued)

Unit: million baht



Cash Flow

The Company reported a net increase in cash of 318 million baht, mainly attributable to the following:

Increase in "operating activities" of 206 million baht. This was mainly due to an increase in trade payables and other current payables of 425 million baht, which was in line with normal business payment terms and cycles. In addition, trade and other current receivables increased by 98 million baht from projects completed toward the end of the second quarter of 2026 that were pending collection under normal payment terms. Unbilled revenue also increased by 98 million baht in line with project progress. Meanwhile, cash inflows were partially offset by a decrease in advances received from customers of 119 million baht, inventories of 82 million baht, and advance construction revenue of 43 million baht, resulting from the gradual recognition of revenue based on project progress and the settlement of contractual obligations as scheduled.

Increase from "investing activities" of 4 million baht. The increase was mainly due to a decrease in restricted bank deposits used as collateral of 20 million baht, together with cash received from interest income of 4 million baht. Meanwhile, the Company had additional cash outflows for investments in property, plant, and equipment of 21 million baht, in accordance with the Company's investment plan.

Increase from "financing activities" of 108 million baht. The increase was mainly due to an increase in short-term borrowings from financial institutions of 152 million baht, partially offset by repayment of lease liabilities of 39 million baht.

5 Factors that may impact future operations or growth

Factors that may affect future operations or growth are as follows:

1. **Rising Construction Material Costs and Fuel Prices.** The Construction Materials Price Index in June 2026 increased by 6.3%, driven by higher prices of wood and wood products, cement, concrete products, steel and steel products, tiles, surface finishing materials, sanitary ware, electrical and plumbing equipment, and other construction materials. This was mainly due to continued pressure from elevated energy prices and transportation costs. The Construction Materials Price Index in the third quarter of 2026 is expected to continue expanding, as oil and energy prices are anticipated to remain at a high level compared to the previous year. Prices of basic metal raw materials, such as copper and aluminum, remain elevated in global markets and are expected to continue increasing due to rising demand from infrastructure construction, clean energy industries, and advanced technologies. This has resulted in higher prices of electrical cables, which use copper as a key component. In addition, demand for construction materials remains supported by ongoing government infrastructure development projects.
2. **Continued Uncertainty from Geopolitical Conflicts.** The ongoing uncertainty surrounding the conflict between Iran and the United States continues to impact the construction industry. The potential impacts include: 1) Highly volatile oil prices, leading to higher construction material costs; 2) Inflationary pressure, resulting in higher financing costs and potential delays in project investments; and 3) Foreign exchange volatility, which may increase the cost of imported steel and machinery. However, the construction sector may receive support from government measures aimed at mitigating these impacts, such as compensation under the K factor price adjustment mechanism and the acceleration of infrastructure projects to support economic recovery.
3. **Labor Shortage.** In 2026, the construction sector is expected to continue facing labor shortages, particularly in terms of both the number and skill levels of workers. Insufficient labor may slow down certain activities, increase costs, and reduce contractors' competitiveness. Addressing this issue will require investment in technologies to partially substitute for labor.

6 Sustainability Development

Sustainability Projects

- The Company has participated in the Jump+ program with the Stock Exchange of Thailand (SET), a key initiative aimed at promoting the growth of listed companies and enhancing the sustainable development of Thailand's capital market. The Company has developed comprehensive action plans covering all three dimensions of the program, including greenhouse gas management initiatives, to strengthen operational capabilities and support long-term sustainable growth.

  Under the aforementioned plan, the Company has also prepared a greenhouse gas management report, which has already been verified and is currently being submitted to the Thailand Greenhouse Gas Management Organization (TGO). The report will serve as a guideline for managing and reducing greenhouse gas emissions, improving energy efficiency, and strengthening environmental credibility. This reflects the Company's commitment to conducting business in accordance with the principles of good governance, environmental stewardship, and social responsibility, with the aim of creating sustainable value for all stakeholders.

Civil Engineering Public Company Limited

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