Yong Concrete Public Company Limited

Management Discussion and Analysis

Operating Results for the Second Quarter Ended June 30, 2026

Overview of Past Operating Performance

The Company is engaged in the manufacture and distribution of precast concrete products and ready-mixed concrete under the "YONG" trademark. The Company also provides precast structure installation services and transportation services through Prom Khonsong Co., Ltd.

During the second quarter of 2026, Thailand's domestic economy remained subdued, resulting in intensified competition among construction industry operators. The real estate sector had yet to fully recover, while the costs of key raw materials, including steel, cement, aggregates, and sand, as well as fuel costs for transportation, remained elevated and continued to fluctuate in line with market conditions.

Nevertheless, the Company adjusted its operating approach in response to prevailing economic conditions and cost volatility, with a focus on effective cost management. This included closely monitoring raw material price trends, planning procurement activities, and maintaining appropriate levels of raw material inventories in line with production plans. These measures were undertaken to mitigate the impact of cost fluctuations, maintain operational continuity, and support the Company's long-term competitiveness.

The Company is currently implementing its established strategic plans. Initial progress has been reflected in the implementation of its production capacity expansion plan and improvements in cost management efficiency.

Summary of Significant Events

During the first half of 2026, the Company made significant progress in implementing its production capacity expansion plan to support business growth. At Board of Directors' Meeting No. 1/2026, held on February 18, 2026, the Board approved investments in the construction of one concrete products manufacturing plant and three ready-mixed concrete plants, as well as investments in machinery and equipment to support the production of new products in accordance with the Company's investment plan.

The Company conducted feasibility studies for the projects, assessed its existing production capacity, and analyzed the return on investment (ROI), debt-to-equity ratio (D/E Ratio), and other relevant financial factors. The Board of Directors considered the projects to be appropriate, consistent with the Company's business plan, and capable of supporting the Company's long-term growth.

Subsequently, at Board of Directors' Meeting No. 2/2026, held on March 5, 2026, the directors with interests in the transaction did not participate in the consideration of, and were not entitled to vote on, the relevant agenda item. The Board resolved to propose the long-term lease of land from a connected person to Extraordinary General Meeting of Shareholders No. 1/2026 for approval. The land would be used as the site for the construction of a concrete products manufacturing plant. The transaction was classified as an acquisition of assets and a connected transaction.

The Board of Directors considered the transaction necessary and appropriate for the Company's business operations, consistent with its production capacity expansion plan in the Eastern Economic Corridor (EEC), and appropriate in terms of both location and economic viability.

In determining the land rental rate, the Company referred to property valuation reports prepared by two independent property appraisers approved by the Office of the Securities and Exchange Commission (SEC), using the Market Comparison Approach. The valuations indicated that the rental rate and lease terms were on normal commercial terms and were no less favorable than those available to an unrelated third party under the same circumstances.

The Board of Directors and the Audit Committee considered the transaction reasonable, transparent, and beneficial to the Company and its shareholders as a whole, without resulting in any improper transfer of benefits to the connected person. The directors with interests in the transaction did not participate in the consideration of, and were not entitled to vote on, the relevant agenda item.

Subsequently, Extraordinary General Meeting of Shareholders No. 1/2026, held on May 22, 2026, approved the long-term lease of land from a connected person for use as the site for the construction of a concrete products manufacturing plant. The transaction was classified as an acquisition of assets and a connected transaction.

The resolution was passed by not less than three-fourths of the total votes of shareholders attending the meeting and entitled to vote, excluding the votes of shareholders with interests in the transaction and/or connected persons. The approval enabled the Company to proceed with the investment project as planned to support its business expansion in the Eastern Economic Corridor (EEC).

Summary of Operating Results

The operating results for the three-month and six-month periods ended June 30, 2026, compared with the corresponding periods of the previous year, are summarized as follows:

Unit: Baht thousand

Transaction	The consolidated statement of comprehensive income for the 3-month ended June, 30		Change		The consolidated statement of comprehensive income for the 6-month ended June, 30		Change	
	2026	2025	Increase (Decrease)	%	2026	2025	Increase (Decrease)	%
Revenue from sales	168,931	151,870	17,061	11.23	339,690	320,641	19,049	5.94
Revenue from services	42,737	64,378	(21,641)	(33.62)	98,098	139,227	(41,129)	(29.54)
Total revenue from sales and services	**211,668**	**216,248**	**(4,580)**	**(2.12)**	**437,788**	**459,868**	**(22,080)**	**(4.80)**
Cost of sales	124,840	116,934	7,906	6.76	252,442	250,367	2,075	0.83
Cost of services	35,065	57,384	(22,319)	(38.89)	80,783	116,154	(35,371)	(30.45)
Total cost of sales and services	**159,905**	**174,318**	**(14,413)**	**(8.27)**	**333,225**	**366,521**	**(33,296)**	**(9.08)**
Gross profit	**51,763**	**41,930**	**9,833**	**23.45**	**104,563**	**93,347**	**11,216**	**12.02**
Other income	1,585	1,108	477	43.05	2,776	3,970	(1,194)	(30.08)
Distribution costs and Administrative expenses	48,023	44,234	3,789	8.57	94,284	86,898	7,386	8.50
Financial cost	2,977	1,977	1,000	50.58	5,387	3,653	1,734	47.47
Tax expenses (income)	379	(758)	1,137	150.00	2,018	1,091	927	84.97
Profit (loss) for the period	**1,969**	**(2,415)**	**4,384**	**181.53**	**5,650**	**5,675**	**(25)**	**(0.44)**
Total comprehensive income (expense) for the period	**1,969**	**(2,415)**	**4,384**	**181.53**	**5,650**	**5,675**	**(25)**	**(0.44)**
Basic earnings (loss) per share (Baht)	**0.00**	**(0.00)**	**-**		**0.01**	**0.01**	**-**	

Analysis of Statement of Comprehensive Income

- **Total revenue**

For the three-month period ended June 30, 2026, the Company recorded total revenue of **Baht 211.67 million**, a decrease of Baht 4.58 million, or 2.12%, compared with the corresponding period of 2025. For the six-month period ended June 30, 2026, total revenue amounted to **Baht 437.79 million**, a decrease of Baht 22.08 million, or 4.80%, compared with the corresponding period of 2025.

For the six-month period, revenue from product sales increased by 5.94%, supported by sales to projects under the Company's long-term contracts. Meanwhile, revenue from fence installation services and driven pile installation services decreased by 29.54%, in line with the slowdown in certain types of construction projects and the real estate market, which had yet to fully recover. As a result, the Company's total revenue decreased compared with the corresponding period of the previous year.

➢ Total cost

For the three-month period ended June 30, 2026, the Company recorded total costs of **Baht 159.91 million**, a decrease of Baht 14.41 million, or 8.27%, compared with the corresponding period of 2025. For the six-month period ended June 30, 2026, total costs amounted to **Baht 333.23 million**, a decrease of Baht 33.30 million, or 9.08%, compared with the corresponding period of 2025, in line with the decline in total revenue from the corresponding period of the previous year.

Nevertheless, total costs decreased at a greater rate than total revenue, resulting in a lower total-cost-to-total-revenue ratio and reflecting improved cost management efficiency. The Company continued to implement cost control measures, including closely managing raw material procurement, adjusting production plans to align with workload levels, and improving resource utilization in the production process to reduce waste and support profitability.

➢ Gross profit

For the three-month period ended June 30, 2026, the Company recorded gross profit of **Baht 51.76 million**, an increase of Baht 9.83 million, or 23.45%, compared with the corresponding period of 2025. For the six-month period ended June 30, 2026, gross profit amounted to **Baht 104.56 million**, an increase of Baht 11.22 million, or 12.02%, compared with the corresponding period of 2025.

The increase was attributable to improved cost management efficiency, as well as the effective management of the Company's project and product mix.

➢ Distribution costs and Administrative expenses

For the three-month period ended June 30, 2026, the Company recorded distribution costs and administrative expenses of **Baht 48.02 million**, an increase of Baht 3.79 million, or 8.57%, compared with the corresponding period of 2025. For the six-month period ended June 30, 2026, distribution costs and administrative expenses amounted to **Baht 94.28 million**, an increase of Baht 7.39 million, or 8.50%, compared with the corresponding period of 2025.

The increase was primarily attributable to higher personnel expenses, an increase in expected credit losses on trade receivables, and higher management and administrative expenses incurred to support the Company's business expansion plans.

➢ Financial cost

For the three-month period ended June 30, 2026, the Company recorded finance costs of **Baht 2.98 million**, an increase of Baht 1.00 million, or 50.58%, compared with the corresponding period of 2025. For the six-month period ended June 30, 2026, finance costs amounted to **Baht 5.39 million**, an increase of Baht 1.73 million, or 47.47%, compared with the corresponding period of 2025.

The increase was primarily attributable to interest expenses related to the renewal of long-term land lease agreements, as well as vehicle lease agreements for the transportation operations of the Company and its subsidiary.

➢ **Net profit (Loss)**

For the three-month period ended June 30, 2026, the Company recorded a net profit of **Baht 1.97 million**, compared with a net loss of Baht 2.42 million in the corresponding period of 2025, representing an improvement of Baht 4.38 million.

For the six-month period ended June 30, 2026, the Company recorded a net profit of **Baht 5.65 million**, compared with a net profit of Baht 5.68 million in the corresponding period of 2025, representing a decrease of Baht 0.03 million, or 0.44%.

Although net profit for the six-month period decreased slightly from the corresponding period of the previous year, the Company continues to place importance on liquidity management and maintaining financial discipline to support its business operations and investment plans.

From the second half of 2026 onward, the Company will focus on improving production capacity utilization, maintaining disciplined cost management, and selecting projects with appropriate profit margins in order to enhance profitability and support the Company's growth in the periods ahead.

Analysis of Financial Position

➢ **Total assets**

As of June 30, 2026, the Company's total assets amounted to **Baht 1,374 million**, increasing by Baht 87 million, or 6.75%, from December 31, 2025. The increase was primarily attributable to higher property, plant and equipment, cash and cash equivalents, trade receivables, and inventories, in line with the Company's operations and business expansion plans.

During the period, the Company invested in property, plant and equipment, as well as vehicles of its subsidiary, to support operations and improve efficiency in its production and transportation processes.

As of June 30, 2026, the Company reviewed the credit quality of its trade receivables and recognized an allowance for expected credit losses in accordance with its accounting policies and credit risk assessment. The Company's average collection period increased from the preceding period, as certain customers took longer to make payments. The Company continues to closely monitor and manage

➢ **Total liabilities**

As of June 30, 2026, the Company's total liabilities amounted to **Baht 505 million**, increasing by Baht 102 million, or 25.21%, from December 31, 2025. The increase was primarily attributable to higher interest-bearing liabilities used to support the Company's operations and business expansion plans, while trade payables and other current payables decreased in line with business activities.

➢ **Total shareholders' equity**

As of June 30, 2026, the Company's total shareholders' equity amounted to **Baht 869 million**, decreasing by Baht 15 million, or 1.67%, from December 31, 2025. The decrease was primarily attributable to dividend payments of Baht 20 million, partly offset by net profit of Baht 5.65 million for the six-month period ended June 30, 2026. As a result, total shareholders' equity decreased on a net basis from year-end 2025.

The dividend payment was made in accordance with the Company's dividend payment policy, taking into consideration its financial position, liquidity, cash flows from operating activities, and investment plans.

Cash Flow Analysis

For the six-month period ended June 30, 2026, the Company recorded net cash provided by operating activities of **Baht 16.37 million**, indicating that the Company continued to generate cash flows from its core operations despite the ongoing slowdown in overall economic conditions.

The Company recorded net cash used in investing activities of **Baht 56.83 million**, primarily attributable to investments in property, plant and equipment to support its operations and business expansion plans, as well as to enhance production and transportation efficiency. These investments are expected to support the Company's long-term operational capabilities.

Regarding financing activities, the Company recorded net cash provided by financing activities of **Baht 50.79 million**, primarily due to an increase in short-term borrowings from financial institutions to support the Company's working capital requirements and operations.

As a result of these cash flows, cash and cash equivalents as of June 30, 2026 amounted to **Baht 73.85 million**. The Company continues to place importance on prudent management of liquidity, working capital, and capital structure to support its operations and future investment plans.

Key Financial Ratios

Key financial ratios		Reviewed/Audited Consolidated Financial Statements for the periods ended		
		30 Jun 2026	31 Dec 2025	30 Jun 2025
Current Ratio	(times)	1.15	1.43	1.26
Quick Ratio	(times)	0.82	1.03	0.89
Gross Profit Margin	(%)	23.88%	21.69%	20.30%
Net Profit Margin	(%)	1.28%	2.07%	1.22%
Return on Equity	(%)	1.29%	2.28%	1.28%

Key financial ratios		Reviewed/Audited Consolidated Financial Statements for the periods ended		
		30 Jun 2026	31 Dec 2025	30 Jun 2025
Return on Assets	(%)	0.85%	1.61%	0.91%
Debt to Equity Ratio	(times)	0.58	0.46	0.46
Cash Interest Coverage Ratio	(times)	3.53	15.95	22.03
Debt Service Coverage Ratio	(times)	0.65	2.67	3.10

The debt-to-equity ratio (D/E Ratio) as of June 30, 2026 was 0.58 times, increasing from 0.46 times as of both December 31, 2025 and June 30, 2025. The increase was primarily attributable to higher interest-bearing liabilities used to support the Company's operations and investment plans. The Company will continue to closely monitor its debt level, finance costs, and capital structure to ensure alignment with its cash flow generation capacity and business plans.

The current ratio and quick ratio as of June 30, 2026 were 1.15 times and 0.82 times, respectively, decreasing from 1.43 times and 1.03 times as of December 31, 2025, and also remaining below the levels of 1.26 times and 0.89 times as of June 30, 2025. This reflected a decline in the Company's overall liquidity and the liquidity of its current assets. Accordingly, the Company continues to closely manage its working capital, collection of trade receivables, and inventory levels.

The gross profit margin as of June 30, 2026 was 23.88%, increasing from 20.30% in the corresponding period of the previous year, reflecting improvements in cost management and the management of the Company's project and product mix. Meanwhile, the net profit margin and return on equity (ROE) remained broadly comparable to the corresponding period of the previous year. The net profit margin was 1.28%, compared with 1.22%, while ROE was 1.29%, compared with 1.28%. Return on assets (ROA) decreased slightly from 0.91% to 0.85%.

The cash flow interest coverage ratio and debt service coverage ratio as of June 30, 2026 were 3.53 times and 0.65 times, respectively, decreasing from 22.03 times and 3.10 times as of June 30, 2025. The decline was primarily attributable to lower net cash flows from operating activities, resulting from increased working capital requirements and higher inventory levels to support the Company's operations and business expansion plans.

The Company therefore continues to place emphasis on cash flow management, collection of trade receivables, inventory control, and debt obligation management in order to maintain liquidity and support its operations and investment plans in the periods ahead.

Factors Affecting Operations

In 2026, the construction industry remains in a period of adjustment amid a gradual economic recovery, with the private sector continuing to exercise caution in making investment decisions. Nevertheless, areas experiencing ongoing industrial and infrastructure development continue to generate demand for construction materials, presenting business opportunities for the Company in its target markets.

The key factors that may affect the Company's operations in 2026 are as follows:

Risk Factors

1. Construction material and operating costs remain at elevated levels, together with the risk of labor shortages, which may affect production costs and project delivery.
2. Competition has intensified in certain market segments, particularly for projects where price competition is significant, which may affect industry participants' profit margins and profitability.
3. Environmental trends and initiatives to reduce greenhouse gas emissions may require operators to improve their production processes, raw material usage, and environmental data management in order to meet the expectations of customers and stakeholders.

Opportunity Factors

1. Greater emphasis on product quality and structural safety standards has led certain customer groups to place increased importance on raw material quality, production processes, and quality control standards.
2. Industrial and infrastructure development in areas with investment potential may support demand for construction materials and provide opportunities for the Company to expand its customer base in its target markets.

The Company focuses on creating long-term value rather than competing solely on price. It places importance on selecting projects with risk and return profiles that are consistent with the Company's policies, managing costs, maintaining product quality, and improving delivery efficiency.

The Company regularly monitors and evaluates competition, costs, market conditions, and profitability in order to support operational planning, risk management, and future investment decisions.

Strategic Direction and Implementation

In light of the business environment described above, the Company aims to strengthen its production readiness while continuing to manage costs, liquidity, and risks in order to maintain cost structure stability and support its long-term profitability.

The Company determines its growth direction by taking into account economic conditions, market demand, funding availability, and project management capabilities, with an emphasis on financial discipline and quality growth. Business expansion will be undertaken in the Company's target areas in accordance with its investment plan, taking into consideration market demand, expected returns, associated risks, and potential impacts on liquidity.

For its medium-term objectives, the Company takes into account the construction and commencement timelines of new investment projects, as well as the gradual increase in production capacity utilization, to ensure that growth is aligned with the Company's business potential and the competitive environment. The key strategic initiatives are as follows:

- Implement the production capacity expansion plan in target areas, particularly the Eastern Economic Corridor (EEC), to support opportunities for customer base and revenue expansion.
- Manage production costs through supplier diversification, raw material price monitoring, and procurement contract management to mitigate the impact of raw material cost volatility.
- Manage backlog and the acceptance of new projects prudently, taking into account risks, expected returns, payment terms, and available production capacity.
- Continuously enhance production quality control and operational safety standards.
- Utilize technology to support operational efficiency while developing employees' knowledge and skills in line with the Company's business growth plan.
- Study and develop environmentally responsible business practices, including collaboration with business partners to reduce greenhouse gas emissions and the development of products that respond to market demand for environmentally conscious solutions.

The Company will continue to operate prudently, with a focus on managing costs, liquidity, debt obligations, and investment-related risks to support its operations and growth in the periods ahead.

Please be informed accordingly.

Yours sincerely,

Sunpetch

(Mr. Sunpetch Slisatakorn)

Chief Executive Officer