

A full-page background image showing two workers in red safety suits and white hard hats standing on a platform, looking out at a large industrial facility with multiple levels and pipes. The scene is set during sunset or sunrise, with a warm orange glow. A thick red diagonal line runs from the top left towards the middle of the image.

DEXON
Technology

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Inspection for a sustainable future

We are Dexon Technology
More than 30 Years of Inspection Experience

**DEXON Technology Public Company Limited
Management Discussion and Analysis
For the 2nd Quarter of 2026**

Economic Overview and Industry Outlook

The global economy in 2Q26 remained pressured by the escalation of Middle East tensions into open conflict, disrupting LNG supply from Qatar and constraining helium and bromine availability while U.S. tariff uncertainty continued to weigh on global supply chains.

Despite these headwinds, the global semiconductor and electronics industry maintained strong momentum, driven by sustained hyperscaler investment in AI infrastructure and data centers. Demand for high-bandwidth memory and AI chips remained tight, pushing prices higher, while advanced packaging capacity continued to constrain supply. This supported demand across the electronics component supply chain, even as conventional consumer electronics demand stayed soft.

The Thai economy continued to face pressure from rising energy and import costs, which weighed on household purchasing power and corporate margins. Tourism remained subdued amid elevated airfares, and high household debt continued to limit private consumption recovery. Merchandise exports remained a bright spot, supported by resilient global technology demand. The baht depreciated against the U.S. dollar, reflecting Thailand's energy import exposure and shifting Fed policy expectations.

On monetary policy, the Monetary Policy Committee held the policy rate at 1.00% throughout 2Q26 (April and June meetings), judging the current stance appropriate given heightened uncertainty. Headline inflation turned positive and is expected to average 2.8–2.9% for 2026, up from -0.5% in 1Q, driven by energy costs and pass-through effects. Credit growth remained subdued, with lenders cautious on higher-risk borrowers.

Performance Overview

Income Statement

Items (Unit: MB)	2Q25	2Q26	YoY	1H25	1H26	YoY
Revenue from services	184	192	5%	337	348	3%
Other income	1	1	60%	1	1	50%
Total revenues	184	193	5%	338	349	3%
Cost of services	(157)	(140)	(11%)	(292)	(278)	(5%)
SG&A	(51)	(54)	7%	(102)	(104)	2%
Finance cost	(6)	2	(140%)	(8)	3	(139%)
Others	(1)	(2)	57%	(2)	(4)	75%
Total expenses	(215)	(194)	(10%)	(404)	(383)	(5%)
Profit (loss) before income tax	(30)	(1)	(98%)	(67)	(34)	(49%)
Income tax	(0)	(2)	700%	0	(3)	(1550%)
Net profit (loss) for the period	(31)	(2)	(93%)	(67)	(37)	(44%)

For 1H26, the Company recorded **service revenue** of THB 348 million, an increase of THB 11 million (+3%) from THB 337 million in the same period last year. The growth was supported by mechanical service, continued demand in the Non-Destructive Testing Inspection market maintained a solid project pipeline. Revenue recognition from certain In-Line Inspection projects was affected by project scheduling and execution timing during the first half of the year. Nevertheless, the Company successfully deployed new advanced In-Line Inspection technologies, further strengthening its competitive position and service capabilities. A stronger contribution from the In-Line Inspection business is expected in the remaining quarters of 2026 as project execution progresses.

Compared to the same period of last year, the Company's **cost of services** in 1H26 dropped to THB 278 million, representing a 5% decrease. The decrease was primarily supported by a more favorable project mix and the Company's continued pricing discipline.

The Company's **selling, general, and administrative expenses (SG&A)** increased slightly by THB 3 million (3%), from THB 102 million to THB 105 million. The reduction was primarily attributable to restructuring initiatives implemented during the prior year, particularly at separate audited financial statement, where SG&A expenses decreased significantly by THB 10.5 million. However, at the consolidated level, the benefit from these cost optimization measures was partially offset by ongoing business activities and expansion across the Group.

Accordingly, the Company recorded a net loss of THB 37 million in 1H26, compared to a net loss of THB 67 million in 1H25, representing a **43% improvement** compared to the same period last year.

Statement of Financial Position

Items (Unit: MB)	31-Dec-25	30-Jun-26	Change	%Change
Cash & cash equivalents	191	216	25	13%
Trade & other receivables	148	132	(16)	(11%)
Contract assets	147	103	(44)	(30%)
Inventories	53	51	(1)	(2%)
Property, plant & equipment	354	325	(29)	(8%)
Intangible assets	38	33	(5)	(13%)
Other assets	57	62	5	8%
Total assets	988	923	(65)	(7%)
Trade & other payables	69	60	(9)	(13%)
Loans from financial institutions	172	136	(35)	(21%)
Employee benefit obligations	43	38	(5)	(12%)
Other liabilities	53	69	15	29%
Total liabilities	337	303	(34)	(10%)
Paid-up share capital	238	238	-	0%
Retained earnings	(37)	(74)	(37)	101%
Others	449	456	6	1%
Total equities	651	620	(31)	(5%)
Total liabilities & equities	988	923	(65)	(7%)

Total assets: As of 30 June 2026, the Company had total assets of THB 923 million, a decrease of THB 65 million from the end of 2025. The decrease was primarily attributable to lower trade and other receivables resulting from customer collections, as well as a reduction in contract assets as project progress was converted into billable milestones and invoiced during the period. In addition, property, plant and equipment and intangible assets declined due to normal depreciation and amortization.

Total liabilities: Liabilities amounted to THB 303 million, decreasing THB 34 million or 10% from the end of last year. The decrease was mainly driven by the repayment of loans to financial institutions in accordance with the Company's debt repayment schedule and the settlement of trade payables.

Total equities: The Company's equity was THB 619 million, a decrease of THB 31 million, or 5%, from the end of last year, resulting from a net loss in 1H26.

Cash Flow Statement

Cash Flow Statement (Unit: MB)	30-Jun-25	30-Jun-26	Change
Net cash flow from (used in) operating activities	41	81	40
Net cash flow from (used in) investing activities	(43)	(18)	25
Net cash flow from (used in) financing activities	15	(44)	(59)
Net increase (decrease) in cash and cash equivalents	14	20	6
Effect on exchange rate	3	6	2
Cash at the beginning of the period	123	191	68
Cash at the end of the period	140	216	76

As of June 30, 2026, the Company reported cash and cash equivalents of THB 216 million, an increase of THB 25 million from the end of 2025. The main reasons were:

Net cash generated from operating activities amounted to THB 81 million, improving significantly from the prior year. The stronger operating cash flow was mainly driven by improved operating performance, despite the recognition of expected credit losses and additional asset write-offs during the period.

Net cash used in investing activities totalled THB 18 million, a decreased from the prior year, mainly due to lower expenditures on equipment and intangible assets.

Net cash used in financing activities amounted to THB 44 million, repayments of borrowings to financial institutions, together with lease liability payments during the period.

Key Financial Ratios

Key Financial Ratio	1H25	1H26
Profitability Ratio		
Gross Profit Margin	13.5%	20.4%
EBITDA Margin	3.0%	8.0%
Net Profit Margin	(15.2%)	(9.1%)
Return on Equity	(7.5%)	(5.2%)
Liquidity Ratio		
Current Ratio	2.1	2.4
Quick Ratio	1.7	2.1
Efficiency Ratio		
Return on Asset	(5.9%)	(3.7%)
Fixed Assets Turnover	0.7	0.9
Leverage and Solvency Ratio		
Debt/Equity	0.3	0.5
Cost of Debt	2.0%	2.3%

Remark: The cost of debt is calculated by dividing the financial cost by average Interest-Bearing Debt (IBD) at the beginning and end of the period.

Financial Ratio Analysis

Gross profit margin increased from 13.5% in 1H25 to 20.4% in 1H26, reflecting improved profitability. EBITDA margin also improved from 3.0% to 8.0%, indicating stronger operating performance.

The Company's liquidity position strengthened, with the current ratio increasing from 2.1 times to 2.4 times and the quick ratio improving from 1.7 times to 2.1 times, reflecting an enhanced ability to meet short-term obligations.

Return on assets improved from negative 5.9% to negative 3.7%, while fixed assets turnover increased from 0.7 times to 0.9 times, indicating more efficient utilization of fixed assets.

The debt-to-equity ratio increased from 0.3 times to 0.5 times, reflecting higher leverage during the period, while the cost of debt rose from 2.0% to 2.3%, mainly due to higher financing costs.

Restatement of Prior Period Financial Statements

During the fourth quarter of 2025, the Company reviewed its policies and practices and methods in recording development, repair and modification costs of assets used in provision of services to customers in order to ensure the appropriateness and to align with assets group that are specifically used for each customer prior to the commencement of each project. The Company considered recording such costs as “costs to fulfil a contract” of each project instead of fixed assets, including the reviews of the overhead rates used for allocating asset costs and the useful lives of assets. Furthermore, the Company reviewed the policies on relevant research and development expenses to ensure its appropriateness. Consequently, the interim financial information for the six-month period ended 30 June 2025, which had previously been presented, did not reflect the impact of the aforementioned review.

Accordingly, in preparing and presenting the interim financial information for the six-month period ended 30 June 2026, the Company has retrospectively adjusted the consolidated and separate financial information, comprising the statement of comprehensive income for the six-month period ended 30 June 2025, changes in shareholders' equity, and cash flows for the six-month period then ended, presented as comparative information, to reflect the changes and adjustments items resulting from such changes. The cumulative effect of the prior period restatement are presented as a separate item in the consolidated and separate statements of changes in shareholders' equity.

The amounts of the adjustments that affected the consolidated and separate statements of comprehensive income and the consolidated and separate statements of cash flows are presented as follows:

(Unit: Thousand Baht)

For the three-month periods ended 30 June

	Consolidated financial information			Separate financial information		
	2025	Adjusted	2025	2025	Adjusted	2025
	As previous reported		Restated	As previous reported		Restated
Statement of comprehensive income						
Cost of services	152,731	4,399	157,130	126,077	4,399	130,476
Administrative expenses	33,850	128	33,978	24,682	128	24,810
Loss for the period	(26,114)	(4,527)	(30,641)	(26,208)	(4,527)	(30,735)
Total comprehensive income for the period	(25,302)	(4,527)	(29,829)	(26,208)	(4,527)	(30,735)
Basic loss per share (Baht/Share)	(0.055)	(0.009)	(0.064)	(0.055)	(0.010)	(0.065)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated financial information			Separate financial information		
	2025	Adjusted	2025	2025	Adjusted	2025
	As previous reported		Restated	As previous reported		Restated
Statement of comprehensive income						
Cost of services	272,444	19,436	291,880	226,252	19,436	245,688
Administrative expenses	70,391	255	70,646	55,776	255	56,031
Loss for the period	(46,930)	(19,691)	(66,621)	(61,592)	(19,691)	(81,283)
Total comprehensive income for the period	(43,975)	(19,691)	(63,666)	(61,592)	(19,691)	(81,283)
Basic loss per share (Baht/Share)	(0.098)	(0.042)	(0.140)	(0.129)	(0.042)	(0.171)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated financial information			Separate financial information		
	2025	Adjusted	2025	2025	Adjusted	2025
	As previous reported		Restated	As previous reported		Restated
Statement of cash flows						
Loss before tax	(47,122)	(19,691)	(66,813)	(62,621)	(19,691)	(82,312)
Depreciation and amortisation	73,961	(14,323)	59,637	69,374	(14,323)	55,051
Other current assets	(324)	(578)	(902)	60	(578)	(518)
Net cash flows from operating activities	72,886	(34,592)	38,294	50,095	(34,592)	15,503
Cash paid for acquisition of equipment	(62,735)	32,894	(29,841)	(60,653)	32,894	(27,759)
Cash paid for acquisition of intangible assets	(11,690)	1,698	(9,992)	(11,683)	1,698	(9,985)
Net cash flows used in investing activities	(74,425)	34,592	(39,833)	(72,336)	34,592	(37,744)