SPREME 2026/013

Dated 13 August 2026

Re: Management Discussion and Analysis for Quarter 2/2026

To: The President

The Stock Exchange of Thailand

Supreme Distribution Public Company Limited ("the Company") hereby provides an explanation of the Company's operating results for Quarter 2/2026 as follows:

Overview of the Company's performance for Quarter 2/2026

Key Items in Income Statement	Q2-2026	Q1-2026	Q2-2025	QoQ Inc/(Dec)		YoY Inc/(Dec)	
	MB	MB	MB	MB	%	MB	%
Revenue from sales and services	418.22	371.40	252.77	46.82	12.61	165.45	65.45
Cost of sales and services	333.74	315.54	192.39	18.20	5.77	141.35	73.47
Gross profit	**84.48**	**55.86**	**60.38**	**28.62**	**51.24**	**24.10**	**39.91**
Gross profit margin (%)	***20.20***	***15.04***	***23.89***		***5.16***		***-3.69***
Total income	425.35	377.11	256.34	48.24	12.79	169.01	65.93
Total expenses	364.02	345.67	218.02	18.35	5.31	146.00	66.97
Profit for the period	**44.43**	**24.11**	**30.50**	**20.32**	**84.28**	**13.93**	**45.67**
Net profit margin (%)	***10.45***	***6.39***	***11.90***		***4.06***		***-1.45***

The Company delivered strong operating performance in the second quarter of 2026, recording total revenue of 425.35 million baht and net profit of 44.43 million baht, both of which increased compared to the previous quarter and the same period last year. The growth was driven by the ongoing execution and delivery of equipment under major projects during the first half of the year, resulting in improved profitability over the first quarter of 2026.

To enhance long-term revenue stability, the Company continues to expand and maintain a solid order backlog. As of 30 June 2026, backlog amounted to more than 5,000 million baht, providing strong revenue visibility and supporting continued revenue recognition through 2031.

Distribution and Installation Business

Revenue from sales and installation services amounted to 118.54 million baht in the second quarter of 2026, representing a decrease of 76.73 million baht, or 39.29%, compared to the second quarter of 2025. Revenue also declined by 35.69 million baht, or 23.14%, from the first quarter of 2026. The decrease was primarily attributable to the Company's focus on the execution of major projects during the first half of the year. In addition, several System Integration projects, involving system design, equipment procurement, and installation, remained in the early stages and were undergoing preparation for delivery. As a result, revenue from these projects has not yet been recognized in the statement of profit or loss and is currently reflected as part of the Company's backlog. The Company expects these projects to be substantially delivered and recognized as revenue within the third quarter of 2026.

In terms of profitability, the Company's profitability improved in the second quarter of 2026 as a result of effective project management and the delivery of projects with favorable margins. Gross profit margin increased to 20.20%, representing an increase of 5.16 percentage points. Key contributors to the margin improvement included the completion and delivery of major projects, particularly the supply of computer systems and related educational equipment, together with the USO Net project undertaken for the NBTC. These projects supported both revenue growth and overall profitability during the quarter.

Although global electronic component prices remained elevated and supply chain conditions continued to present challenges during the quarter, the Company experienced no significant impact on its project operations. Through effective risk management measures, including advance procurement planning, efficient inventory management, and long-standing partnerships with key suppliers and manufacturers, the Company has successfully maintained operational continuity and project delivery schedules. The Company’s ability to consistently deliver projects on time underscores its operational strength and credibility among customers and business partners. Consequently, the Company has maintained gross profit margins at a competitive level despite the challenging market environment.

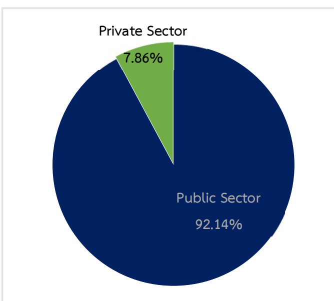
Service Business

The Company generates service revenue from two main segments: (1) maintenance and repair services for information technology systems, and (2) equipment leasing contracts with related services. Service revenue increased by more than five times compared to the same period last year and rose by 38.00% from the first quarter of 2026. This performance was largely attributable to a major leasing project involving the delivery of over 230,000 sets of educational equipment. During the first half of 2026, revenue recognized from this project totaled 374.86 million baht, accounting for 72.53% of the Company's service revenue.

The growing contribution from leasing and service contracts demonstrates the Company's successful transition toward a recurring revenue-based business model. By expanding its portfolio of leasing, maintenance, and IT infrastructure service agreements, the Company continues to enhance revenue predictability, strengthen cash flow stability, and support sustainable long-term growth.

Gross profit margin from the service business remained resilient at 19.16% during the second quarter of 2026, broadly in line with the previous quarter, although lower than the corresponding period last year by 8.43 percentage points. The relatively stable margin profile reflects the Company's growing exposure to large-scale service and leasing projects, which has enhanced earnings visibility and reduced the volatility traditionally associated with project-based revenue streams.

The Company's ability to maintain stable profitability was supported by efficient service cost management, careful control of operating expenses, and effective project risk mitigation. Moreover, the Company continued to execute its backlog according to plan, successfully delivering contractual milestones under maintenance and leasing agreements. Delayed construction and public internet service center projects were also progressively completed and accepted by customers during the quarter, further supporting revenue recognition and operational performance.



Revenue Breakdown by Customer Group and Service Recipient

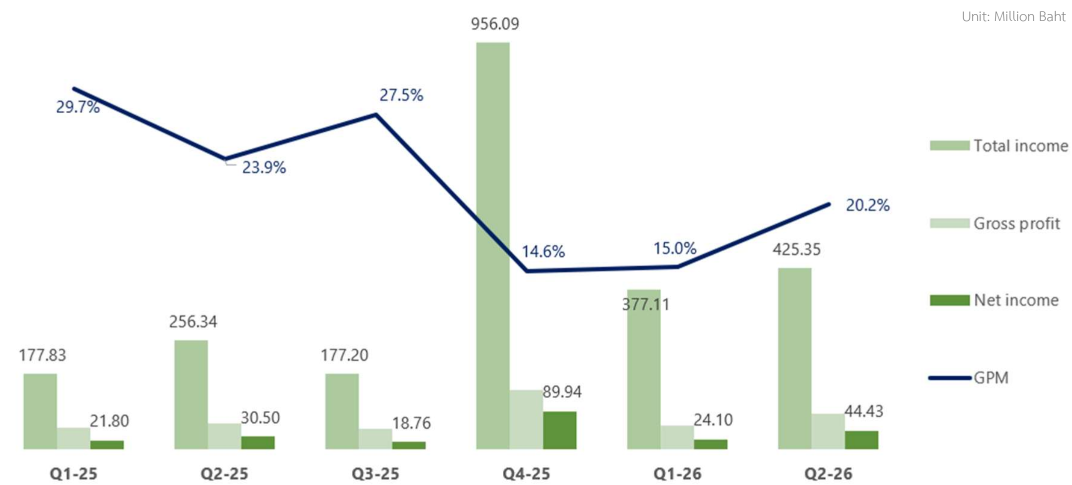
The Company's revenue mix in the second quarter of 2026 was predominantly driven by public sector customers. Revenue from government agencies and state-owned enterprises totaled 385.33 million baht, accounting for 92.14% of total revenue (quarter 2/2025: 63.31%). Meanwhile, revenue from private sector customers and individual consumers amounted to 32.89 million baht, representing 7.86% of total revenue (quarter 2/2025: 36.69%).

During the current period, revenue from maintenance services and equipment leasing contracts was generated almost entirely from government sector customers. Revenue derived from customers under long-term service and leasing agreements continued to provide a stable and recurring income stream, supporting greater revenue visibility compared to the Company's historical business model, where revenue from sales and installation projects tended to fluctuate from quarter to quarter depending on project delivery schedules.

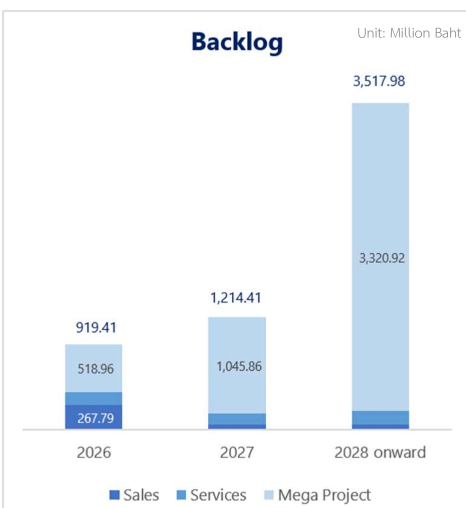
Although the proportion of revenue generated from government sector customers increased significantly in the short term as a result of major project execution, the Company remains committed to diversifying its customer base and revenue sources. The Company continues to pursue growth opportunities in the private sector and among enterprise customers with increasing demand for technology and digital solutions, including both end-user procurement and channel distribution businesses.

Going forward, the Company intends to place greater emphasis on sales and installation projects to enhance operating liquidity and maintain a balanced revenue portfolio. This strategy is particularly important given the increasing prevalence of long-term leasing arrangements within the government sector, which, while contributing to recurring revenue and long-term earnings visibility, typically involve longer cash conversion cycles than traditional sales and installation contracts.

The Company's quarterly performance from 2025 to present can be summarized as follows.



Backlog



As of 30 June 2026, the Company had backlog totaling 5,651.80 million baht. Of this amount, approximately 919.41 million baht is expected to be delivered and recognized as revenue during the third and the fourth quarter of 2026, with the remaining balance to be progressively recognized from 2027 through 2031.

As illustrated in the backlog summary by business segment, the majority of unrecognized revenue pending delivery or service performance continues to be attributable to the leasing business, primarily under mega projects, which are currently approaching the final phase of their delivery schedules.

In addition, the Company has unrecognized revenue of 267.79 million baht from its sales and installation business with various government-sector customers. The Company expects to accelerate project deliveries and complete the recognition of this backlog during quarter 3/2026. Furthermore, the Company anticipates recognizing 651.62 million baht of backlog revenue from its service and leasing businesses within 2026.

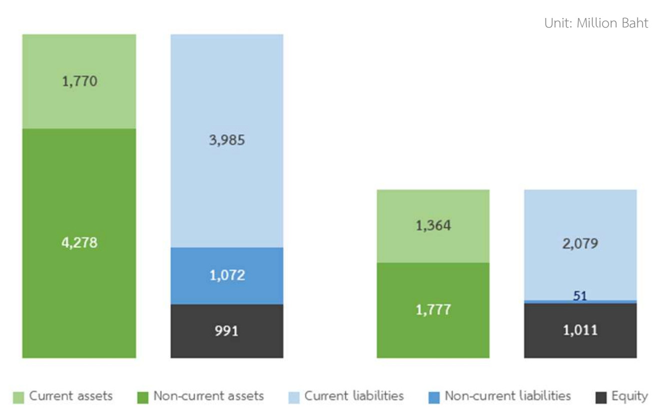
For the second half of the year, the Company expects to participate in bidding for a number of small- to medium-sized projects involving computer equipment leasing and maintenance service contracts. The Company believes it is well-positioned to secure such projects, supported by its competitive pricing, the expertise and experience of its professional team, and its proven track record in successfully delivering projects in the past.

Overview of the Company's Financial Position as of 30 June 2026

Key Items in Statement of Financial Position	30 June 2026		31 December 2025		Inc/ (Dec)	
	MB	%	MB	%	MB	%
Cash and cash equivalents	256.60	4.24	246.08	7.83	10.52	4.28
Trade and other receivables [(1)]	618.23	10.22	276.16	8.79	342.07	123.87
Finance lease receivables [(1)]	767.68	12.69	724.42	23.06	43.26	5.97
Inventories	314.52	5.20	413.25	13.16	(98.73)	-23.89
Revenue department receivables	272.56	4.51	126.79	4.04	145.77	114.97
Equipment, right-of-use assets, and intangible assets	3,595.46	59.44	1,117.84	35.59	2,477.62	221.64
Other assets	223.48	3.70	236.41	7.53	(12.93)	-5.47
Total assets	**6,048.53**	100.00	**3,140.95**	100.00	**2,907.58**	92.57
Trade and other current payables	3,493.19	69.07	2,056.09	96.55	1,437.10	69.89
Lease liabilities [(1)]	36.34	0.72	17.51	0.82	18.83	107.54
Loans from financial institutions [(1)]	1,458.02	28.83	-	0.00	1,458.02	N/A
Other liabilities	69.96	1.38	56.07	2.63	13.89	24.77
Total liabilities	**5,057.51**	100.00	**2,129.67**	100.00	**2,927.84**	137.48
Total equity	**991.02**	100.00	**1,011.28**	100.00	**(20.26)**	-2.00

[(1)] *Comprehensive of current and non-current portions*

Analysis of the Company's Financial Position as of 30 June 2026



The Company's total assets increased by 2,907.58 million baht, or 92.57%, while total liabilities rose by 2,927.84 million baht, or 137.48%, compared to the year 2025. The key changes in financial position attributable to business operations are summarized as follows:

1) Progress of Mega Projects

The Company has summarized the status and progress of its Mega Projects as of Quarter 2/2026 as follows:

Project Status	Number of ESA*	Project Value (Million Baht)
Under Bidding Process	-	-
Scheduled for delivery	1	386.30
Delivered	24	5,634.07
Total	**25**	**6,020.37**

** Educational Service Area*

The implementation phase of the Company's Mega Project is currently approaching completion. During quarter 2/2026, the Company successfully delivered equipment to an additional four educational service areas, compared to the previous quarter. One remaining educational service area is currently pending delivery scheduling, with completion expected in quarter 3/2026.

As a result, the Company's financial position, particularly its working capital accounts, experienced notable changes during the period. Other current receivables increased, primarily due to accrued revenue from lease contracts that remains pending invoicing in accordance with the contractual billing schedule. In addition, lease assets increased following the continued deployment of equipment under the projects, while receivables from the Revenue Department also increased as a result of input VAT related to such equipment purchases. Trade payables likewise increased due to purchases of equipment for the Mega Project that had not yet reached their contractual payment due dates. Conversely, inventories decreased compared to year-end levels, as substantially all equipment procured for delivery during Q1/2026 had already been delivered to the respective educational service areas. As of the end of Q2/2026, only equipment designated for the remaining educational service area awaiting delivery remained in inventory.

2) Funding Arrangements to Support Operations

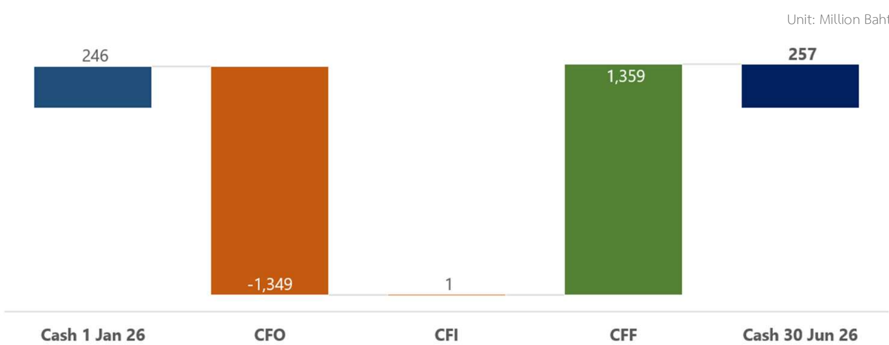
As of the end of Q2/2026, the Company had long-term borrowings from several domestic commercial banks, primarily utilized to finance equipment purchases under medium-sized lease contracts delivered in late 2025, as well as the Mega Project for which certain equipment procurement obligations had become due for payment. These long-term loan facilities bear fixed interest rates as stipulated in the respective loan agreements and are secured by pledged deposits and the assignment of rights to receive lease payments under the related government sector contracts. In addition, the Company is required to maintain certain financial ratios in compliance with the covenants prescribed by the lending institutions.

The Company expects to progressively draw down the remaining loan facilities throughout 2026 and into Q1/2027 to finance equipment purchases, while repayments are planned to be made prior to the contractual maturity dates of each facility. During the first six months of 2026, the Company drew down a total of 1,517.78 million baht in long-term borrowings across all projects, representing 36.76% of the total approved loan facilities currently available to the Company.

Given the increasingly complex liquidity management environment and the higher financial risks associated with the Company's evolving business structure, management continuously reviews and evaluates its funding strategy to ensure adequate financial capacity for long-term project execution. The Company has established a diversified funding structure and places emphasis on securing financing sources with appropriate tenors, facility conditions, and financing costs to align with its strategic objective of expanding lease projects for public sector customers.

At the same time, the Company continues to prioritize its sales and installation business segment. This is reflected in the backlog position as of the end of quarter 2/2026, where the value of projects under the sales and installation category increased compared to the previous quarter, providing additional revenue visibility and contributing to a more balanced business portfolio going forward.

The Company’s overall cash flow movements for six-month period ending 30 June 2026 are summarized as follows:



During the second quarter of 2026, the Company paid dividends totaling 88.80 million baht, or 0.12 baht per share, in respect of its 2025 operating results. The dividend distribution demonstrates the Company's solid financial position and disciplined capital management. Despite the increased working capital requirements arising from the execution of large-scale lease projects, the Company has maintained adequate liquidity and financial flexibility, enabling it to continue delivering returns to shareholders in accordance with its dividend policy.

The Company remains focused on balancing long-term business growth and investment opportunities with sustainable shareholder returns, while maintaining sufficient funding capacity to support future project expansion and operational requirements.

Key Financial Ratios

Financial Ratios	Unit	Q2-2026	Q1-2026	Q2-2025	6M 2026	6M 2025
Liquidity ratios						
Current ratio	Time	0.44	0.33	2.85	0.44	2.85
Average collecting period	Day	85	73	109	85	109
Average inventory period	Day	84	66	5	84	5
Average payment period	Day	263	282	115	263	115
Cash conversion cycle	Day	-94	-143	-1	-94	-1
Profitability ratios						
Gross profit margin	%	20.20	15.04	23.89	17.77	26.27
EBITDA margin	%	56.88	40.29	25.70	49.08	27.77
Net profit margin	%	10.45	6.39	11.90	8.54	12.04
Return on equity (trailing)	%	17.70	15.96	15.21	17.70	15.21
Return on assets (trailing)	%	3.86	4.09	11.52	3.86	11.52
Leverage ratios						
Debt to equity ratio	Time	5.10	3.68	0.36	5.10	0.36
Debt Service Coverage Ratio (DSCR)	Time	0.79	2.48	0.02	0.79	0.02

The Company's liquidity ratios declined compared to the previous year, particularly its working capital ratio. The management believes that this situation is temporary in nature, primarily because a portion of payables related to lease asset purchases had not yet reached their contractual payment due dates as of the reporting date. The Company's liquidity position is expected to improve as the planned financing facilities continue to be utilized. This trend can be observed from the improvement in liquidity indicators between Q1/2026 and Q2/2026.

In contrast, profitability improved compared to the previous quarter, as reflected in both gross profit margin and net profit margin. The improvement was primarily driven by an increase in contract awards and equipment deliveries under the sales and installation business segment, which generally generates higher margins and contributes positively to overall profitability.

Furthermore, the Company's EBITDA margin has continued to improve on a quarter-by-quarter basis, reflecting the ongoing transition toward a Recurring Infrastructure Platform business model. As the proportion of long-term lease contracts has increased significantly, the Company has benefited from a higher level of recurring revenue and improved operating cash flow generation.

With respect to the Company's financial policy ratios, the debt-to-equity ratio increased to 5.10 times. However, the majority of such liabilities are project-related borrowings used to support long-term lease contracts with government sector customers, for which contractual lease payments are secured throughout the lease term. The Company remains in full compliance with all financial covenants and conditions stipulated under its loan agreements.

Regarding the progress of projects under the sales and installation business segment, a number of projects have already been awarded and are included in the Company's backlog as of the reporting date. These projects are expected to be delivered during Q3/2026, which is anticipated to further enhance the Company's liquidity position.

Going forward, the Company will continue to focus on maintaining effective project execution and operational controls across all business segments. These efforts are expected to support the Company's target net profit margin of approximately 8% to 10% for the year, while maintaining financial policy ratios at appropriate levels and ensuring continued compliance with the requirements and covenants prescribed by its lending institutions.

Executive summary explaining the change of more than 20% in the Company's operating results for quarter 2/2026

In Q2/2026, the Company reported total revenue of 425.35 million baht, representing an increase of 65.93% compared to the same period of the previous year. The growth was primarily driven by revenue recognized from lease contracts under the Anywhere Anytime Project, which continued to serve as a key contributor to the Company's recurring revenue base, as well as revenue from the supply-and-installation business segment, where project execution and equipment deliveries commenced during the current quarter.

The Company recorded net profit of 44.43 million baht for the quarter, an increase of 45.67% compared to the corresponding period of the previous year, in line with the growth in operating revenue. Although the gross profit margin improved compared to the first quarter of 2026, the Company began to incur higher finance costs associated with the drawdown of long-term borrowings. As a result, the average net profit margin for the three-month period was 10.45%, representing a slight decrease from the comparative period.

From an operational perspective, the Company not only delivered projects in accordance with its implementation schedule but also made meaningful progress on certain projects previously identified as having potential delivery delays. Those projects showed improved execution performance and were progressively delivered during the current quarter, contributing to the growth in both operating revenue and net profit compared to the prior-year period. In addition, the proportion of recurring income generated from long-term lease contracts continued to increase, further strengthening the Company's long-term revenue visibility and business stability.

As of the end of Q2/2026, the Company had a total backlog of 5,651.80 million baht, which is expected to be recognized as revenue gradually from quarter 3/2026 through 2031. The backlog is predominantly attributable to lease projects with government sector customers, reflecting a high degree of future revenue continuity and supporting the Company's ability to pursue additional business opportunities and long-term growth.

With respect to financial position, total assets amounted to 6,048.53 million baht, nearly doubling compared to the level reported at the end of 2025, primarily as a result of the execution of large-scale lease projects. Total liabilities amounted to 5,057.51 million baht, increasing in line with the Company's funding arrangements to support project implementation. Consequently, the debt-to-equity ratio stood at 5.10 times as of the reporting date. The majority of these liabilities relate to investments in long-term lease contracts with government sector customers, representing revenue-generating obligations supported by projects with relatively predictable future cash inflows.

For the second half of 2026, the Company expects to complete the delivery of all sales and installation projects currently included in its backlog while continuing to recognize recurring revenue from existing lease contracts. The Company also anticipates additional opportunities to secure contract awards and purchase orders from projects currently under its pipeline. Going forward, management will continue to focus on project cost management, financing cost optimization, disciplined project selection based on profitability criteria, and maintaining a balanced revenue structure. These initiatives are expected to support the Company's net profit margin target of 8% to 10% for 2026, while reinforcing its long-term financial sustainability and growth strategy.

Yours Respectfully,

(Mr. Panuwat Khantamoleekul)	(Mr. Panupong Khantamoleekul)
Chief Executive Officer	Deputy Chief Executive Officer

Supreme Distribution Public Company Limited