- Translation -

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August 14, 2026

Subject Management Discussion and Analysis Quarter 2 Ending 30 June 2026

To The President

The Stock Exchange of Thailand

Stecon Group Public Company Limited and subsidiaries ("the Company") would like to clarify Management Discussion and Analysis for the operating results for 2Q26 and six-month ended 30 June 2026. The details are as follows:

<u>Economic Overview and Construction Industry</u>

1. **Thailand's economy in 2Q26 continued to face pressure from the U.S.-Iran conflict** through energy costs such as rising oil prices, which increased production costs and the cost of living. Nevertheless, the Thai economy continued to benefit from the global electronics cycle and investments in data centers, resulting in continued growth in private investment and exports. Meanwhile, the government's economic stimulus measures such as the "Thai Chuay Thai Plus" scheme, public infrastructure investments and energy policy framework development are expected to support economic expansion and economic stability going forward.
2. **Overall construction industry in 2Q26 recorded modest growth from the same period last year** driven by investments in major government transportation and infrastructure projects, including mass transit rail projects, double-track railway projects and motorway developments. Meanwhile, overall private sector investment remained stable from the same period last year, following a slowdown in residential property development, particularly in the condominium segment. Nevertheless, data center construction projects in Thailand are expected to continue expanding. According to the Thailand Board of Investment (BOI), as of May 2026, there were 10 data center projects approved for investment promotion in 2026, with a combined investment value of approximately THB 1 trillion.

<u>Key Business Developments in 2Q26</u>

1. **The Government has set the FY2026 expenditure budget framework at THB 3,780.6 billion,** representing an increase of 0.7% from the FY2025 expenditure budget of THB 3,752.7 billion. As of the end of June 2026, a total of THB 2,915.0 billion had been disbursed, while THB 865.6 billion remained undisbursed.
2. **Several major investment projects are being actively promoted by the Government in 2026 to stimulate economic growth,** particularly in the transportation and infrastructure sectors. These include the M5 Motorway Project (Utraphimuk Elevated Highway, Rangsit-Bang Pa-in section: an extension of the Don Muang Tollway), the M9 Motorway Project (Bangkok Outer Ring Road, Bang Khun Thian-Bang Bua Thong elevated section), Phase 2 Double-Track Railway Projects covering six routes, Phase 2 of the Thailand-China High-Speed Rail Project, and Phase 1 of the Phuket Expressway Construction Project (Kathu-Patong section).
3. **The Company has undertaken preparatory activities for investment in the data center business** to support business expansion and create long-term growth opportunities. The Company is focusing on seeking an experienced operator partner with expertise in the development and management of

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data centers to jointly develop projects on the Company's land holdings, such as its Bangna Km. 4.5 site, which offers a strategic location and well-established utility infrastructure. In addition, the Company is actively seeking additional land in areas with adequate power supply and infrastructure to support data center development projects. The Company is also evaluating investment opportunities in projects where investment and construction have already commenced, in order to shorten the development timeline and accelerate revenue and profit recognition.

4. **The Company has undertaken preparatory activities for investments in energy-related projects,** with a focus on developing power generation and electricity supply projects for government agencies and private-sector customers, including data center operators, whose electricity demand is expected to continue growing. In addition, the Company is preparing to participate in various solar project tenders by conducting detailed project studies and evaluating site suitability as well as investment potential.
5. **The Company has been conducting feasibility studies and preparing for investments in water supply projects,** with a focus on developing potable water and industrial water production and distribution projects for private-sector customers. This includes expanding services to provincial areas where there is strong demand for water supply and recurring water shortages, thereby supporting local communities' access to quality water. In addition, the Company places significant emphasis on developing its customer base in high-potential industries, particularly data center operators, whose demand for industrial water is expected to continue increasing. The Company is also targeting customers within industrial estates that require large and consistent volumes of water on a daily basis. These initiatives are intended to generate stable recurring revenue streams and support the Company's sustainable growth in the future.

<u>Operation Performance Summary</u>

1. **Revenues:** The Company recorded a total revenue of THB 10,255.7 million for 2Q26 and THB 17,574.9 million for the six-month period, increased from the same period last year by THB 1,453.1. million for the quarter and THB 1,995.0 million for the six-month period or an increase of 16.5% for the quarter and 12.8% for the six-month period. The major revenues are as follows:
   I. **Revenue from construction contracts** was THB 9,345.0 million for the quarter and THB 16,561.9 million for the six-month period, increased by 7.2% for the quarter and 9.1% for the six-month period. This was mainly from the data center and clean energy projects.
   II. **Revenue from sales and services** was THB 132.3 million for the quarter and THB 192.1 million for the six-month period, increased by 154.9% for the quarter and 98.2% for the six-month period, mainly from revenue from sales and services of the Company's subsidiary, which secured new projects and recognized revenue in the second quarter.
   III. **Rental income** was THB 16.4 million for the quarter and THB 34.0 million for the six-month period, decreased by 11.8% for the quarter and 7.0% for the six-month period, mainly from lower machinery rental income due to the completion of projects.
   IV. **Dividend income** was THB 736.5 million for the six-month period.
2. **Costs and Expenses:** The Company had total costs and expenses of THB 9,094.8 million for 2Q26 and THB 15,918.0 million for the six-month period, increased from the same period last year by THB 964.6 million for the quarter and THB 1,552.2 million for the six-month period or an increase of 11.9% for the quarter and 10.8% for the six-month period. The major costs and expenses are as follows:
   I. **Cost of construction** was THB 8,675.6 million for the quarter and 15,341.0 for the six-month period.

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II. **Cost of sales and services** was THB 113.3 million for the quarter and THB 166.3 million for the six-month period.
III. **Cost of rental** was THB 5.1 million for the quarter and THB 9.9 million for the six-month period.
IV. **Administrative expenses** were THB 301.3 million for the quarter and THB 597.8 million for the six-month period, decreased from the same period last year by THB 72.0 million for the quarter but increased by THB 18.0 million for the six-month period. This was mainly due to joint venture project management expenses and personnel expenses.

3. **Share of loss from investments in associates and joint ventures** was THB 29.0 million for 2Q26 and THB 58.9 million for the six-month period, decreased by THB 99.0 million from the same period last year for six-month period. This was primarily due to the adjustment of investments in NBM (Northern Bangkok Monorail Co., Ltd.) and EBM (Eastern Bangkok Monorail Co., Ltd.) to equity investment (designated at fair value through other comprehensive income).
4. **Profitability:** The Company recorded a gross profit of THB 699.5 million for 2Q26 and THB 1,270.7 million for the six-month period, equivalent to gross profit margin of 7.4% and 7.6%, respectively. In addition, the Company recorded profit before income tax expenses recorded of THB 1,065.5 million for the quarter and THB 1,463.4 million for the six-month period, equivalent to profit before income tax margin of 10.4% and 8.3%, respectively.
5. **Net profit:** The Company recorded a net profit of THB 911.7 million for 2Q26 and THB 1,258.3 million for the six-month period, equivalent to net profit margin of 8.9% and 7.2%, respectively. Net profit increased from the same period last year by THB 395.0 million for the quarter and THB 396.1 million for the six-month period. This was mainly due to higher gross profit and more efficient cost and expense control.

<u>Financial Position</u>

1. **Total assets** were THB 63,490.0 million as of 30 June 2026, increased by THB 7,240.5 million or 12.9% from THB 56,249.5 million as of 31December 2025. This was mainly due to increases in other non-current financial assets by THB 4,003.3 million.
2. **Total liabilities** were THB 42,080.6 million as of 30 June 2026, increased by THB 2,882.2 million or 7.4% from THB 39,198.4 million as of 31 December 2025. This was mainly due to an increase in contract liabilities by THB 1,608.7 million.
3. **Total shareholders' equity** was THB 21,409.4 million as of 30 June 2026, increased by THB 4,358.3 million or 25.6% from THB 17,051.0 million as of 31 December 2025. This was mainly due to increases in retained earnings from the profit for the six-month period of THB 956.1 million and other components of shareholders' equity of THB 3,281.1 million. The increase of other components of shareholders' equity was mainly due to an increase in the market value of domestic listed equity instruments, which is the Company's other non-current financial assets.

<u>Capital Structure</u>

1. **The Company's capital structure as of 30 June 2026** comprised of total liabilities of THB 42,080.6 million, of which THB 9,986.1 million were interest-bearing debts (excluding lease liabilities). These consisted of short-term loans from financial institutions of THB 7,999.0 million, short-term loans from related persons and parties of THB 143.9 million, current portion of long-term borrowings of THB 264.3 million and long-term loans from financial institutions of THB 1,578.9 million. Meanwhile, total shareholders' equity totaled THB 21,409.4 million.

2. **The interest-bearing debt (excluding lease liabilities) to equity ratio was at 0.47x** as of 30 June 2026.

Cash Flows

For six-month period ended 30 June 2026, the Company reported the cash flows as follows:

1. **Cash flows from (used in) operating activities** were THB 18.9 million, decreased by THB 1,187.7 million from the same period last year. This was mainly due to higher payments of trade and other current payables.
2. **Cash flows from (used in) investing activities** were THB 764.6 million, increased by THB 1,798.9 million from the same period last year. This was mainly due to a decrease in cash paid for share capital of associates as well as an increase in dividend received.
3. **Cash flows from (used in) financing activities** were THB 667.6 million, slightly increased by THB 29.6 million from the same period last year.

Company's Strategy and Investment Plan Development

The Company has formulated an investment plan for new businesses aligned with its sustainable growth strategy, prioritizing the generation of recurring income and entering high-growth potential businesses (New S-Curve) in order to strengthen competitiveness, reduce risk and increase opportunity to generate revenue from diversified business sectors through investments in 5 core areas: construction-supporting businesses, clean energy, data centers, water management, and logistics. The key investment projects are as follows:

1. **Nue EPIC Asok-Rama 9 Project (V91):** The Company has invested in this condominium project to support its role as the project's main construction contractor. Construction is expected to be completed by 3Q28. Currently, more than 60% of the units have been reserved and contracted, reflecting the strong potential of the Rama 9-Ratchada location and its positive reception among both Thai and international buyers.
2. **EWS Project:** The Company has entered into a joint venture with a business partner in an industrial water production and distribution project to supply water to data center customers. The project has been completed in accordance with the planned construction schedule and has entered the commissioning phase to assess the readiness of the water production and distribution systems. Following the commissioning process, the Company commenced trial water supply operations for its first customer, with results meeting expectations and progressing as planned. In addition, the project is currently undertaking further pipeline construction and network connections to support water distribution to additional customers in accordance with its expansion plan, which is expected to drive continuous growth in water sales volumes going forward.
3. **Investment in Startups:** The Company has invested in Startups within the construction industry to generate investment returns while enabling the Group to adopt modern construction innovations, including AI, for application in its large-scale construction projects. Key investments include **ALICE Technologies,** whose technology the Company has begun implementing in the major construction project such as Bangkok Mall to enhance project planning and scheduling efficiency and better align project execution with customer requirements. In addition, the Company has invested approximately USD 1 million in a U.S.-based construction technology company that develops **Dusty Robotics,** the autonomous robots for construction layout and field positioning by directly projecting digital construction plans onto job sites. This technology helps improve construction productivity, accuracy and safety.

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Sustainability Development in 2Q26

The Company conducts business with a strong commitment to sustainable development by creating value across the economic, social, environmental and corporate governance dimensions. The details are as follows:

1. **Environmental Dimension:** The Company recognizes the importance of conducting its business with due consideration for environmental sustainability and climate change. Accordingly, the Company has established policies, operational guidelines, monitoring mechanisms, and continuous improvement initiatives relating to environmental management. The Company also supports and promotes environmental conservation practices and seeks to minimize any potential adverse impacts of its business operations on the environment and surrounding communities. Key environmental initiatives undertaken in 2Q26 are as follows:
   I. **Solar Cell Installation Project:** The Company has continuously implemented the installation of solar cell the field offices of various projects to support the use of clean energy and reduce greenhouse gas emissions associated with electricity consumption from fossil fuel-based energy sources. The operating results for the period from January to June 2026 are as follows:

Project	Period	Energy Saved (kWh)	Greenhouse Gas Emissions Reduction ($TonCO_2e$)
Solar Rooftop	Jan-Jun 2026	259,520	129
Solar Lighting	Jan-Jun 2026	36,534	18
Total		**296,054**	**147**

   II. **Food Waste-to-Fertilizer Project:** The Company has implemented the project to effectively manage organic waste generated within the organization. This project helps reduce greenhouse gas emissions, creates added value from organic waste, and minimizes environmental impacts. During the period from January to June 2026, the Company successfully converted 46 tonnes of food waste into fertilizer, resulting in a reduction of 37 tonnes of carbon dioxide equivalent ($TonCO_2e$) in Scope 3 greenhouse gas emissions.

2. **Social Dimension:** The Company conducts its business with a strong sense of social responsibility and in accordance with internationally recognized standards aimed at minimizing potential impacts arising from its operations while taking into consideration the interests of all stakeholders. In addition, the Company places great importance on occupational health, safety, and workplace environment, respect for human rights, employee development, and community support initiatives. Key projects undertaken in 2Q26 are as follows:
   I. **Sino-Thai Giving Back to Society Project:** The Company handed over the 74th Charnvirakul Building to Ban Khao Chao Border Patrol Police School, located in Pran Buri District, Prachuap Khiri Khan Province. The building comprises three classrooms and was provided to support educational development in the local community. In addition, the Company also donated scholarships and sports equipment to the Ban Khao Chao Border Patrol Police School.
   II. **Health & Well-Being Project:** The Company has implemented the project to enhance employees' quality of life through a holistic approach that encompasses physical health, mental well-being, disease prevention, healthy lifestyle modification, and work-life balance. The project aims to promote good health, happiness, and overall well-being among employees, enabling

them to perform their duties effectively and sustainably. Examples of recent activities and training sessions include Mind and Body Connection, Exercise for Longevity, and Mental Health Near Me.

3. **Governance Dimension:** The Company places the highest importance on conducting its business in a fair, transparent, and accountable manner, in accordance with principles of ethics, integrity, and good corporate governance, while taking into consideration the interests of all stakeholders. The Company also maintains an appropriate risk management framework and continuously promotes innovation to enhance its capabilities, supporting sustainable and stable growth. Key initiatives undertaken in 2Q26 are as follows:
    I. **Innovation Development Project:** The Company has established an Innovation Steering Committee and an Innovation Management Team to drive and oversee innovation across the organization. As part of this project, the Company has developed an Innovation Dashboard to serve as a centralized platform for collecting, sharing, and managing innovative ideas, achievements, and projects. The dashboard enables all business units to efficiently access, utilize, and build upon innovation-related knowledge and solutions, fostering collaboration, continuous improvement, and value creation throughout the organization.

<u>Factors Affecting Future Operations and Growth</u>

The Company assesses that the U.S.-Iran conflict remains highly uncertain, which may affect the prices of key construction materials such as steel, cement, and concrete, as well as labor, energy and transportation costs. As a result, the actual project costs may deviate from initial estimates, particularly under fixed-price contracts or contracts with limited price adjustment provisions. Nevertheless, the Company adopts a proactive procurement strategy and enters into medium- to long-term framework agreements for critical materials, while locking in prices where appropriate. In addition, the Company diversifies its sourcing channels and establishes necessary contingency plans to mitigate volatility and manage risks aligned with business structure. In addition, other key factors that require close monitoring include price competition and labor shortages. The Company has implemented management measures to closely and continuously monitor and assess developments and potential impacts on project execution. This proactive approach enables the Company to effectively manage risks and ensure that project implementation remains on schedule and aligned with project objectives.

Please be informed accordingly,

Sincerely yours,

Stecon Group Public Company Limited

- *Signed* -

(Mr. Pakpoom Srichamni)

Authorized Director

- *Signed* -

(Mrs. Jaikaew Tejapijaya)

Authorized Director

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