



Management Discussion and Analysis (MD&A)

For the Three-Month and Six-Month Periods Ended 30 June 2026

The first six months of 2026 reflected the timing of the Company's revenue recognition, with the majority of revenue derived from project and service work. Revenue from the electrical and mechanical system contracting business increased by 67.82%, while cash flows from operating activities remained positive at Baht 11.32 million. As at 31 July 2026, the Company had contracted work pending delivery or service performance of Baht 352.55 million. Nevertheless, total revenue, gross profit margin and net profit margin declined. Management has therefore placed particular emphasis on project delivery, cost control, collections and credit facility management during the second half of the year.

Overview of Business Operations, Economic Conditions and Industry Conditions Affecting the Company's Performance

Business Overview and Nature of Operations

Frontline Engineering Public Company Limited (the "Company" or "FLE") engages in the procurement and distribution, and the procurement, distribution and installation, of pumps, valves, pipes, Bailey bridges, dredgers and related equipment sourced from leading global manufacturers, as well as products under the Company's own brands. The Company also operates a pump rental business; an electrical and mechanical system contracting business for irrigation, water transmission and solar power systems; and a service business providing product installation, testing and maintenance.

The Company's business model focuses on providing one-stop water management system solutions, ranging from consulting, product and technology selection, system design and equipment procurement to installation, system testing and after-sales services. Drawing on the experience and expertise of its engineers and technicians, the Company is able to appropriately address the requirements of both public- and private-sector customers.

For the first six months of 2026, the Company recorded total revenue from sales and services of Baht 242.95 million, principally comprising: (1) revenue from the electrical and mechanical system contracting business for irrigation, water transmission and solar power systems of Baht 124.21 million, representing 50.76% of total revenue for the first six months

of 2026 and an increase of 67.82% from the corresponding period of the previous year. The increase was primarily attributable to the progressive delivery of work and revenue recognition from projects carried forward from 2025 in accordance with plan, following the easing of unrest along the Thailand-Cambodia border and flooding in southern Thailand. During the current period, the Company principally recognized revenue from five solar power system projects for the Department of Groundwater Resources, with an average value of approximately Baht 25 million per project, compared with eight projects for the Department of Groundwater Resources with an average value of approximately Baht 8.2 million per project and one project for the Royal Irrigation Department valued at Baht 8.60 million in the corresponding period of the previous year; and (2) revenue from the procurement, distribution and installation business of Baht 91.98 million, representing 37.59% of total revenue. This represented an increase of Baht 76.10 million, or 479.35%, from the corresponding period of the previous year, as the Company delivered a project for the procurement and installation of large pumps to the Royal Irrigation Department valued at Baht 66.99 million, together with two projects for public- and private-sector customers with an aggregate value of approximately Baht 20 million. By comparison, in the first six months of 2025, the Company recognized revenue from two private-sector projects with an aggregate value of approximately Baht 15.88 million.

In addition to the factors described above, the year-on-year change in the Company's total revenue was attributable to the commencement of revenue recognition from the pump rental business, a new business of the Company. The Company secured its first contract in the fourth quarter of 2025 and began recognizing revenue from that contract in the first quarter of 2026. Additional pump rental contracts were secured during the second quarter of 2026. The pump rental business is intended to increase the proportion of recurring income and diversify the Company's revenue sources in line with its strategy.

Economic and Industry Overview

The Company's operations are linked to public-sector investment policies and budget cycles, as its principal customers are government agencies and state enterprises involved in water management systems. Accordingly, the timing of budget approvals, procurement processes, contract execution and work inspections may affect the Company's opportunities to secure projects and the timing of revenue recognition.

The water management industry plays a critical role in the agricultural and industrial sectors, as well as in household consumption. It encompasses water supply and irrigation

systems, waterworks, water transmission and drainage systems, and infrastructure for flood and drought prevention and mitigation. Urban and industrial expansion, together with climate change, has increased the importance of developing and enhancing the efficiency of water management systems.

This investment trend is reflected in fiscal year 2026 data, under which the Provincial Waterworks Authority (PWA) received an additional budget allocation of Baht 6,087 million to implement 236 waterworks service-area expansion and system improvement projects covering 72 provinces and 110 districts. These projects are expected to expand access to piped water services for more than 82,218 households. This budget allocation demonstrates the continued development of Thailand's water infrastructure through the construction of new systems, expansion of service capacity and improvement of existing systems to accommodate growing demand for water. This trend supports business opportunities for the Company in the procurement, distribution and installation of pumps, valves, pipes and related equipment; electrical and mechanical system contracting; pump rental; and installation, testing and maintenance services. In addition, solar power systems used in conjunction with pumps help reduce reliance on grid electricity and promote clean energy use, in line with the Company's one-stop water management system solutions.¹

Nevertheless, the Company's performance remains dependent on the timing of budget approval and disbursement, procurement processes, site readiness, and production and international shipping lead times. Foreign exchange volatility may also affect the cost of imported products. The Company therefore places importance on advance procurement and project planning, monitoring production and shipment status, aligning inventory levels with work plans, and monitoring site readiness and compliance with contractual requirements.

The Company's Strategy and Operations During the Period

For the six-month period ended 30 June 2026, the Company's key operating and risk management measures were as follows:

1. Project and Delivery Management

The Company closely monitors project-site readiness, equipment procurement, installation and work progress to ensure delivery in accordance with contractual terms. If

¹ Source: Provincial Waterworks Authority press release, "PWA Enhances Quality of Life through Prompt, Proactive Services and Expands Water Supply Services Nationwide," 2025.

operations are affected by events beyond the Company's control, such as delays in site handover, natural disasters or civil unrest, the Company will notify the employer or request an extension of time in accordance with the relevant contractual terms.

2. Procurement and Inventory Management

The Company undertakes advance procurement and project planning in line with its work plans and secured workload, while continuously monitoring manufacturers' production and shipment status. The Company also maintains inventory at an appropriate level and aligns material procurement with operating plans to mitigate the risks of storage costs and inventory deterioration.

3. Diversification of Revenue Sources and Customer Base

The Company seeks to expand its customer base to other government agencies and state enterprises involved in water systems, while also increasing its private-sector customer base, in order to reduce reliance on existing customers and mitigate the impact of delays in government budget approval and disbursement processes.

The Company is also expanding its pump rental business to develop a sustainable source of recurring income. The performance of this business depends on retaining and expanding the customer base, securing additional rental contracts and managing pump utilization at an appropriate level.

For the water project business, the Company is studying the feasibility of investing in water treatment plant concession projects and providing operation and maintenance services for water treatment plants. The Company does not yet have direct operating experience in these businesses. Any decision to invest or participate in bidding will therefore depend on the outcome of the feasibility study, the project owner's requirements, the Company's ability to secure financing, the likelihood of winning the work, and the expected return at an acceptable level of risk.

4. Maintaining Competitiveness

The Company focuses on delivering one-stop water management system solutions, from consulting, design and product procurement to installation, system testing, maintenance and after-sales services. The Company selects products certified to international standards, while developing products under its own brands and leveraging the expertise of its engineers and technicians to control the quality and performance of work prior to customer delivery.

Outlook and Future Direction

The Company expects industry conditions in the second half of 2026 to continue benefiting from public-sector investment in water management, irrigation, waterworks, water transmission, drainage and related infrastructure. Nevertheless, the Company will continue to closely monitor budget disbursement, procurement processes, site readiness, import cost volatility and foreign exchange movements.

Contracted Work Pending Delivery

As at 31 July 2026, the Company had contracted sales, services and project work that had not yet been delivered or performed for customers with an aggregate value of Baht 352.55 million, as detailed below:

Business Type	Backlog as at 31 July 2026 (Unit: Baht million)					Expected Completion	
	Public-Sector Customers (Royal Irrigation Department, Provincial Waterworks Authority, Department of Groundwater Resources and municipalities)		Private-Sector Customers		Total		Number of Projects
	Value	Number of Projects	Value	Number of Projects			
Sales Work	-	-	8.74	46	8.74	46	By Q4 2026
Supply and Installation Work	94.03	11	65.19	13	159.22	24	By Q4 2026
Service Work	0.21	1	3.72	4	3.93	5	By Q4 2026
Project Work	163.82	5	-	-	163.82	5	By Q1 2027
Rental Work	16.84	7	-	-	16.84	7	By Q1 2032/1
Total	274.90	24	77.65	63	352.55	87	

The Company had Baht 352.55 million of contracted work pending delivery or service performance across 87 projects, comprising project work of Baht 163.82 million, supply and installation work of Baht 159.22 million, pump rental work of Baht 16.84 million, sales work of Baht 8.74 million and service work of Baht 3.93 million. Customers included government agencies - namely the Royal Irrigation Department, Provincial Waterworks Authority, Department of Groundwater Resources and municipalities - as well as private-sector customers. The Company expects the sales, supply and installation, and service work to be completed by the fourth quarter of 2026, and project work to be completed by the first quarter of 2027. Revenue from pump rental work will be recognized over the respective

service periods. Three rental contracts will expire in 2031 and four contracts will expire in 2032. The rental contracts are expected to increase the proportion of recurring income and support long-term revenue continuity.

Going forward, the Company will continue to manage and monitor its backlog to support on-schedule delivery and inspection, together with effective management of costs, working capital, procurement and inventory. The Company will also continue to focus on expanding its rental and service businesses and private-sector customer base in order to diversify revenue sources, reduce reliance on public-sector project revenue and support sustainable long-term growth.

Summary of Significant Events and Developments

During the second quarter of 2026, the Company continued to operate in the ordinary course of business, with no events having a material impact on its financial position, operating results or operating structure. In addition, the Company secured further pump rental contracts during the quarter in line with its strategy to increase recurring income. Revenue from these contracts is expected to be recognized progressively beginning in the fourth quarter of 2026 and the first quarter of 2027.

Operating Results of the Company

For the Second Quarter of 2026 Ended 30 June 2026

(Unit: Baht million)	Three-Month Period		Six-Month Period	
	Ended 30 June		Ended 30 June	
	2025	2026	2025	2026
Revenue				
Revenue from Sales	208.68	30.19	293.09	111.98
Revenue from Services	13.91	48.05	76.01	130.98
Foreign Exchange Gains	2.04	0.24	3.53	0.30
Other Income	0.87	1.28	0.88	1.44
Total Revenue	225.50	79.76	373.51	244.69

(Unit: Baht million)	Three-Month Period		Six-Month Period	
	Ended 30 June		Ended 30 June	
	2025	2026	2025	2026
Expenses				
Cost of Sales	152.64	19.95	226.44	89.50
Cost of Services	10.66	38.17	56.87	110.28
Selling and Distribution Expenses	3.71	2.97	6.52	6.22
Administrative Expenses	15.09	15.29	29.93	30.33
Impairment Loss on Financial Assets (Reversal)	3.44	(1.38)	6.14	(4.68)
Total Expenses	185.54	75.00	325.90	231.64
Operating Profit	39.96	4.76	47.61	13.05
Finance Income	0.04	0.01	0.08	0.01
Finance Costs	(1.46)	(1.13)	(3.58)	(2.62)
Profit Before Income Tax Expense	38.54	3.64	44.11	10.44
Income Tax Expense	(10.26)	(0.40)	(11.93)	(1.16)
Profit for the Period	28.28	3.24	32.18	9.28
Actuarial Gain (Loss), Net of Income Tax	-	-	-	-
Total Comprehensive Income for the Period	28.28	3.24	32.18	9.28

Revenue by Business Segment

For the Second Quarter of 2026 Ended 30 June 2026

(Unit: Baht million)	Three-Month Period Ended 30 June		Six-Month Period Ended 30 June	
	2025	2026	2025	2026
Revenue from Procurement and Distribution Business	195.30	7.57	277.21	20.00
Revenue from Procurement, Distribution and Installation Business	13.38	22.62	15.88	91.98
Revenue from Sales	208.68	30.19	293.09	111.98
Revenue from Electrical and Mechanical System Contracting for Irrigation, Water Transmission and Solar Power Systems	12.84	41.73	74.02	124.21
Revenue from Service Business	1.07	6.32	1.99	6.77
Revenue from Services	13.91	48.05	76.01	130.98
Total Revenue from Sales and Services	222.59	78.24	369.10	242.95
Foreign Exchange Gains	2.04	0.24	3.53	0.30
Other Income	0.87	1.28	0.88	1.44
Total Revenue	225.50	79.76	373.51	244.69

Revenue

For the six-month period ended 30 June 2026, the Company recorded total revenue of Baht 244.69 million, a decrease of Baht 128.82 million, or 34.49%, from Baht 373.51 million in the corresponding period of the previous year. Total revenue comprised revenue from sales and services of Baht 242.95 million, foreign exchange gains of Baht 0.30 million and other income of Baht 1.44 million.

Revenue from sales and services decreased by Baht 126.15 million, or 34.18%, from the corresponding period of the previous year, primarily because revenue from sales decreased from Baht 293.09 million to Baht 111.98 million. In the corresponding period of the previous year, the Company delivered large mobile pumps mounted on floating pontoons to the Royal Irrigation Department. In the current period, revenue from the procurement and



distribution business was primarily derived from smaller assignments, with no delivery of a comparable large-scale project.

Revenue from construction and services, however, increased from Baht 76.01 million to Baht 130.98 million, an increase of Baht 54.97 million, or 72.32%. This was primarily attributable to the progressive execution of work and revenue recognition from projects carried forward from 2025 following the easing of unrest along the Thailand-Cambodia border and flooding in southern Thailand, which allowed the Company to resume site access, continue operations and progressively deliver the work.

Other income amounted to Baht 1.44 million, an increase of Baht 0.56 million, or 63.64%, from Baht 0.88 million in the corresponding period of the previous year. Foreign exchange gains decreased from Baht 3.53 million to Baht 0.30 million, or by 91.50%.

Cost of Sales and Services

For the first six months of 2026, the Company recorded total cost of sales and services of Baht 199.78 million, a decrease of Baht 83.53 million, or 29.48%, from the corresponding period of the previous year, in line with the decrease in revenue from sales and services. Nevertheless, the ratio of cost of sales and services to total revenue increased from 75.85% to 81.64% as the revenue mix shifted from product sales toward contracting and service work, which has a higher proportion of site costs and project operating expenses.

Cost of sales for the first six months of 2026 amounted to Baht 89.50 million, a decrease of Baht 136.94 million, or 60.48%, from the corresponding period of the previous year, in line with the decrease in revenue from sales. In the corresponding period of the previous year, the Company delivered mobile pumps mounted on floating pontoons to the Royal Irrigation Department, which was a high-value project. Revenue from sales in the current period was derived primarily from smaller assignments; consequently, cost of sales declined in line with the volume and value of work delivered.

Cost of services amounted to Baht 110.28 million, an increase of Baht 53.41 million, or 93.91%, from the corresponding period of the previous year, in line with the increase in revenue from the electrical and mechanical system contracting business for irrigation, water transmission and solar power systems and related services. Revenue was mainly recognized progressively from public-sector projects carried forward from 2025, which incurred material and equipment costs, labor costs, subcontractor charges, transportation costs and operating

expenses across multiple sites. As a result, both cost of services and the cost-to-revenue ratio increased.

Gross Profit

(Unit: Baht million)	Three-Month Period Ended 30 June		Six-Month Period Ended 30 June	
	2025	2026	2025	2026
Total Gross Profit	59.29	20.12	85.79	43.18
Gross Profit from Sales	56.04	10.24	66.65	22.48
Gross Profit from Services	3.25	9.88	19.14	20.70

The Company recorded gross profit of Baht 43.18 million, a decrease of Baht 42.61 million, or 49.67%, from the corresponding period of the previous year. The gross profit margin was 17.77%, down from 23.24% in the corresponding period of the previous year. This was primarily because the current period did not include revenue recognition from the sale of large pumps carrying a high gross profit margin, as in the previous year. In addition, most project revenue recognized in the current period related to projects carried forward from 2025 that had a high proportion of site costs relative to project value.

Gross Profit Margin

(Unit: Percent)	Three-Month Period Ended 30 June		Six-Month Period Ended 30 June	
	2025	2026	2025	2026
Total Gross Profit Margin	26.64	25.72	23.24	17.77
Gross Profit Margin from Sales	26.85	33.92	22.74	20.07
Gross Profit Margin from Services	23.36	20.56	25.18	15.80

For the first six months of 2026, the Company's gross profit margin was 17.77%, down from 23.24% in the corresponding period of the previous year. Revenue from sales was derived mainly from smaller assignments, while contracting and service revenue was recognized from



projects carried forward from 2025 that had a high proportion of site costs, resulting in a lower gross profit margin.

Selling and Administrative Expenses

For the first six months of 2026, the Company recorded selling and distribution expenses of Baht 6.22 million, a decrease of Baht 0.30 million, or 4.55%, from the corresponding period of 2025, due to lower employee-related selling and distribution expenses, in line with the decrease in the Company's revenue. Administrative expenses amounted to Baht 30.33 million, an increase of Baht 0.39 million, or 1.31%, from the corresponding period of 2025, primarily due to higher professional fees and legal advisory fees relating to preparations for the Company's initial public offering (IPO), as well as expenses associated with developing the Company's management systems and internal operations to support business expansion and enhance long-term operating efficiency. The increase was partially offset by a 41% decrease in office expenses, a 56% decrease in fees and other service charges, and an approximately 61% decrease in other expenses, reflecting cost-control measures and a lower volume of financial transactions.

During the period, the Company recognized a reversal of expected credit losses of Baht 4.68 million after certain private-sector trade receivables, for which an allowance for expected credit losses had been recognized in 2025, settled their outstanding balances. As a result, net selling and administrative expenses after the reversal amounted to Baht 31.87 million, representing 13.02% of total revenue.

Net Profit

For the six-month period ended 30 June 2026, the Company recorded net profit of Baht 9.28 million, a decrease of Baht 22.90 million, or 71.16%, from Baht 32.18 million in the corresponding period of the previous year. The net profit margin was 3.79%, down from 8.62% in the corresponding period of the previous year.

The decrease in net profit was primarily attributable to lower revenue and gross profit, as well as a lower gross profit margin on work for which revenue was recognized in the current period compared with the corresponding period of the previous year, notwithstanding the reversal of expected credit losses of Baht 4.68 million and reductions achieved in certain categories of expenses.

Net Profit Margin

(Unit: Percent)	Three-Month Period Ended 30 June		Six-Month Period Ended 30 June	
	2025	2026	2025	2026
Net Profit Margin	12.54	4.06	8.62	3.79

For the first six months of 2026, the Company's net profit margin was 3.79%, down from 8.62% in the corresponding period of the previous year. This was attributable to a lower gross profit margin on projects with high site costs, together with a higher proportion of administrative expenses relating to preparations for listing on the Stock Exchange and the development of management systems to support business expansion.

Summary of Financial Position

Overall Financial Position

(Unit: Baht million)	As at 31 December 2025	As at 30 June 2026	Increase (Decrease)	
			Baht Million	Percent
Total Current Assets	181.03	167.96	(13.07)	(7%)
Total Non-Current Assets	160.03	156.4	(3.62)	(2%)
Total Assets	341.06	324.36	(16.70)	(5%)
Total Current Liabilities	177.95	167.48	(10.46)	(6%)
Total Non-Current Liabilities	22.93	17.42	(5.51)	(24%)
Total Liabilities	200.87	184.9	(15.97)	(8%)
Total Shareholders' Equity	140.19	139.47	(0.72)	(1%)
Total Liabilities and Shareholders' Equity	341.06	324.36	(16.70)	(5%)

Current Assets

Current Assets	As at 31 December 2025		As at 30 June 2026	
	Baht Million	Percent	Baht Million	Percent
Cash and Cash Equivalents	13.76	4.04	2.02	0.62
Trade and Other Current Receivables	41.75	12.24	64.81	19.98
Contract Assets - Unbilled Revenue	69.33	20.33	59.55	18.36
Inventories	45.13	13.23	31.87	9.82
Advance Payments for Goods	10.81	3.17	8.82	2.72
Other Current Financial Assets - Fixed Bank Deposits	0.25	0.07	0.28	0.09
Current Income Tax Assets	-	-	0.61	0.19
Total Current Assets	181.03	53.08	167.96	51.78

Total Assets and Current Assets

As at 30 June 2026, the Company had total assets of Baht 324.36 million, a decrease of Baht 16.70 million, or 4.90%, from Baht 341.06 million as at 31 December 2025. The decrease was primarily attributable to decreases of Baht 13.26 million in inventories, Baht 11.74 million in cash and cash equivalents, and Baht 9.78 million in contract assets - unbilled revenue, partially offset by an increase of Baht 23.06 million in trade and other current receivables.

Trade and other current receivables amounted to Baht 64.81 million, an increase of Baht 23.06 million, or 55.23%, from Baht 41.75 million. The increase resulted from the delivery of projects for the Department of Groundwater Resources and Khlong Luang Municipality toward the end of the quarter, enabling the Company to recognize revenue and issue invoices in accordance with contractual terms. Consequently, trade receivables increased while payment from customers remained outstanding.

Contract assets - unbilled revenue amounted to Baht 59.55 million, a decrease of Baht 9.78 million, or 14.10%, from Baht 69.33 million. Following the easing of unrest along the Thailand-Cambodia border and flooding in southern Thailand, the Company was able to resume operations, progressively deliver projects carried forward from 2025 and issue

additional invoices in accordance with contractual terms. Nevertheless, the majority of the remaining balance related to projects for the Department of Groundwater Resources for which the Company had recognized revenue based on work progress, although the contractual billing milestones had not yet been reached.

Inventories amounted to Baht 31.87 million, a decrease of Baht 13.26 million, or 29.39%, from Baht 45.13 million. The decrease was attributable to the progressive issuance of inventory for operations and the delivery of water transmission system construction projects for the Department of Groundwater Resources, as well as procurement, distribution and installation work for the Royal Irrigation Department during the period.

Cash and cash equivalents amounted to Baht 2.02 million, a decrease of Baht 11.74 million, or 85.32%, from Baht 13.76 million. The Company generated net cash flows from operating activities of Baht 11.32 million, while net cash flows used in investing and financing activities amounted to Baht 2.86 million and Baht 20.21 million, respectively. Significant cash outflows included purchases of pumps for the rental business and dividend payments.

Liabilities

Current Liabilities

Current Liabilities	As at 31 December 2025		As at 30 June 2026	
	Baht Million	Percent/1	Baht Million	Percent/1
Bank Overdrafts and Short-Term Borrowings from Financial Institutions	38.64	11.33	49.19	15.16
Trade and Other Current Payables	109.81	32.20	91.49	28.21
Retention Payables	5.55	1.63	7.05	2.17
Contract Liabilities - Advances Received from Customers	3.38	0.99	3.03	0.93
Current Portion of Long-Term Borrowings from Financial Institutions	8.23	2.41	8.28	2.55
Current Portion of Lease Liabilities	3.25	0.95	3.24	1.00
Corporate Income Tax Payable	3.90	1.14	-	-
Provision for Product Warranties	4.66	1.36	4.68	1.44

Current Liabilities	As at 31 December 2025		As at 30 June 2026	
	Baht Million	Percent/1	Baht Million	Percent/1
Other Current Liabilities	0.53	0.16	0.53	0.16
Total Current Liabilities	177.95	52.17	167.48	51.63

Non-Current Liabilities	As at 31 December 2025		As at 30 June 2026	
	Baht Million	Percent/1	Baht Million	Percent/1
Long-Term Borrowings from Financial Institutions - Net of Current Portion	8.61	2.52	4.4	1.36
Lease Liabilities - Net of Current Portion	8.48	2.49	6.9	2.13
Provision for Long-Term Employee Benefits	5.84	1.71	6.12	1.89
Total Non-Current Liabilities	22.93	6.72	17.42	5.37

Liabilities

As at 30 June 2026, the Company had total liabilities of Baht 184.90 million, a decrease of Baht 15.97 million, or 7.95%, from Baht 200.87 million. The decrease was primarily attributable to trade and other current payables, which decreased by Baht 18.32 million, or 16.69%, from Baht 109.81 million to Baht 91.49 million, following the partial settlement of dividends payable and the payment of trade payables in accordance with credit terms in the ordinary course of business. In addition, long-term borrowings from financial institutions decreased by Baht 4.16 million, or 24.69%, from Baht 16.84 million to Baht 12.68 million as a result of scheduled loan repayments.

Bank overdrafts and short-term borrowings from financial institutions, however, increased by Baht 10.55 million, or 27.30%, from Baht 38.64 million to Baht 49.19 million, as the Company drew down promissory notes for working capital and project implementation expenses, mainly in relation to water transmission system construction projects for the Department of Groundwater Resources.

Shareholders' Equity

As at 30 June 2026, shareholders' equity amounted to Baht 139.47 million, a decrease of Baht 0.72 million, or 0.51%, from Baht 140.19 million. The Company recorded net profit of Baht 9.28 million for the six-month period, while a dividend payment of Baht 10.00 million was recognized as a deduction from retained earnings. Consequently, unappropriated retained earnings decreased from Baht 30.17 million to Baht 29.45 million.

The Company's debt-to-equity ratio was 1.33 times, down from 1.43 times as at 31 December 2025, in line with the decrease in total liabilities. The current ratio decreased slightly from 1.02 times to 1.00 time because current assets decreased at a higher rate than current liabilities, particularly due to decreases in cash, inventories and contract assets. The Company continues to place importance on working capital management, monitoring the collection of receivables and controlling the utilization of credit facilities in line with project implementation plans.

Key Financial Ratios

Key Financial Ratios	Unit	For the Period Six Months Ended 30 June	
		2025	2026
Average Collection Period/1	Days	49.00	87.00
Average Inventory Holding Period/2	Days	44.00	39.00
Average Payment Period/3	Days	74.00	81.00
Gross Profit Margin/4	%	23.24	17.77
Net Profit Margin/5	%	8.62	3.79
Return on Equity (ROE)/6	%	49.00	10.16
Return on Assets (ROA)/7 /11	%	18.46	4.27
Debt-to-Equity Ratio (D/E Ratio)/8	Times	0.95	1.33
Debt Service Coverage Ratio (DSCR)/9 /11	Times	5.74	0.56
Debt Service Coverage Ratio (DSCR)/10 /11 - Per Financial Institution Loan Covenant	Times	6.13	2.40
Dividend Payout Ratio/11	%	-	-

Notes:

/1 Average collection period is calculated as 365 divided by trade receivables turnover.

- /2 Average inventory holding period is calculated as 365 divided by inventory turnover.
 - /3 Average payment period is calculated as 365 divided by trade payables turnover.
 - /4 Gross profit margin is calculated as gross profit divided by net revenue from sales and services.
 - /5 Net profit margin is calculated as net profit divided by total revenue.
 - /6 Return on equity (ROE) is calculated as net profit divided by average shareholders' equity.
 - /7 Return on assets (ROA) is calculated as net profit divided by average total assets.
 - /8 Debt-to-equity ratio (D/E ratio) is calculated as total liabilities divided by shareholders' equity.
 - /9 Debt service coverage ratio is calculated as earnings before interest, tax, depreciation and amortization divided by the sum of short-term interest-bearing debt and interest-bearing long-term debt due within one year.
 - /10 Debt Service Coverage Ratio (DSCR) in accordance with the financial institution's loan covenant is calculated as earnings before interest expense, income tax, depreciation and amortization divided by the portion of long-term debt due in the relevant accounting period, including interest expense on both long-term and short-term borrowings.
 - /11 Dividend payout ratio is calculated as dividends paid from the operating results of the relevant year divided by net profit.
- The data used in calculating ratios for the six-month period have been annualized.

Factors That May Affect Future Operations or Growth

The Company expects its operations in the second half of 2026 to benefit from public-sector investment in water management infrastructure, including irrigation systems, water transmission systems, pumping stations, drainage systems, and flood prevention and mitigation projects. Nevertheless, the Company's revenue may fluctuate depending on the timing of budget approval and disbursement, project tenders, and the delivery and inspection schedules of government agencies, which may result in uneven revenue recognition across quarters.

Cost factors that may affect operating performance include foreign exchange volatility, as certain key products are imported; changes in energy prices and transportation costs; material and equipment costs; and interest rates and finance costs. In addition, lead times for sourcing products from manufacturers, subcontractor performance, site and weather conditions, and events beyond the Company's control may affect project delivery schedules and costs. The Company therefore places importance on advance procurement planning, foreign exchange risk management, vendor and subcontractor selection and monitoring, and close control of project costs and progress.

With respect to working capital, increases in trade receivables and the value of work for which revenue has been recognized but contractual billing milestones have not yet been reached may affect liquidity and the need to utilize short-term credit facilities. The Company therefore focuses on monitoring delivery and inspection, expediting invoicing and collections, and managing payment terms in line with each project's cash flows.

With respect to growth opportunities, the Company seeks to expand its revenue base from the pump rental business, which began recognizing revenue in the first quarter of 2026, while increasing the proportion of revenue from services, maintenance, installation and system testing to generate long-term recurring income. The Company also continues to develop products under its own brands and select technologies appropriate for water management applications to enhance competitiveness and reduce reliance on revenue from a limited number of large-scale projects. The success of this business expansion will depend on the Company's ability to manage investment, optimize the utilization of rental assets, control maintenance costs and maintain service quality in accordance with prescribed standards.

Sustainability Developments

The Company has joined the "Care the Bear" project established by the Stock Exchange of Thailand in collaboration with private-sector, public-sector and social enterprise partners to help mitigate global warming by reducing greenhouse gas emissions from organizational activities, whether conducted on-site or online. The project applies the "6 Cares" principles to encourage consumers to participate in reducing global warming.

In addition to participating in the "Care the Bear" project and applying the "6 Cares" principles, which encourage consumers to participate in reducing global warming, the Company continues to advance its decarbonization initiatives. The Company prepared its Carbon Footprint for Organization report for 2025, covering the monitoring and data collection period from 1 January 2025 to 31 December 2025. The Company's greenhouse gas emissions by scope in 2025 were as follows:

Emission Scope	Amount
Scope 1 (Fuel Consumption)	10 tCO ₂ e
Scope 2 (Electricity Consumption)	41 tCO ₂ e
Scope 3 (Indirect Activities)	45 tCO ₂ e

The Company is in the process of engaging an independent verifier to verify and certify the carbon footprint assessment. The Company targets an average annual reduction in greenhouse gas emissions of 5% through measures such as reducing electricity and fuel consumption, improving energy efficiency and water management systems, and efficiently managing resources and materials. These measures will provide an important foundation for



establishing clear targets, strategies and an implementation roadmap covering short-, medium- and long-term planning, thereby supporting the Company's sustainable growth in the future.

The Company provided gifts for National Children's Day activities on 8 January 2026 to Sangrak Bamrung School and the Lat Lum Kaeo District Learning Promotion Center. The Company also encouraged employees to participate in a blood donation activity on 8 April 2026 at The Mall Lifestore Ngamwongwan, with the aim of creating shared value for communities and society.

The Company continuously provides training to enhance employee capabilities and safety in key areas, including organizational carbon footprint assessment, the Occupational Health and Safety Management System standard (ISO 45001:2018), the application of Generative AI in the workplace, and anti-corruption practices, in order to strengthen good corporate governance and improve long-term operational efficiency.

Other Information

None