GENERAL ENGINEERING PLC

บริษัท เจนเนอรัล เอนจิเนียริ่ง จำกัด (มหาชน)

Management Discussion and Analysis

No. GEL.CS.016/2026

Date November 13, 2026

Subject: Management Discussion and Analysis of the Financial Statements for the third quarter of 2026, ended September 30, 2026

Re: Director and Manager
The Stock Exchange of Thailand

Overview of Business Operations, Economy, and Industry Conditions Affecting Operations

The overall Thai economy in the third quarter of 2026 shows signs of improvement, with an expected growth rate of approximately 3.0%. The main supporting sector comes from foreign demand for goods and services, particularly the growth of Artificial Intellectual (AI) technology, investments in Data Center businesses, as well as government economic stimulus measures.

However, the economic recovery remained uneven across sectors. High household debt levels and elevated living costs continued to constrain domestic consumption. Meanwhile, the construction and real estate sectors face ongoing challenges from government investment budget limitations and low private-sector purchasing power.

1. Construction Industry Outlook in the third quarter of 2026

   According to a report by SCB EIC, total construction value in Thailand for 2026 is projected to remain flat at approximately 1.41 trillion Baht. However, trends vary across different construction segments, as follows:

   1.1 Private Sector Construction

   The residential housing market continues to experience a slowdown, particularly low-rise housing projects, due to weak consumer purchasing power and stricter loan approval criteria from financial institutions.

   Conversely, investment in large-scale construction projects for Data Center, industrial plants, and modern warehouses continues to present growth opportunities, driving demand for construction materials within these specific market niches.

1.2 Public Sector Construction

Public sector investment remains a key drive for the construction industry, with a focus on large-scale infrastructure project such as rail transport systems and the Eastern Economic Corridor (EEC) development, which require significant quantities of construction materials and concrete structural components.

1.3 Costs and Environmental Requirements

Operators continue to face volatility in the costs of construction materials, energy, and transportation, which impacts profitability. Furthermore, the growing business emphasis on environmental sustainability and the reduction of greenhouse gas emissions has compelled construction material manufacturers and contractors to refine their production processes, making them more efficient and environmentally friendly.

2. Business Strategy and Corporate Adaptation

The Company operates in the manufacture and distribution of piles and precast concrete components such as segments and girders, as well as construction chemicals. These products are essential for infrastructure, civil engineering, and large-scale construction projects.

Given the ongoing slowdown in the real estate market, the Company is prioritizing the expansion of its business into infrastructure, mega-projects, and the industrial sector. In particular, it is focusing on projects related to Data Center, industrial facilities, and logistics systems, which maintain continuous investment momentum.

Additionally, the Company is focusing on elevating product standards and quality, while adopting technology to enhance production efficiency, reduce production costs, and minimize on-site labor and construction time. It is also adjusting its manufacturing processes to align with environmental trends and targets for greenhouse gas emission reduction.

In conclusion, despite the construction industry facing ongoing challenges in the third quarter of 2026 from weak consumer purchasing power and elevated operating costs, the business segments for concrete piles, precast concrete components, and construction chemicals continue to hold growth potential backed by infrastructure and industrial investments. Consequently, the Company remains focused on adjusting its strategy to match market direction alongside improving operational efficiency to foster competitiveness and achieve long-term sustainable growth.

Summary of Key Events and Development

At the Annual General Meeting of Shareholder for the year 2026 held on April 30, 2026, the shareholders' meeting resolved to approve the reduction of the Company's registered capital from the existing registered capital in the amount of 8,084,938,508.55 Baht to the new registered capital in the amount of 7,320,241,695.05 Baht by cancelling unissued ordinary shares at the amount of 899,643,310 shares, with a par value at 0.85 Baht per share, which are ordinary share allocated to accommodate the exercise of the warrants to purchase newly issued ordinary shares of the Company ("GEL-W5") as resolved at the Company's the Annual General Meeting of Shareholders for the year 2022 on April 29, 2022.

The Company has completed the capital reduction registration with the Ministry of Commerce on May 13, 2026.

Summary of Operating Results and Financial Position

According to the resolution of the Board of Directors of General Engineering Public Company Limited (the "**Company**") No. 5/2026 on November 13, 2026, the financial statements and operating results of the Company and its subsidiaries for the third quarter of 2026 ended September 30, 2026, were approved and certified, having been reviewed by the auditors of the Company and its subsidiaries. The conclusion is as follows:

- **Operating Results**

For 3-month period ended September 30, 2026

The Company and its subsidiaries incurred a net loss of 150 million baht, compared to a loss of 143 million baht in the same period last year. The Company and its subsidiaries experienced an increased loss of 7 million baht. Details are as follows:

1. **Sales Revenue**

   The Company and its subsidiaries had revenue from sales and services of 408 million baht, a decrease of 48 million baht or 10.52% compared to the same period last year. This was due to the slowdown in the construction materials business and the continued slowdown in the real estate sector in line with the economic downturn. As a result, sales of precast concrete wall panels, piles, precast concrete bridge beams, and other construction materials decreased this year. Another factor contributing to this decrease in demand for construction materials due to the economic downturn was the delay in construction projects by customers. Furthermore, the Company faced significant price competition, with sales per unit decreasing considerably.

2. **Gross Profit (Loss)**

The Company and its subsidiaries had a gross profit of 66 million baht in the consolidated financial statements, a increase of 26 million baht or 65% compared to the same period last year.

3. **Cost of Sales and Services**

The Company and its subsidiaries had a cost of sales and services of 342 million baht, a decrease of 74 million baht or 17.78% compared to the same period last year. This is because the Company produced fewer goods this year than the previous year, due to the contraction in the real estate sector in line with the continued economic downturn. As a result, the cost of sales of precast concrete wall panels, piles, and other construction materials decreased in line with sales.

4. **Selling and Administrative Expenses**

The Company and its subsidiaries had administrative expenses of 158 million baht, an increase of 26 million baht or 19.70% compared to the same period last year. This is because the Company and its subsidiaries transfer fixed expenses of non-production factories into selling and administrative expenses, such as rent, depreciation, and employee-related expenses, etc.

5. **Financial Costs**

The Company and its subsidiaries had financial costs from borrowings from financial institutions and promissory notes of 45 million baht, a decrease of 8 million baht or 15.09% compared to the same period last year, due to the repayment of loans according to the contracts.

6. **Impairment Loss under TFRS 9**

The Company and its subsidiaries recorded an impairment loss of 21 million baht in accordance with TFRS 9, compared to a reversal of an impairment loss of 0.8 million baht in the same period of the previous year.

7. **Share of Profit (Loss) from Associated**

In this quarter, the Company recognized a share of profit from McTRIC Public Company Limited of 2 million baht, compared to 0.8 million baht in the same period last year.

8. **Taxable Income (Expenses)**

The Company and its subsidiaries had a taxable expenses of 1 million baht, compared to tax expense of 5 million baht from the previous year.

For 9-month period ended September 30, 2026

The Company and its subsidiaries incurred a net loss of 448 million baht, compared to a loss of 403 million baht in the same period last year. The Company and its subsidiaries experienced an increased loss of 45 million baht or 11.16%. Details are as follows:

1. Sales Revenue

The Company and its subsidiaries had revenue from sales and services of 1,135 million baht, a decrease of 745 million baht or 39.62% compared to the same period last year. This was due to the slowdown in the construction materials business and the continued slowdown in the real estate sector in line with the economic downturn. As a result, sales of precast concrete wall panels, piles, precast concrete bridge beams, and other construction materials decreased this year. Another factor contributing to this decrease in demand for construction materials due to the economic downturn was the delay in construction projects by customers. Furthermore, the Company faced significant price competition, with sales per unit decreasing considerably.

2. Gross Profit (Loss)

The Company and its subsidiaries had a gross profit of 122 million baht in the consolidated financial statements, an increase of 28 million baht or 29.78% compared to the same period last year. This is due to the transfer of fixed costs from non-production factories to administrative expenses, and the downsizing of the factory workforce in this quarter to align with organizational needs, such as reducing staff and controlling costs.

3. Cost of Sales and Services

The Company and its subsidiaries had a cost of sales and services of 1,013 million baht, a decrease of 773 million baht or 43.28% compared to the same period last year. This is because the Company produced fewer goods this year than the previous year, due to the construction in the real estate sector in line with the continued economic downturn. As a result, the cost of sales of precast concrete wall panels, piles, and other construction materials decreased in line with sales.

4. Selling and Administrative Expenses

The Company and its subsidiaries had administrative expenses of 456 million baht, an increase of 93 million baht or 25.62% compared to the same period last year. This is because the Company and its subsidiaries transfer fixed expenses of non-production factories into selling and administrative expenses, such as rent, depreciation, and employee-related expenses, etc.

5. **Financial Costs**

The Company and its subsidiaries had financial costs from borrowings from financial institutions and promissory notes of 137 million baht, a decrease of 22 million baht or 13.83% compared to the same period last year, due to the repayment of loans according to the contracts.

6. **Impairment Loss under TFRS 9**

The Company and its subsidiaries recorded an impairment loss under TFRS 9 of 32 million baht, an increase of 23 million baht compared to the same period last year

7. **Share of Profit (Loss) from Associated**

In this quarter, the Company recognized a share of profit from McTRIC Public Company Limited of 7 million baht, compared to 5 million baht in the same period last year.

8. **Taxable Income (Expenses)**

The Company and its subsidiaries had a taxable income of 21 million baht, compared to tax expense of 10 million baht from the previous year.

- **Summary of Financial Position**

(Unit: Million Baht)

Items	September 30, 2026	December 31, 2025	Increase (decrease)	Percentage
Total assets	7,977	8,448	(471)	(5.57)
Total liabilities	5,529	5,510	19	0.34
Total shareholders' equity	2,448	2,938	(490)	(16.67)

Assets

As of September 30, 2026, the Company and its subsidiaries had total assets of 7,977 million Baht, a decrease of 471 million Baht or 5.57%, compared to December 31, 2025, due to:

1. Cash and cash equivalents amounted to 24 million Baht, a decreased of 23 million Baht from the previous year.
2. Trade receivables and other current receivables amounted to 349 million Baht, a decrease of 15 million Baht from the previous year.

3. Assets arising from revolving contracts amounted to 7 million Baht, a decrease of 44 million Baht from the same period of previous year, due to an increase in the delivery of completed work to customers compared to the previous year.
4. Performance guarantee receivables amounted to 139 million Baht, a decrease of 38 million Baht from the previous year.
5. Inventories amounted to 391 million Baht, an increase of 9 million Baht.
6. Investment in available-for-sale-securities (MILL) amounted to 6 million Baht, a decrease based on comparison of the market price of 0.01 Baht per share as of September 30, 2026, compared to 0.08 Baht per share as of December 31, 2025, resulting in a decrease of 45 million Baht in the value of the securities.
7. Land, buildings and equipment amounted to 4,884 million Baht, a decrease of 181 million Baht from depreciation during the period.
8. Assets with rights to use under lease contracts amounted to 711 million Baht, under the land and factory lease contract of its subsidiaries, a decrease of 135 million Baht due to depreciation during the period.
9. Investment in associate companies amounted to 159 million baht, an increase of 7 million baht due to the recognition of profit sharing from McTRIC Public Company Limited.

Liabilities

As of September 30, 2026, the Company and its subsidiaries had total liabilities of 5,529 million Baht, a increase of 19 million Baht or 0.34%, compared to December 31, 2025, due to:

1. Bank overdrafts and short-term loans from financial institutions amounted to 733 million Baht, an increase of 13 million Baht.
2. Trade payables and other current payables amounted to 1,020 million Baht, an increase of 149 million Baht.
3. Liabilities arising from revolving contracts amounted to 373 million Baht, an increase of 63 million Baht.
4. Long-term loans from financial institutions amounted to 2,209 million Baht, a decrease of 155 million Baht due to repayment of the loan according to the contract.
5. Accounting for liabilities under finance lease by 925 million Baht, a decrease of 28 million Baht.
6. Deferred income tax liabilities decreased by 22 million Baht.

Shareholders' equity

As of September 30, 2026, the Company and its subsidiaries had total shareholders' equity of 2,448 million Baht, a decrease of 490 million Baht, compared to December 31, 2025, due to:

1. Investment in available-for-sale securities decreased by 44 million baht, based on a comparison of the market price of 0.01 Baht per share as of September 30, 2026, versus 0.08 Baht per share as of December 31, 2025.
2. A loss of 448 million Baht was recorded for this year.

- **Cash Flow Statements**

(Unit: Million Baht)

Total Cash Flow Statements	Consolidated financial statements		
	30/9/2569	30/9/2568	Increase (decrease)
Net cash provided by (used in) operating activities	194	248	(54)
Net cash provided by (used in) investing activities	(8)	(5)	3
Net cash provided by (used in) financing activities	(209)	(341)	(132)
Net cash increase (decrease)	(23)	(98)	75
Cash and cash equivalents at year-end	24	51	(27)

As of September 30, 2026, the Company and its subsidiaries had cash and cash equivalents of 24 million Baht, compared to 51 million Baht as of September 30, 2025, a decrease of 27 million Baht from the previous year.

For this 2026, the Company and its subsidiaries had net cash flow provided by operating activities of 194 million Baht, net cash flow used in investing activities of 8 million Baht, and net cash flow used in financing activities of 209 million Baht, due to the Company and its subsidiaries repaying long-term loans from financial institutions of 155 million Baht, paying interest of 62 million Baht, and setting lease debt of 5 million Baht. In this quarter, overdrafts and short-term loans increased by 13 million baht.

Factors Potentially Affecting Future Operations or Growth

Strategic Plan for the Company group's Business in 2026:

- Reduce reliance on revenue from residential housing projects and focus on increasing sales from industrial factory building construction projects.

- Expand markets through collaboration with business partners to develop more rental apartment construction projects, especially Eco Apartment projects.
- Develop and utilize construction chemical products certified with carbon footprint and climate change mitigation labels from the Thailand Greenhouse Gas Management Organization (TGO) in the group's production processes. Support and promote environmentally friendly products to encourage widespread use and raise awareness of sustainability in society.
- Collaborate with major partners or contractors in the production and distribution of goods to support large-scale projects (Mega Projects), focusing on reliable product quality and timely delivery rather than price competition.
- Carefully vet credit terms of business partners and select only projects with clear budget allocations to mitigate the risk of bad debt.
- Restructure and control personnel costs, both in core and supporting functions, to reduce operating and administrative costs in line with the current business environment.

The Company's Sustainability Practices

Introduction and Policy Overview

In the third quarter of 2026, the Company and its group remained committed to conducting business according to the principles of Environmental, Social, and Governance (ESG), considering it a core principle for driving the organization amidst challenging economic conditions. The Company focuses on improving work processes to be responsible to all stakeholders and integrating sustainability policies into the corporate culture, with the goal of achieving stable and balanced long-term growth.

Environmental Operations

The Company continues to operate in accordance with its environmental impact reduction guidelines, focusing on efficient energy and resource utilization, including the use of solar energy to reduce reliance on fossil fuels. The Company has also conducted training on "Carbon Footprint and Energy Saving Guidelines" to educate and raise awareness among personnel about reducing greenhouse gas emissions and using energy efficiently. Furthermore, the Company continues to utilize "Carbon Cure" technology in the precast concrete manufacturing process to support the production of low-carbon construction products and manages waste materials according to the principles of the circular economy.

Social Operations

The Company places great importance on continuously contributing to the development of the surrounding society and community. In the third quarter of 2026, the Company continued to prioritize the enhancement of personnel skills and potential, as well as the promotion of ongoing learning and knowledge development relevant to operational tasks. This included enrolling employees in a training course titled “Guidelines for Greenhouse Gas Data Disclosure and Verification”, aimed at building the readiness and expertise required to effectively manage the organization’s greenhouse gas data.

Governance

In the third quarter of 2026, the Company remained steadfast in its commitment to conducting business in strict adherence to the principles of good corporate governance—ensuring transparency, accountability, and equitable consideration for all stakeholders. As a result, the Company achieved a "5-star" (Excellent) rating in the Corporate Governance Report of Thai Listed Companies. Furthermore, The Company has successfully renewed its certification as a member of the Thai Private Sector Collective Action Against Corruption (CAC) No. 3. This achievement underscores the effectiveness of its internal control systems, its rigorous management of corruption-related risks, and its commitment to fostering long-term confidence among investors and all stakeholders, continuously building trust and supporting the Company’s sustainable long-term growth.

Yours sincerely,

General Engineering Public Company Limited

-signed-

(Mr. Wuttichai Sresthabutra)

Secretary of the Company

WE ARE SPECIALISTS, MANUFACTURER AND SERVICE PROVIDE OF CONCRETE PRODUCTS

เราคือผู้ผลิตและให้บริการที่เชี่ยวชาญงานผลิตภัณฑ์คอนกรีต

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