Management Discussion and Analysis (MD&A)

1. Overview of Business Operations, Economy, and Industry Conditions

Thailand's economic and business overview in the third quarter of 2026 showed signs of recovery and continuous growth across multiple sectors, driven primarily by private sector investment, technological advancements, and government economic stimulus measures.

The Thai economy in the third quarter improved compared to the previous quarter, driven mainly by continuous merchandise exports supported by the global AI cycle. This was coupled with domestic demand expansion resulting from private investment—particularly in machinery and equipment—and increased private consumption, partly bolstered by government measures. However, tourism activities slowed down in line with a decrease in foreign tourist arrivals, especially from short-haul markets.

Regarding economic stability, headline inflation decreased from the previous quarter, driven by the energy category due to a temporary decline in global crude oil prices, while fresh food inflation rose due to meat price increases resulting from volatile weather conditions and higher production costs. Core inflation increased mainly due to prepared food categories driven by business operators passing on costs. The current account returned to a surplus from a deficit in the previous quarter, largely driven by the trade balance. In the labor market, overall employment under the social security system improved slightly from the previous quarter, though close monitoring is required regarding the rising proportion of unemployment benefit claimants, as well as the impacts of geopolitical conflicts and intense competition from imported goods.

Thailand's economic and business overview in Q3 2026 received key support from accelerating actual investments and government economic stimulus measures, summarized as follows:

1. Investment and Business Operations (Led by BOI Actual Investment)

- **Surging Actual Investment:** The Board of Investment (BOI) revealed that actual investment in Q3 2026 totaled THB 260,680 million, representing a 28% increase YoY, bringing the total for the first 9 months of the year to THB 796,540 million (a 27% increase), with expectations that total investment for 2026 may exceed THB 1 trillion for the first time.
- **Prominent Industries:** Led by the digital sector (highest investment at THB 64,180 million, surging over 7 times) and electronics/electrical appliances (THB 61,170 million, up 20%), responding to investment trends in digital infrastructure, semiconductors, printed circuit boards (PCBs), and AI technology.
- **Expenditure Categories:** Investment capital focused primarily on machinery (THB 136,500 million, up 37%) and construction equipment (THB 96,279 million, up 39%).

- **Business Sector Performance:** For instance, large-scale agriculture and food players like CPF reported Q3 2026 net profit of THB 5,227 million, amidst adaptation through AI technology and automation systems for cost management.

2. Macroeconomic Overview and Stability

- **Recovery Pattern:** The overall Thai economy continues to exhibit a K-Shaped Recovery, supported by stimulus measures and tourism, though recovery remains uneven across business sectors.
- **Inflation and Interest Rates:** Headline inflation showed a slight slowdown in the energy category due to temporary drops in global crude oil prices, while fresh food inflation remains a factor to monitor.

Source: Bank of Thailand

The construction industry and construction materials market in Q3 2026 showed a tendency to slow down and stabilize under multifaceted pressures, summarized as follows:

1. Industry Value and Direction

- **Stable Full-Year Value:** SCB EIC estimated the total value of Thailand's construction industry in 2026 at approximately THB 1.41 trillion (stable year-on-year).
- **Public Construction:** Valued at approximately THB 860,000 million (expanding slightly by ~+1%), supported by ongoing infrastructure investments and mega-projects, though pressured by reduced expenditure budgets in certain areas and political uncertainties.
- **Private Construction:** Valued at approximately THB 551,000 million (contracting continuously by ~-1%), with the residential and real estate markets remaining sluggish due to slow purchasing power recovery, high household debt, and stringent financial institution lending criteria, whereas commercial construction and industrial estates (such as Data Centers, electronics, and logistics) continued to experience some expansion.

2. Construction Costs and Materials

- **Material and Energy Costs:** Operators continued to face pressures from rising energy and transportation costs, which increased by approximately 4.0% YoY.
- **Steel and Material Market Situation:** Domestic demand for steel showed an upward trend (full-year demand forecasted at up to 18.8 million tons against domestic production capacity of around 8.1 million tons, necessitating over 12 million tons of imports), prompting operators to closely monitor government product standard control measures.
- **Material Business Performance:** Shifted focus towards construction chemical markets and international markets to drive growth amidst intense domestic competition.

3.Key Challenges

- **Sluggish Purchasing Power and High Debt:** Resulting in a slowdown in residential sales and home renovations.
- **Modern Trade Competition:** Large operators captured over 55.4% of total revenue share, putting pressure on SMEs and small construction material shops.
- **Natural Disaster Impacts:** Severe flooding towards the end of Q3 impacted certain areas, generating short-term urgent demand for housing repair materials.

Construction Contractor Business Trends

- **Public and Private Investment:** Public construction is supported by continuous infrastructure projects (including the Eastern Economic Corridor or EEC), although some new projects experienced delays during the transition period.
- **Private Construction:** Continues to grow slowly or remains stable due to cautious investment in real estate and commercial buildings.
- **Differences by Operator Size:**

  Large Contractors: Gained advantages from material procurement bargaining power, supply chain management, securing public mega-projects, and adopting technology to reduce costs and mitigate labor shortages.

  SMEs / Medium Contractors: Faced capital constraints and limited bargaining power, frequently operating as sub-contractors or pivoting to repair, renovation, and home-addition work to diversify risks.

2. Summary of Significant Events and Developments

2.1 February 27, 2026: The Extraordinary General Meeting of Shareholders No. 1/2026 approved the following matters:
- Approved the increase of the company's registered capital from THB 907,878,638 to THB 1,815,757,276.
- Approved the amendment of Clause 4 of the Company's Memorandum of Association to align with the registered capital increase and approved the allocation of not exceeding 1,815,757,276 newly issued ordinary shares with a par value of THB 0.50 per share for offering and allocation to existing shareholders in proportion to their shareholding (Rights Offering) at the ratio of 1 existing ordinary share to 1 newly issued ordinary share at the offering price of THB 0.20 per share, in which existing shareholders exercised their rights for 385,038,000 shares during March 25 - 31, 2026.

2.2 April 24, 2026: The Annual General Meeting of Shareholders for 2026 passed resolutions approving the following:
- Approved the allocation of net profit for the year 2028 (2025 operating year) amounting to THB 5,000,000 as an additional legal reserve from the existing legal reserve of THB 29,000,000, bringing the total legal reserve for the year ended December 31, 2025 to THB 34,000,000, and the omission of dividend payment from the 2025 operating results.

- Approved the re-election of all 3 directors who retired by rotation, namely Mr. Amnuay Kanchanopas, Mr. Pisan Chintanapakdee, and Mr. Methas Srisuchart, to resume their positions as company directors for another term.

2.3 August 14, 2026: The Board of Directors Meeting No. 5/2026 acknowledged the resignation of Mr. Thanit Wichitseth as a company director, effective from August 17, 2026 onwards.

3. Summary of Operating Results

For the third quarter ended September 30, 2026, the company reported total revenues of THB 1,158.0 million, representing a 72.42% decrease compared to total revenues of THB 4,199.17 million in Q3 2025. Revenues from construction contracts stood at THB 985.24 million, a 74.10% decrease compared to THB 3,804.72 million in the same period of 2025. Meanwhile, construction costs decreased compared to Q3 2025; construction costs in Q3 2026 were THB 1,121.39 million, accounting for 113.82% of construction contract revenues, resulting in a gross loss of 13.82%. In contrast, during the same period in 2025, construction costs were THB 3,227.90 million, accounting for 84.84% of construction contract revenues, with a gross profit of 15.17%. This indicates that the gross profit (loss) for Q3 2026 was significantly lower than the same period in 2025, primarily due to substantial increases in construction costs and costs recognized from the termination of certain contracts.

Administrative expenses for Q3 2026 decreased from THB 394.95 million in Q3 2025 to THB 236.73 million in 2026, or a 39.30% reduction, due to lower personnel expenses. Meanwhile, financial costs decreased from THB 284.08 million in Q3 2025 to THB 220.43 million in Q3 2026 as a result of debt repayments made to commercial banks. Regarding project financing credit facilities, the company recorded a net loss for the period ended September 30, 2026 of THB 565.72 million, compared to a net profit of THB 9.24 million in Q3 2025.

4. Summary of Financial Position

4.1 Assets: As of September 30, 2026, the company reported total assets of THB 11,823.66 million, compared to total assets of THB 13,649.89 million at the end of 2025, representing a 13.38% decrease. This reduction from the end of 2025 was driven by a decrease in current assets from THB 11,308.41 million to THB 10,224.69 million in Q3 2026, alongside a decrease in non-current assets resulting from the utilization of credit-collateralized fixed deposits to pay off debt obligations with financial institutions.

Total liabilities decreased from THB 12,052.20 million at the end of 2025 to THB 10,714.68 million in Q3 2026, reflecting reductions in loans from financial institutions and trade payables.

4.2 Leverage Ratio: An analysis of debt-servicing capability ratios in Q3 2026 showed higher levels, for instance: The Debt to Equity Ratio increased from 7.54 in 2025 to 9.66 in Q3 2026. The Financial Debt to Equity Ratio also increased from 3.60 to 1 at the end of 2025 to 4.66 to 1 in Q3 2026, which remains within the bond covenant requirement of not exceeding 5 to 1.

4.3 Liquidity: The company's liquidity decreased slightly, with the Current Ratio shifting from 0.96 at the end of 2025 to 1.01 in Q3 2026. However, this indicates that the company's liquidity remains relatively weak, and the company is actively pursuing corrective measures with financial institutions and undertaking a capital increase.

4.4 Shareholders' Equity: The company's shareholders' equity decreased from THB 1,597.70 million at the end of 2025 to THB 1,108.98 million in Q3 2026, resulting from the net loss recorded in Q3 2026.

5. Factors Affecting Future Operations or Growth

5.1 Real Estate Industry Conditions and Public Bidding: The slowdown in the private real estate market and delays in public sector bidding or project approvals directly impact the replenishment of new work into the backlog portfolio.

5.2 Backlog: The capability to bid for and secure new projects from both public and private sectors, with public projects accounting for the majority of backlog (approximately 80%) such as infrastructure and joint-venture projects, serving as core revenues and ensuring future cash flow stability.

5.3 Comprehensive Engineering Capabilities (5 Core Disciplines): Capability to undertake civil engineering, electrical systems, air conditioning systems, sanitary systems, fire protection systems, and telecommunication/ICT systems, enabling the company to bid for large-scale projects as a Main Contractor independently or through joint ventures with domestic and international partners.

5.4 Earnings and Cost Fluctuation Risks: The company experienced net losses throughout the first 9 months of 2026, reflecting pressures from volatile construction costs, material prices, and labor rates, necessitating strict construction cost management.

5.5 Financial Position and Liquidity: Low Debt-to-Equity (D/E) and Market Capitalization levels (with shares trading below book value or P/BV) highlight the critical need for careful management of liquidity and credit facilities from financial institutions.