HYDROTEK

บริษัท ไฮโดรเท็ค จำกัด (มหาชน)
HYDROTEK PUBLIC COMPANY LIMITED

No. 005/1169

November 13, 2026

Subject: Management Discussion and Analysis for the Third Quarter of 2026 (Changes Exceeding 20%)

To: The President
The Stock Exchange of Thailand

Hydrotek Public Company Limited and its subsidiaries (the "Company") would like to provide an explanation of its operating results for the third quarter ended September 30, 2026, based on the consolidated financial statements reviewed by the certified public accountant, with details as follows:

(In thousands)

Items (Unit: THB Thousand)	For the 3-Month Period				For the 9-Month Period			
	2026	2025	Change		2026	2025	Change	
			Amount	%			Amount	%
Revenue from Sales	-	-	-		1,900	-	1,900	100.00
Revenue from Construction	25,089	158,590	(133,501)	(84.18)	99,614	406,579	(306,965)	(75.50)
Revenue from Services	872	3,400	(2,528)	(74.35)	1,467	8,503	(7,036)	(82.75)
Other Income	12	913	(901)	(98.69)	1,136	1,111	25	2.25
Total Revenue	**25,973**	**162,903**	**(136,930)**	**(84.06)**	**104,117**	**416,193**	**(312,076)**	**(74.98)**
Cost of Sales	-	-	-		(1,895)	-	1,895	100.00
Cost of Construction	(40,915)	(80,645)	(39,730)	(49.27)	(98,188)	(293,038)	(194,850)	(66.49)
Cost of Services	(242)	(2,706)	(2,464)	(91.06)	(625)	(3,831)	(3,206)	(83.69)
Administrative Expenses	(14,586)	(9,297)	5,289	56.89	(43,109)	(30,763)	12,346	40.13
Expected Credit Loss	(2,513)	-	2,513	100.00	(69,425)	-	69,425	100.00
Total Expenses	**(58,256)**	**(92,648)**	**(34,392)**	**(37.12)**	**(213,242)**	**(327,632)**	**(114,390)**	**(34.91)**
Profit (Loss) from Operating Activities	**(32,283)**	**70,255**	**(102,538)**	**(145.95)**	**(109,125)**	**88,561**	**(197,686)**	**(223.22)**
Finance Costs	(5,485)	(5,999)	(514)	(8.57)	(16,162)	(17,033)	(871)	(5.11)
Share of Profit (Loss) from Joint Ventures	3	(9)	12	133.33	(6)	(18)	12	66.67
Income Tax Expense	(124)	(332)	(208)	(62.65)	(82)	(440)	(358)	(81.36)
Profit (Loss) for the Period	**(37,889)**	**63,915**	**(101,804)**	**(159.28)**	**(125,375)**	**71,070**	**(196,445)**	**(276.41)**

Note: Expenses are presented in parentheses. Changes in expense items are presented based on the magnitude of expenses (positive = increase in expenses).

1. Total Revenue

In the third quarter of 2026, the Group recorded total revenue of THB 25.97 million, representing a decrease of THB 136.93 million, or 84.06%, compared with the same quarter of the previous year. For the nine-month period, the Group recorded total revenue of THB 104.12 million, representing a decrease of THB 312.08 million, or 74.98%, compared with the same period of the previous year. Details are as follows:

1.1 Revenue from Sales

In the third quarter of 2026, the Company had no revenue from sales. For the nine-month period, the Company recorded revenue from sales of THB 1.90 million, representing an increase of THB 1.90 million, or 100%. This revenue was generated in the second quarter of 2026 from the sale of remaining construction materials that were not yet required for use.

1.2 Revenue from Construction

In the third quarter of 2026, the Group recorded construction revenue of THB 25.09 million, representing a decrease of THB 133.50 million, or 84.18%, compared with the third quarter of 2025. For the nine-month period, the Group recorded construction revenue of THB 99.61 million, representing a decrease of THB 306.97 million, or 75.50%.

The decrease was due to the project owner of the project in Phuket Province notifying the Group to temporarily suspend certain construction works starting in September 2025 in order to revise and improve the construction plans. No conclusion has yet been reached regarding the schedule for resuming operations. As a result, revenue recognition based on the progress of work decreased.

As of September 30, 2026, the Group had outstanding work not yet delivered (backlog) amounting to THB 338.30 million, of which THB 64.42 million represented work that had been temporarily suspended.

1.3 Revenue from Services

The Group recorded service revenue of THB 0.87 million, representing a decrease of THB 2.53 million, or 74.35%. For the nine-month period, the Group recorded service revenue of THB 1.47 million, representing a decrease of THB 7.04 million, or 82.75%, compared with the same period of the previous year. This was because the Group had not yet generated any revenue from new projects.

1.4 Other Income

The Group recorded other income of THB 0.01 million, representing a decrease of THB 0.90 million, or 98.69%. For the nine-month period, the Group recorded other income of THB 1.14 million, which was relatively unchanged from the previous year.

2. Expenses

In the third quarter of 2026, the Group recorded total expenses of THB 58.26 million, representing a decrease of THB 34.39 million, or 37.12%, compared with the same quarter of the previous year. For the nine-month period, total expenses amounted to THB 213.24 million, representing a decrease of THB 114.39 million, or 34.91%. Details are as follows:

2.1 Cost of Sales

In the third quarter of 2026, there was no cost of sales. For the nine-month period, the Group recorded a cost of sales of THB 1.90 million, representing an increase of 100%, resulting from the sale of remaining construction materials in the second quarter of 2026.

2.2 Cost of Construction

The Group recorded construction costs of THB 40.92 million, representing a decrease of THB 39.73 million, or 49.27%. For the nine-month period, construction costs amounted to THB 98.19 million, representing a decrease of THB 194.85 million, or 66.49%, due to the Company's postponement of construction activities on certain projects.

However, construction costs in this quarter were higher than construction revenue, resulting in a gross loss from construction works of THB 15.83 million. This was because fixed project costs, such as depreciation of factory right-of-use assets, continued to be incurred even though certain portions of the work had been temporarily suspended.

2.3 Cost of Services

The Group recorded service costs of THB 0.24 million, representing a decrease of THB 2.46 million, or 91.06%. For the nine-month period, service costs amounted to THB 0.63 million, representing a decrease of 83.69%. This was consistent with the decline in service revenue, as the Group had not yet acquired any new customers for its design services.

2.4 Administrative Expenses

The Group recorded administrative expenses of THB 14.59 million, representing an increase of THB 5.29 million, or 56.89%. For the nine-month period, administrative expenses amounted to THB 43.11 million, representing an increase of THB 12.35 million, or 40.13%.

2.5 Expected Credit Losses

In the third quarter of 2026, the Group recorded expected credit losses of THB 2.51 million, representing an increase of 100% compared with the same quarter of the previous year (a decrease from THB 22.36 million in the second quarter of 2026).

For the nine-month period, expected credit losses amounted to THB 69.43 million, representing an increase of 100%. This comprised trade receivables of THB 45.02 million, retention receivables of THB 20.85 million, contract assets of THB 3.47 million, and receivables from related parties of THB 0.09 million.

This was because the Group recognized expected credit losses on overdue receivables, most of which were from project customers in Phuket Province, as well as retention payments from joint venture partners that remained outstanding.

3. Net Profit (Loss)

In the third quarter of 2026, the Group recorded a loss from operating activities of THB 32.28 million, finance costs of THB 5.49 million, and a net loss of THB 37.89 million, compared with a net profit of THB 63.92 million in the third quarter of 2025. This represented a decrease of THB 101.80 million, with a loss per share of THB 0.016.

For the nine-month period, the Group recorded a net loss of THB 125.38 million, compared with a net profit of THB 71.07 million in the previous year, with a loss per share of THB 0.052. The main reasons were the decrease in construction revenue, construction costs exceeding construction revenue, and the recognition of expected credit losses as mentioned above.

According to the Company's separate financial statements, the Company recorded a net loss of THB 52.23 million for the third quarter of 2026 and a net loss of THB 149.89 million for the nine-month period, which were higher than those reported in the consolidated financial statements. This was because the Company recognized expected credit losses on receivables from its subsidiary amounting to THB 42.27 million and a loss from the excess of its share of losses over its investment in the subsidiary amounting to THB 15.84 million. These were intercompany transactions eliminated in the consolidated financial statements.

4. Financial Position

Comparison of the Consolidated Statements of Financial Position as of September 30, 2026 and December 31, 2025

(In thousands)

Items (Unit: THB Thousand)	September 30, 2026	December 31, 2025	Change	
			Amount	%
ASSETS				
Cash and Cash Equivalents	19,529	8,163	11,366	139.24
Trade and Other Current Receivables	167,671	267,679	(100,008)	(37.36)
Current Contract Assets	24,490	39,220	(14,730)	(37.56)
Current Retention Receivables	34,960	23,123	11,837	51.19
Other Current Assets	10,634	22,809	(12,175)	(53.38)
Total Current Assets	**257,284**	**360,994**	**(103,710)**	**(28.73)**
Non-current Contract Assets	44,164	39,340	4,824	12.26
Non-current Retention Receivables	-	25,000	(25,000)	(100.00)
Property, Plant and Equipment and Investment Properties	10,037	10,821	(784)	(7.25)

Items (Unit: THB Thousand)	September 30, 2026	December 31, 2025	Change	
			Amount	%
Right-of-Use Assets	36,171	132,073	(95,902)	(72.61)
Intangible Assets	29,894	30,443	(549)	(1.80)
Factory Rental Deposit (Other Non-current Assets)	122,907	150,915	(28,008)	(18.56)
Other Non-current Assets	13,384	7,244	6,140	84.76
Total Non-current Assets	**256,557**	**395,836**	**(139,279)**	**(35.19)**
Total Assets	**513,841**	**756,830**	**(242,989)**	**(32.11)**
LIABILITIES				
Trade and Other Current Payables	308,552	309,391	(839)	(0.27)
Lease Liabilities	36,024	136,004	(99,980)	(73.51)
Long-term Loans from Other Entities	125,901	125,901	-	-
Other Borrowings	2,300	3,459	(1,159)	(33.51)
Other Liabilities	23,932	44,260	(20,328)	(45.93)
Total Liabilities	**496,709**	**619,015**	**(122,306)**	**(19.76)**
SHAREHOLDERS' EQUITY				
Issued and Paid-up Share Capital, Net of Share Premium and Warrants	565,953	561,261	4,692	0.84
Accumulated Losses	(548,821)	(423,446)	(125,375)	(29.61)
Total Shareholders' Equity	**17,132**	**137,815**	**(120,683)**	**(87.57)**
Total Liabilities and Shareholders' Equity	**513,841**	**756,830**	**(242,989)**	**(32.11)**

Note: Other current assets comprise inventories, income tax assets, and unexpired input VAT. Other liabilities comprise contract liabilities, output VAT payable, income tax payable, provision for employee benefits, and other non-current liabilities.

As of September 30, 2026, the Group's total assets amounted to THB 513.84 million, representing a decrease of THB 242.99 million, or 32.11%, compared with December 31, 2025. The decrease was mainly attributable to the following significant items:

1. **Trade and Other Current Receivables – Other Parties** decreased by THB 100.01 million to THB 167.67 million, resulting from debt collections of THB 54.99 million and the recognition of expected credit losses of THB 45.02 million. Subsequent to the reporting period, the Group received additional payments from trade receivables amounting to THB 68.33 million.
2. **Right-of-Use Assets** decreased by THB 95.90 million to THB 36.17 million, due to changes in the terms of the factory lease agreement in Phuket Province amounting to THB 76.08 million and depreciation of THB 19.83 million.

3. **Factory Rental Deposit (Other Non-current Assets)** decreased by THB 27.97 million, as the rental deposit was applied toward payment of the second year's factory rent, leaving a remaining rental deposit of THB 122.03 million.
4. **Retention Receivables (Current and Non-current)** decreased by a net amount of THB 13.16 million, while **Current Contract Assets** decreased by THB 14.73 million, resulting from the recognition of expected credit losses and the collection of outstanding amounts.
5. **Cash and Cash Equivalents** increased by THB 11.37 million to THB 19.53 million.

Total liabilities amounted to THB 496.71 million, representing a decrease of THB 122.31 million, or 19.76%. The decrease was mainly attributable to lease liabilities, which decreased from THB 99.98 million to THB 36.02 million as a result of amendments to the lease agreement and the settlement of rental payments through deductions from the rental deposit. Other non-current liabilities decreased by THB 10.25 million, and output VAT payable decreased by THB 6.90 million. However, long-term loans from other entities amounting to THB 125.90 million continued to be classified entirely as current liabilities because the relevant legal case is currently under appeal.

Total shareholders' equity amounted to THB 17.13 million, representing a decrease of THB 120.68 million, or 87.57%. This was attributable to the net loss for the period of THB 125.38 million, offset by an increase in capital of THB 4.69 million from the exercise of warrants. Meanwhile, the Company's separate financial statements showed accumulated losses exceeding its capital by THB 80.90 million.

The Group's current ratio stood at 0.53 times (December 31, 2025: 0.73 times), with current liabilities exceeding current assets by THB 230.29 million. The debt-to-equity ratio stood at 28.99 times (December 31, 2025: 4.49 times).

5. Cash Flows

For the nine-month period ended September 30, 2026, the Group generated net cash from operating activities of THB 7.92 million (compared with net cash used in operating activities of THB 151.49 million in the same period of the previous year). Despite recording a loss before changes in operating assets and liabilities of THB 18.82 million, this was mainly due to the collection of trade receivables amounting to THB 54.99 million.

Net cash generated from investing activities amounted to THB 0.02 million, while net cash generated from financing activities amounted to THB 3.43 million, comprising an increase in capital of THB 4.69 million, offset by repayments of financial institution loans of THB 1.16 million. As a result, cash and cash equivalents increased by a net amount of THB 11.37 million, bringing the closing cash balance to THB 19.53 million. In addition, factory rental payments were settled through deductions from the rental deposit; therefore, no cash payments were made for lease liabilities during this period.

However, management has established plans to improve the Group's operating performance and liquidity, as well as continued efforts to manage its debt obligations, as follows:

1. The Company has continuously monitored and accelerated the collection of trade receivables since the second quarter up to the present, including negotiating with debtors to establish clear repayment plans, particularly receivables from projects in Phuket Province. Subsequent to the end of the reporting period, the Company received payments from trade receivables amounting to THB 68.33 million.
2. The Company is in the process of seeking and participating in bidding for new projects from both the public and private sectors to generate additional revenue and compensate for the slowdown in existing revenue. The Company expects to secure new projects within the fourth quarter of 2026.
3. The Company has a plan to raise funds through an increase in registered capital, with the initial expected amount of approximately THB 100 million. The proposal will be submitted to the Board of Directors for consideration, and the capital increase is expected to be completed within the first quarter of 2027.
4. The Company has implemented measures to control expenses and closely manage costs by considering reductions in unnecessary expenses, as well as managing raw material procurement and production to align with the actual volume of work available.
5. The Company regularly monitors its cash flow position and liquidity forecasts by preparing weekly and monthly cash flow projections to plan working capital utilization and ensure sufficient funds to meet obligations as they fall due.
6. The Company manages its trade payables by appropriately extending payment periods without adversely affecting its credit standing, in alignment with collections from debtors and cash flows generated from operating activities.
7. The Company plans to negotiate the use of the factory rental deposit to settle the third year's factory rent, in the same manner as the second year, in order to improve liquidity by preserving cash flow of approximately THB 30 million.
8. Regarding the legal dispute arising from borrowings from another entity amounting to THB 125.90 million, which is currently under litigation, the case is presently at the appeal stage. The Company expects that the appeal process will not be concluded in the near future. If the case is finalized and the Company is required to make payment, the Company expects to be able to negotiate for an extension or installment payment arrangement without materially affecting its cash flow.

The Group is confident that it will have sufficient working capital to support its planned business operations and continue operating as a going concern over the next 12 months. The Group also expects to maintain its ability to meet its existing and future financial obligations.

Sincerely yours,

(Ms.Pimjai Ariyakeereevarakup)
Chief Executive Officer
Hydrotek Public Company Limited