Yong Concrete Public Company Limited

Management Discussion and Analysis

Operating Results for the Third Quarter Ended September 30, 2026

Overview of Past Operating Performance

The Company manufactures and distributes precast concrete products and ready-mixed concrete under the "YONG" brand. It also provides precast structure installation and transportation services, the latter through PROMPT TRANSPORTS CO., LTD.

In the third quarter of 2026, construction market conditions continued to vary by project segment. The low-rise residential property market remained sluggish, limiting demand for concrete products in that segment. Meanwhile, the Company maintained an order backlog from contractors undertaking road construction and major infrastructure projects, supporting business continuity. The Company focused on backlog management, production planning and deliveries in line with individual project progress, alongside cost control and working capital management to maintain competitiveness under prevailing market conditions.

With respect to business expansion, the Company continued to implement its investment plan to increase production capacity and expand its customer base in targeted areas. These initiatives aim to enhance its ability to meet customer demand and access new markets. The Company also emphasised prudent capital expenditure management and operational readiness to ensure that expansion is aligned with market conditions and supports long-term growth.

Summary of Significant Events

In 2026, the Company continued implementing its plans to expand production capacity and its customer base in targeted areas. At Board of Directors' Meeting No. 1/2026, held on February 18, 2026, the Board approved investments in one precast concrete products plant and three ready-mixed concrete plants, together with machinery and equipment for new products. In making its investment decisions, the Company conducted feasibility studies and assessed market demand, production capacity, investment returns and possible impacts on its financial position and capital structure. During 2026, construction commenced on two ready-mixed concrete plants under this investment plan.

Regarding the proposed precast concrete products plant in the Eastern Economic Corridor (EEC), at Board of Directors' Meeting No. 2/2026, held on March 5, 2026, the Board resolved to propose that Extraordinary General Meeting of Shareholders No. 1/2026 consider and approve a long-term land lease from a connected person for the plant site. The transaction constitutes both an acquisition of assets and a connected transaction. In assessing the proposed transaction, the Company considered the suitability of the location and lease terms, with reference to property valuation reports prepared by two independent appraisers approved by the Office of the Securities and Exchange Commission (SEC Office), to assess the appropriateness of the rental rate and transaction terms. Interested directors did not participate in the consideration of, or vote on, the agenda item.

Subsequently, at Extraordinary General Meeting of Shareholders No. 1/2026, held on May 22, 2026, shareholders approved the proposed long-term land lease transaction, excluding votes cast by interested shareholders. The approval enabled the Company to proceed with subsequent stages of the EEC investment project.

As of September 30, 2026, the first of the two ready-mixed concrete plants was being prepared for production and operations. Subsequent to the reporting period, it commenced sales in October 2026. The second plant remained under construction and is expected to be completed and commence sales in 2027. The Company continues to monitor progress to ensure that each project proceeds according to its investment plan.

Summary of Operating Results

The operating results for the three-month and nine-month periods ended September 30, 2026, compared with the corresponding periods of the previous year, are presented below:

Unit: Baht thousand

Transaction	The consolidated statement of comprehensive income for the 3-month ended September, 30		Change		The consolidated statement of comprehensive income for the 6-month ended September, 30		Change	
	2026	2025	Increase (Decrease)	%	2026	2025	Increase (Decrease)	%
Revenue from sales	168,274	196,627	(28,353)	(14.42)	507,964	517,268	(9,304)	(1.80)
Revenue from services	49,334	57,324	(7,990)	(13.94)	147,432	196,551	(49,119)	(24.99)
Total revenue from sales and services	**217,608**	**253,951**	**(36,343)**	**(14.31)**	**655,396**	**713,819**	**(58,423)**	**(8.18)**
Cost of sales	125,943	145,842	(19,899)	(13.64)	378,385	396,209	(17,824)	(4.50)
Cost of services	41,174	47,183	(6,009)	(12.74)	121,957	163,337	(41,380)	(25.33)
Total cost of sales and services	**167,117**	**193,025**	**(25,908)**	**(13.42)**	**500,342**	**559,546**	**(59,204)**	**(10.58)**
Gross profit	**50,491**	**60,926**	**(10,435)**	**(17.13)**	**155,054**	**154,273**	**781**	**0.51**
Other income	2,443	2,691	(248)	(9.22)	5,219	6,661	(1,442)	(21.65)
Distribution costs and Administrative expenses	47,160	48,492	(1,332)	(2.75)	141,444	135,390	6,054	4.47
Financial cost	3,236	2,508	728	29.03	8,623	6,161	2,462	39.96
Tax expenses (income)	377	2,676	(2,299)	(85.91)	2,395	3,767	(1,372)	(36.42)
Profit (loss) for the period	**2,161**	**9,941**	**(7,780)**	**(78.26)**	**7,811**	**15,616**	**(7,805)**	**(49.98)**
Total comprehensive income (expense) for the period	**2,161**	**9,941**	**(7,780)**	**(78.26)**	**7,811**	**15,616**	**(7,805)**	**(49.98)**
Basic earnings (loss) per share (Baht)	**0.00**	**0.01**	**(0.01)**		**0.01**	**0.02**	**(0.01)**	

Analysis of Statement of Comprehensive Income

- **Total revenue**

For the three-month period ended September 30, 2026, the Company recorded total revenue from sales and services of Baht 217.61 million, a decrease of Baht 36.34 million or 14.31% year-on-year. Revenue from sales was Baht 168.27 million, down Baht 28.35 million or 14.42%, while revenue from services was Baht 49.33 million, down Baht 7.99 million or 13.94%.

For the nine-month period ended September 30, 2026, total revenue amounted to Baht 655.40 million, decreasing by Baht 58.42 million or 8.18%. Revenue from sales was Baht 507.96 million, down Baht 9.30 million or 1.80%, while revenue from services was Baht 147.43 million, down Baht 49.12 million or 24.99%. The decline in service revenue was the principal contributor to the decrease in total revenue for the nine-month period.

In terms of market conditions, the concrete products business continued to be affected by persistently subdued demand from low-rise residential projects. However, the Company continued to receive orders from contractors engaged in road construction and major infrastructure projects, forming part of the backlog previously disclosed. The Company emphasised production planning and deliveries in line with project progress and customers' required delivery schedules.

- **Total cost**

Total costs for the three-month period ended September 30, 2026 amounted to Baht 167.12 million, a decrease of Baht 25.91 million or 13.42% compared with the same period in 2025. For the nine-month period, total costs were Baht 500.34 million, down Baht 59.20 million or 10.58% year-on-year.

For the three-month period, total costs decreased at a slower rate than total revenue, which declined by 14.31%. Consequently, the gross profit margin decreased from 23.99% to 23.20%, partly due to changes in the sales mix of products with different cost structures and gross profit margins.

For the nine-month period, total costs declined faster than total revenue, which decreased by 8.18%. Consequently, the gross profit margin increased from 21.61% to 23.66%, partly supported by changes in the revenue mix between product sales and services, which carry different gross margins. The Company continued to manage costs through raw material procurement planning, production scheduling based on workload and efficient resource utilisation, to maintain competitiveness and support long-term profitability.

- **Gross profit**

Gross profit for the three-month period ended September 30, 2026 was Baht 50.49 million, down Baht 10.44 million or 17.13% from the same period in 2025. For the nine-month period, gross profit was Baht 155.05 million, an increase of Baht 0.78 million or 0.51% year-on-year.

Gross profit declined in the third quarter in line with revenue and changes in product mix. However, for the nine-month period, the Company maintained gross profit above the prior-year level despite lower total revenue, reflecting the effects of its revenue mix and cost management in supporting overall gross profitability.

➢ **Distribution costs and Administrative expenses**

Distribution costs and administrative expenses for the three-month period ended September 30, 2026 were Baht 47.16 million, a decrease of Baht 1.33 million or 2.75% from the same period in 2025. For the nine-month period, these expenses were Baht 141.44 million, an increase of Baht 6.05 million or 4.47% year-on-year.

The increase in nine-month expenses was mainly attributable to sales personnel costs, expenses related to expanding the customer base and the recognition of expenses arising from estimates relating to receivables under applicable accounting requirements. Although third-quarter expenses decreased year-on-year, nine-month cumulative expenses increased as revenue declined, raising the expense-to-revenue ratio and placing pressure on profitability.

➢ **Financial cost**

Finance costs for the three-month period ended September 30, 2026 were Baht 3.24 million, an increase of Baht 0.73 million or 29.03% compared with the same period in 2025. For the nine-month period, finance costs were Baht 8.62 million, an increase of Baht 2.46 million or 39.96% year-on-year.

The increase in finance costs was mainly attributable to interest recognised on lease liabilities for long-term land leases from third parties and vehicle lease liabilities used in the Group's transportation operations, resulting in higher finance costs compared with the corresponding period of the previous year.

➢ **Net profit**

For the three-month period ended September 30, 2026, the Company recorded net profit of Baht 2.16 million, a decrease of Baht 7.78 million or 78.26%, compared with Baht 9.94 million in the same period in 2025. The decline was mainly due to lower gross profit resulting from reduced revenue and a changed product mix, together with higher finance costs, despite a reduction in distribution and administrative expenses.

For the nine-month period ended September 30, 2026, net profit was Baht 7.81 million, down Baht 7.80 million or 49.98% from Baht 15.62 million in the same period of the previous year. Although gross profit remained broadly comparable with the prior-year period, increased distribution and administrative expenses and finance costs, together with lower other income, were the principal factors behind the decline in net profit.

The Company continued to align costs and expenses with revenue levels while prudently managing working capital and financial obligations to preserve the profitability of its core business and support its next phase of expansion.

Analysis of Financial Position

- **Total assets**

As of September 30, 2026, total assets amounted to Baht 1,375 million, an increase of Baht 88 million or 6.80% from December 31, 2025. The increase was mainly attributable to property, plant and equipment; right-of-use assets; cash and cash equivalents; and inventories. Trade and other current receivables and contract assets decreased.

The increase in assets partly reflected investments in land, factories, machinery and equipment under the production capacity expansion plan, as well as the acquisition of vehicles to support the Group's transportation operations. These investments aim to enhance production and service capabilities and support expansion of the customer base in targeted areas.

For current assets, the Company focused on managing trade receivables and inventories in line with workload and customer demand, while monitoring collections and working capital to maintain liquidity and support uninterrupted operations.

- **Total liabilities**

As of September 30, 2026, total liabilities were Baht 504 million, an increase of Baht 100 million or 24.82% from December 31, 2025. This was mainly due to higher interest-bearing liabilities associated with financing operations and the Company's investment plans, including lease liabilities. Trade and other current payables decreased from year-end 2025.

- **Total shareholders' equity**

As of September 30, 2026, total shareholders' equity stood at Baht 871 million, a decrease of approximately Baht 13 million or 1.42% from December 31, 2025. The decline was mainly due to dividend payments of Baht 20.40 million, partially offset by net profit of Baht 7.81 million for the nine-month period ended September 30, 2026.

The Company continued to manage its capital structure and maintain a financial position appropriate for its operations and future investment plans.

Cash Flow Analysis

For the nine-month period ended September 30, 2026, net cash generated from operating activities amounted to Baht 81.75 million, reflecting the business's ability to generate operating cash flows. These cash flows provided an important source of funding for the Company's operations and investments during the period.

Net cash used in investing activities amounted to Baht 67.02 million, mainly for investments in property, plant and equipment to support production capacity expansion and operations in targeted areas. Net operating cash inflows covered the net cash used in investing activities during the period, reflecting the use of internally generated cash flows to support the Company's investment plans.

Net cash generated from financing activities amounted to Baht 26.29 million, primarily driven by increased short-term borrowings from financial institutions to support working capital and business operations.

As a result of cash flows from the three categories of activities, cash and cash equivalents as of September 30, 2026 amounted to Baht 104.53 million. The Company continued to prioritise liquidity management and appropriate financing for operating and investment requirements to maintain financial readiness and support future operations.

Key Financial Ratios

Key financial ratios		Consolidated Financial Statements as at / for the Period Ended		
		Reviewed Consolidated Financial Statements* September 30, 2026	Audited Consolidated Financial Statements** December 31, 2025	Reviewed Consolidated Financial Statements* September 30, 2025
Current Ratio	(times)	1.15	1.43	1.34
Quick Ratio	(times)	0.82	1.03	0.93
Gross Profit Margin	(%)	23.66%	21.69%	21.61%
Net Profit Margin	(%)	1.18%	2.07%	2.17%
Return on Equity	(%)	1.19%	2.28%	2.33%
Return on Assets	(%)	0.78%	1.61%	1.63%
Debt to Equity Ratio	(times)	0.58	0.46	0.50
Cash Interest Coverage Ratio	(times)	9.90	15.95	17.92
Debt Service Coverage Ratio	(times)	2.03	2.67	2.80

* Figures as of September 30, 2026 and 2025 are based on the reviewed interim consolidated financial statements for the respective nine-month periods.

** Figures as of December 31, 2025 are based on the audited annual consolidated financial statements.

Note: Current ratio, quick ratio and debt-to-equity ratio are calculated using the financial position at each reporting date. Gross profit margin, net profit margin and financial obligation coverage ratios are based on results for the nine-month periods ended September 30, 2026 and 2025, and the year ended December 31, 2025. Return on equity (ROE) and return on assets (ROA) are calculated using average shareholders' equity and total assets, respectively, with interim results annualised.

➢ **Capital Structure**

As of September 30, 2026, the debt-to-equity (D/E) ratio was 0.58 times, up from 0.46 times as of December 31, 2025 and 0.50 times as of September 30, 2025. The increase was mainly attributable to higher interest-bearing liabilities to finance operations and investment plans, including the Group's lease liabilities. The Company remains focused on managing its capital structure and debt obligations in line with cash flow generation capacity and future investment funding requirements.

- **Liquidity**

As of September 30, 2026, the current ratio and quick ratio were 1.15 times and 0.82 times, respectively, down from 1.43 times and 1.03 times as of December 31, 2025, and below 1.34 times and 0.93 times as of September 30, 2025. These movements indicate a decline in short-term liquidity, particularly as the quick ratio fell below 1.0. The Company therefore focused on working capital management, collection monitoring and inventory management aligned with production and delivery requirements to maintain sufficient liquidity for operations and investments.

- **Profitability**

For the nine-month period ended September 30, 2026, the gross profit margin increased to 23.66% from 21.61% in the corresponding period of the previous year, supported by changes in the revenue and product mix across activities with differing margins, as well as cost management. Nevertheless, the net profit margin declined to 1.18% from 2.17% due to higher distribution and administrative expenses and finance costs, together with lower other income, resulting in lower net profit despite maintaining nine-month gross profit.

Return on equity (ROE) declined to 1.19% from 2.33%, while return on assets (ROA) decreased to 0.78% from 1.63% compared with the corresponding prior-year period. These changes reflect lower returns on capital and assets, consistent with the decrease in net profit during the period.

- **Financial Obligation Coverage**

For the nine-month period ended September 30, 2026, the cash flow interest coverage ratio and debt service coverage ratio were 9.90 times and 2.03 times, respectively, down from 17.92 times and 2.80 times in the corresponding prior-year period. This indicates reduced financial obligation coverage, while the Group incurred higher finance costs associated with operations and investments.

The Company continued to manage cash flows, working capital and debt obligations in line with its operations, while assessing funding readiness for investment projects to maintain its capacity to service financial commitments and support future growth.

Factors Affecting Operations

In 2026, construction market conditions varied by project segment. The low-rise residential property market remained subdued, while road construction and major infrastructure projects continued to support the Company's business operations through its backlog of contractor projects. Demand for concrete products nevertheless depends on project type, construction progress and customers' delivery schedules.

Key factors that may affect the Company's future operations and growth include the following:

Risk Factors

1. Fluctuations in demand and competition in the construction market, particularly the continuing slowdown in low-rise residential projects and price competition in certain product categories, which may affect order volumes, selling prices and margins.
2. Production costs and product margin structure: changes in key raw material prices, labour and transportation costs, and changes in the product sales mix may affect gross profit margins because products have different cost structures and margins.
3. Working capital and financial obligation management: operations and production capacity expansion require continuing funding, while liabilities and finance costs have increased. The Company must therefore align cash flows, collections and inventory management with production and investment plans.

Opportunity Factors

1. Continuity of infrastructure construction projects, particularly orders from road construction contractors forming part of the Company's backlog. These projects are expected to run for approximately 1–2 years and offer opportunities for continuing production and deliveries; revenue recognition remains dependent on project progress and customer orders.
2. Expansion of production capacity and the customer base in targeted areas under the Company's investment plans, intended to enhance its ability to meet demand for concrete products and access new customer segments, particularly in areas with continuing industrial and infrastructure development.
3. Demand for products meeting quality and manufacturing standards, which the Company can leverage to support its competitiveness by maintaining product quality, controlling production processes and delivering products in accordance with customers' specifications and requirements.

In view of these factors, the Company prioritised cost and product mix management, the continuity of its backlog, working capital management and progress on investment projects to maintain competitiveness and support growth consistent with market conditions and its financial position.

Strategic Direction and Implementation

The Company seeks to pursue growth amid varying construction market conditions by retaining existing customers, expanding opportunities in infrastructure projects and increasing production capacity in targeted areas, alongside cost and working capital management to strengthen competitiveness and support long-term growth.

Operationally, the Company prioritises managing its backlog, particularly orders from road construction and major infrastructure contractors with project schedules extending into 2027. Production and deliveries are planned around individual

project progress, while the Company maintains relationships with existing customers and expands its base of infrastructure contractors to increase opportunities for new orders and future business continuity.

For business expansion, the Company continues to implement its investment plan to increase production capacity and broaden its customer base in targeted areas, particularly the Eastern Economic Corridor (EEC). These investments seek to provide access to new customer groups and meet concrete product demand in high-potential areas. The Company emphasises the readiness of production facilities, personnel and operations at new branches in line with the approved investment plan.

The Company also continues to focus on cost management and operational efficiency through the following measures:

- Cost management and raw material procurement: monitoring raw material price movements, planning purchasing based on production volumes and optimising resource utilisation to mitigate the impact of cost volatility.
- Product mix and profitability management: evaluating the mix of products and project types with different cost structures and margins, alongside production capacity and delivery planning, to sustain profitability in a competitive environment.
- Product quality and production efficiency: maintaining quality control in accordance with applicable standards, reducing production waste and improving workforce and machinery readiness to support product quality and reliable deliveries.
- Working capital and capital structure management: managing cash flows, monitoring collections, controlling inventories and aligning financial obligations with funding requirements for operations and investments.
- Business capability development: considering the use of technology and employee skills development to improve operational efficiency, while monitoring environmental trends and customer requirements to inform future improvements to production processes and products.

Overall, the Company aims to balance business expansion and profitability by implementing approved investment plans alongside prudent management of costs, liquidity and capital structure, supporting sustainable growth and long-term shareholder value.

Please be informed accordingly.

Yours sincerely,



(Mr. Sunpetch Slisatakorn)

Chief Executive Officer