SPREME 2026/015

Dated 12 November 2026

Re: Management Discussion and Analysis for Quarter 3/2026

To: The President

The Stock Exchange of Thailand

Supreme Distribution Public Company Limited ("the Company") hereby provides an explanation of the Company's operating results for Quarter 3/2026 as follows:

Overview of the Company's performance for Quarter 3/2026

Key Items in Income Statement	Q3-2026	Q2-2026	Q3-2025	QoQ Inc/(Dec)		YoY Inc/(Dec)	
	MB	MB	MB	MB	%	MB	%
Revenue from sales and services	615.10	418.22	175.38	196.88	47.08	439.72	250.72
Cost of sales and services	510.02	333.74	127.15	176.28	52.82	382.87	301.12
Gross profit	**105.08**	**84.48**	**48.23**	**20.60**	**24.38**	**56.85**	**117.87**
Gross profit margin (%)	***17.08***	***20.20***	***27.50***		***-3.12***		***-10.42***
Total income	621.06	425.35	177.20	195.71	46.01	443.86	250.49
Total expenses	541.19	364.02	153.54	177.17	48.67	387.65	252.47
Profit for the period	**51.18**	**44.43**	**18.76**	**6.75**	**15.19**	**32.42**	**172.81**
Net profit margin (%)	***8.24***	***10.45***	***10.59***		***-2.21***		***-2.35***

Overall performance in the third quarter of 2026 improved compared with both the previous quarter and the corresponding period of the previous year, in terms of total revenue, gross profit, and net profit. The improvement was primarily supported by the execution of a Mega Project, under which the Company successfully completed the contractual deliveries arising from a project awarded through a competitive bidding process within the quarter. Consequently, revenue from services and rental increased significantly, particularly when compared with the corresponding period of 2025, during which the Company had not yet recognized recurring income from the project.

Despite the decline in gross profit margin and net profit margin compared with the corresponding periods, mainly due to changes in the revenue mix, the Company remains confident in the potential and economic value of undertaking medium- and large-scale projects. Such projects contribute to the establishment of a long-term revenue base and enhance the stability of the Company's business operations. As of the end of the third quarter of 2026, the Company had a total backlog of more than 5,000 million baht, which is expected to be gradually recognized as revenue through 2031.

Distribution and Installation Business

In the third quarter of 2026, the Company recorded revenue from the sales and installation business of 284.35 million baht, representing an increase of 206.45 million baht, or approximately 2.6 times, compared with the third quarter of 2025, and an increase of 165.80 million baht, or approximately 1.4 times, compared with the second quarter of 2026. The increase was primarily attributable to the delivery of several projects involving the supply and installation of computer equipment and peripherals (System Integration) during the third quarter of 2026, which coincided with the final period of the government fiscal year.

In terms of profitability, the overall gross profit margin of the sales and installation business decreased by approximately 10–15 percentage points compared with the corresponding periods. This was primarily because certain projects delivered during the third quarter of 2026 were relatively less complex, resulting in pricing strategies and project management approaches that differed from those generally applied to System Integration projects. Nevertheless, the Company has focused on diversifying its project portfolio and expanding its government customer base to support revenue growth in the sales and installation business. This strategy is intended to systematically offset the impact of lower profit margins through increased revenue contribution. Key projects delivered during the quarter included a project for the procurement of computers and peripherals for digital testing administration, as well as projects involving the supply of computer equipment and software packages to support the operations of government agencies and state enterprises.

With respect to the increase in prices of electronic components in the global market, prices of information technology products and components remained elevated and continued to show an upward trend during the third quarter of 2026, although the rate of price increases for certain product categories began to moderate compared with the preceding periods. The Company continued to manage this risk effectively through advance procurement planning, appropriate inventory management, and the maintenance of strong relationships with key suppliers and manufacturers. Nevertheless, fluctuations in market prices may result in longer procurement processes for certain government projects, particularly where previously established reference prices or project budget frameworks no longer align with prevailing market prices. Such circumstances may affect the timing of the procurement processes for those projects.

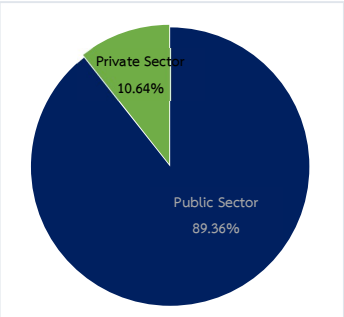
The Company expects the upward pressure on information technology equipment prices to gradually ease. To maintain its revenue base and support continued growth in operating performance, the Company will continue to pursue a diversified project strategy, particularly in terms of product categories and solutions.

Service Business

The Company generates revenue from its service business through two main categories: maintenance and repair services for information technology systems and equipment, and equipment rental contracts with related services. In the third quarter of 2026, revenue from services and rental increased by more than threefold compared with the corresponding quarter of the previous year and continued to grow by more than twofold from the preceding quarter. The increase was primarily attributable to a Mega Project under equipment rental contracts, for which the Company had completed the delivery of teaching and learning equipment under all contracts, comprising more than 250,000 sets of equipment in total. During the current quarter, the Company recognized revenue of 262.29 million baht from the project, representing 79.30% of total revenue from the service and rental business. The proportion of revenue generated from rental and service contracts has continued to increase, in line with the Company's strategy to develop a long-term recurring revenue model through rental contracts, maintenance services, and information technology infrastructure services, with the aim of enhancing cash flow stability and revenue continuity.

In terms of profitability, the service and rental business recorded an average gross profit margin of 18.30%, which was relatively stable compared with the preceding quarter but decreased by 9.42 percentage points from the corresponding quarter of the previous year. The relative stability of the gross profit margin over the past two quarters was primarily attributable to the higher proportion of service revenue generated from large-scale projects, which has reduced fluctuations in both revenue and profitability compared with historical levels. This was further supported by the Company's effective management of service costs, related expenses, and project risks.

With respect to revenue recognition from the Company's backlog, the Company was able to provide services and complete contractual milestones under its maintenance and rental contracts in accordance with the planned schedules. In addition, the construction and operation of public internet service centers, which had experienced delays from the original schedule, continued to be progressively delivered and accepted during the current period. The Company expects the remaining works to be fully delivered within 2026.



Revenue Breakdown by Customer Group and Service Recipient

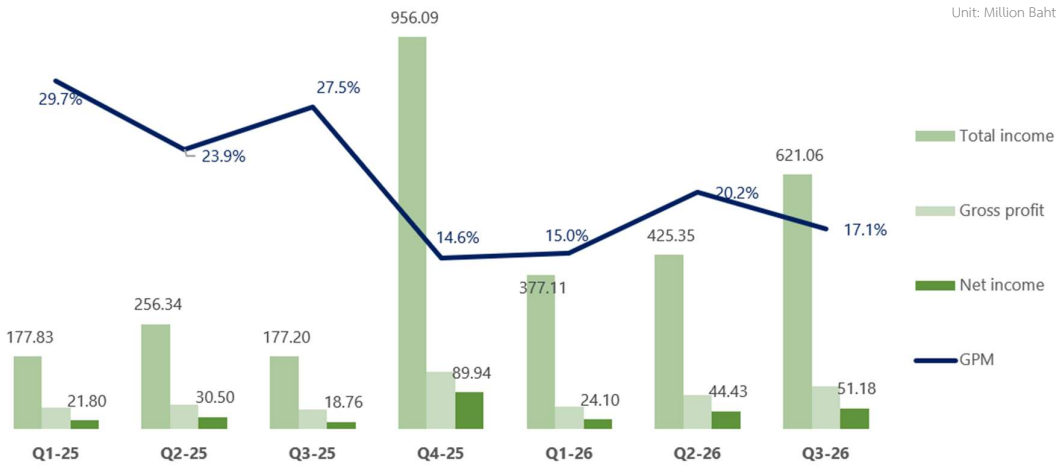
The Company's revenue mix in the third quarter of 2026 was predominantly driven by public sector customers. Revenue from government agencies and state-owned enterprises totaled 549.65 million baht, accounting for 89.36% of total revenue (quarter 3/2025: 59.40%). Meanwhile, revenue from private sector customers and individual consumers amounted to 65.45 million baht, representing 10.64% of total revenue (quarter 3/2025: 40.60%).

The significantly higher proportion of revenue from government customers compared with the private sector was primarily attributable to the substantial number of System Integration projects delivered during the current quarter, together with revenue recognized from the Mega Project.

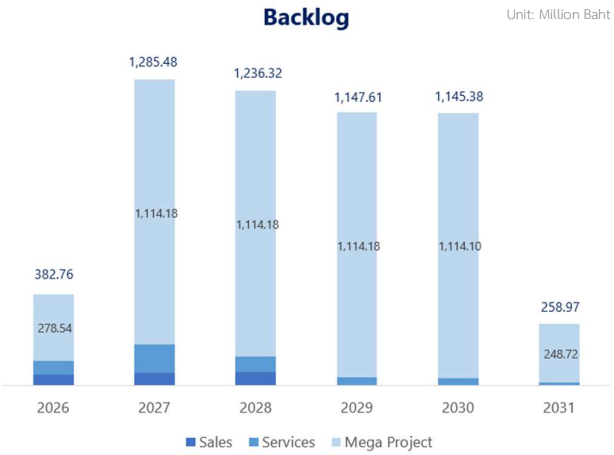
During the current period, nearly 100% of the Company's revenue from maintenance services and rental contracts was generated from government customers, consistent with the preceding quarter. Revenue from customers under service and rental contracts continued to provide a recurring revenue stream, thereby supporting revenue stability. Although the proportion of revenue generated from government customers increased significantly as a result of the execution of the Mega Project, the Company continues to place importance on diversifying its customer base and revenue sources by expanding business opportunities among private-sector customers and organizations with demand for technology and digital solutions, both for their own business operations and for resale.

Following the approach to pursuing new business opportunities as outlined by the Company in the second quarter of 2026, the Company continues to focus on diversifying its revenue sources by offering a broader range of products and solutions to address the needs of customers across various segments and industries. At the same time, the Company has continued to implement its strategy to maintain the revenue base of the sales and installation business as planned. Revenue from this business supports operating cash flows in the short term and provides a balance to the Company's revenue structure alongside long-term rental contracts, which generate returns and recurring revenue streams over the longer term.

The Company's quarterly performance from 2025 to present can be summarized as follows.



Backlog



As of 30 September 2026, the Company had backlog totaling 5,456.52 million baht. Of this amount, approximately 382.76 million baht is expected to be delivered and recognized as revenue during the last quarter of 2026, with the remaining balance to be progressively recognized from 2027 through 2031.

Based on the backlog breakdown by business segment, the majority of revenue pending recognition upon delivery or provision of services continues to be attributable to rental income under the Mega Project, for which the Company has completed the delivery of teaching and learning equipment under all contracts. In addition, the Company has a total backlog of Baht 104.22 million from the sales and installation business and service contracts, all of which is expected to be delivered and recognized as revenue during the fourth quarter of 2026.

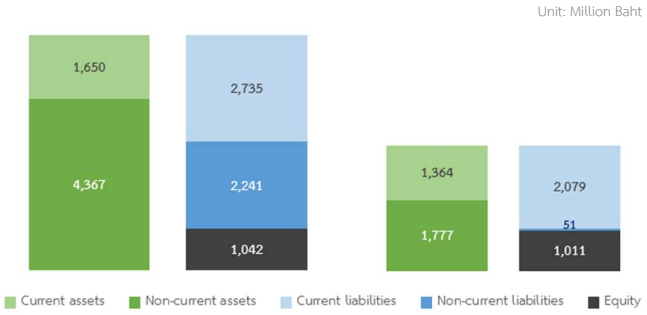
Furthermore, during the final quarter of 2026, the Company expects to have opportunities to secure additional small- to medium-sized projects involving computer equipment rental and maintenance service contracts. The Company considers its prospects for securing such projects to be favorable, supported by its competitive pricing, the expertise of its project teams, and its proven track record in successfully executing similar projects.

Overview of the Company's Financial Position as of 30 September 2026

Key Items in Statement of Financial Position	30 September 2026		31 December 2025		Inc/ (Dec)	
	MB	%	MB	%	MB	%
Cash and cash equivalents	95.50	1.59	246.08	7.83	(150.58)	-61.19
Trade and other receivables [1]	999.18	16.60	276.16	8.79	723.02	261.81
Finance lease receivables [1]	668.52	11.11	724.42	23.06	(55.90)	-7.72
Inventories	147.92	2.46	413.25	13.16	(265.33)	-64.21
Revenue department receivables	227.82	3.79	126.79	4.04	101.03	79.68
Equipment, right-of-use assets, and intangible assets	3,650.92	60.67	1,117.84	35.59	2,533.08	226.60
Other assets	228.06	3.78	236.41	7.53	(8.35)	-3.53
Total assets	**6,017.92**	100.00	**3,140.95**	100.00	**2,876.97**	91.60
Short-term loans from financial institution	120.00	2.41	-	0.00	120.00	100.00
Trade and other current payables	1,767.47	35.52	2,056.09	96.55	(288.62)	-14.04
Lease liabilities [1]	34.83	0.70	17.51	0.82	17.32	98.91
Long-term loans from financial institutions [1]	2,987.10	60.03	-	0.00	2,987.10	100.00
Other liabilities	66.32	1.33	56.07	2.63	10.25	18.28
Total liabilities	**4,975.72**	100.00	**2,129.67**	100.00	**2,846.05**	133.64
Total equity	**1,042.20**	100.00	**1,011.28**	100.00	**30.92**	3.06

[1] *Comprehensive of current and non-current portions*

Analysis of the Company's Financial Position as of 30 September 2026



The Company's total assets increased by 2,876.97 million baht, or 91.60%, while total liabilities rose by 2,846.05 million baht, or approximately 1.3 times, compared to the year 2025. The key changes in financial position attributable to business operations are summarized as follows:

1) Execution of the Mega Project under Long-Term Rental Contracts

During the current quarter, the Company successfully executed the contract and completed the delivery of teaching and learning equipment to the final educational service area. As a result, the Company has completed the delivery of all contracts under the Mega Project, with a total contract value of 6,020.37 million baht. The project comprises rental contracts covering 25 educational service areas and a total of 253,808 sets of equipment provided for teachers and students. Each contract has a rental term of five years, commencing from the month following the respective delivery date.

Following the successful completion of deliveries under the Mega Project, the Company's financial position changed significantly, particularly in respect of working capital-related items. Trade receivables and other current receivables increased, primarily due to rental income accrued but not yet billed in accordance with the billing schedules stipulated in the respective contracts. Rental assets also increased, together with receivables from the Revenue Department arising from input VAT incurred on purchases of equipment for the project. In addition, the Company's short-term and long-term borrowings from several domestic commercial banks increased to finance payments for equipment and other costs associated with the Mega Project.

Conversely, cash and cash equivalents, inventories, and trade payables decreased compared with the end of the previous year. This was primarily because all equipment purchased in preparation for delivery during the first quarter of 2026 had subsequently been delivered to the respective educational service areas, while liabilities arising from equipment procurement costs gradually became due and were settled during the year.

2) Funding Arrangements to Support Operations

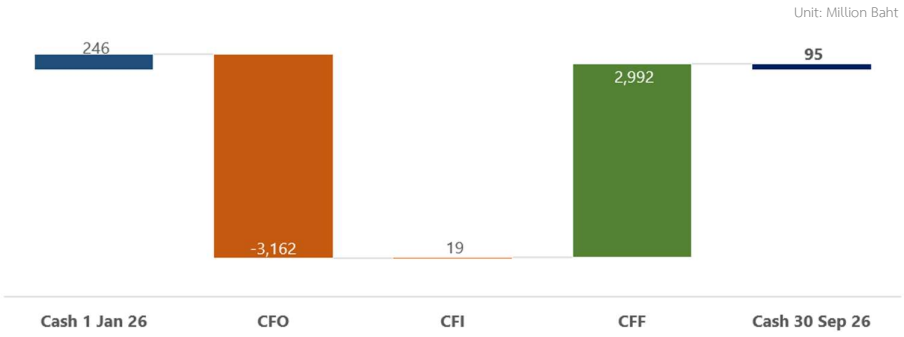
In connection with the execution of the Mega Project, as of the end of the third quarter of 2026, the Company had both short-term and long-term borrowings from several domestic commercial banks. The borrowings were primarily used to finance payments for equipment procured under the rental contracts for the Anywhere Anytime Project, for which the Company has completed all contractual deliveries. The related payment obligations are gradually becoming due in accordance with the agreed payment terms.

The long-term borrowings bear fixed interest rates as stipulated in the respective loan agreements. The loan agreements also require the Company to maintain certain financial ratios as prescribed by the respective banks.

The Company expects to gradually draw down additional borrowings to finance payments for equipment through the first quarter of 2027 and intends to progressively repay the borrowings ahead of their contractual maturities. During the first nine months of 2026, the Company drew down short-term and long-term borrowings across all projects totaling 3,220.19 million baht and repaid 233.09 million baht, in line with rental payments received from the lessees.

Given the increased challenges and risks associated with liquidity management arising from changes in the Company's business structure, the Company regularly monitors and evaluates its funding management and maintains diversified sources of financing to effectively support the execution of long-term projects. The Company focuses on securing appropriate sources of funding in terms of tenor, credit facility conditions, and related financing costs, in alignment with its planned execution of rental projects for government agencies. At the same time, the Company continues to place importance on sales and installation projects, as reflected in the revenue composition for the current quarter and the Company's strategic direction for the following year.

The Company's overall cash flow movements for nine-month period ending 30 September 2026 are summarized as follows:



During the second quarter of 2026, the Company paid dividends in respect of its 2025 operating results totaling 88.80 million baht, equivalent to 0.12 baht per share. The dividend payment reflects the Company's financial position and capital management capability. Despite the increased working capital requirements arising from the execution of the Mega Project, the Company continued to maintain an appropriate level of liquidity and was able to continue its dividend payments in accordance with its dividend policy, while seeking to balance investments for long-term growth with the delivery of sustainable returns to shareholders.

Key Financial Ratios

Financial Ratios	Unit	Q3-2026	Q2-2026	Q3-2025	9M 2026	9M 2025
Liquidity ratios						
Current ratio	Time	0.60	0.44	3.04	0.60	3.04
Average collecting period	Day	99	85	127	99	127
Average inventory period	Day	52	84	13	52	13
Average payment period	Day	198	263	147	198	147
Cash conversion cycle	Day	-47	-94	-7	-47	-7
Profitability ratios						
Gross profit margin	%	17.08	20.20	27.50	17.47	26.63
EBITDA margin	%	45.15	56.88	29.60	47.37	28.30
Net profit margin	%	8.24	10.45	10.59	8.41	11.62
Return on equity (trailing)	%	20.42	17.70	9.66	20.42	9.66
Return on assets (trailing)	%	4.58	3.86	7.37	4.58	7.37
Leverage ratios						
Debt to equity ratio	Time	4.77	5.10	0.33	4.77	0.33
Debt Service Coverage Ratio (DSCR)	Time	0.52	0.79	10.39	0.52	10.39

As of the end of the third quarter of 2026, the Company's current ratio stood at 0.60 times, improving from 0.44 times at the end of the preceding quarter, but remaining below 3.04 times recorded at the end of the corresponding quarter of the previous year. This reflected the increased working capital requirements associated with the execution of the large-scale rental project. The Company continued to have payables for rental assets that were gradually becoming due and arranged borrowings to finance the settlement of such obligations. The average collection period increased to 99 days from 85 days in the preceding quarter, while the average inventory turnover period decreased from 84 days to 52 days. Accordingly, the Company continues to place emphasis on the timely collection of receivables and the planning of funding sources in alignment with the due dates of its obligations in order to manage liquidity on an ongoing basis.

In terms of profitability, the Company recorded a gross profit margin of 17.08% and a net profit margin of 8.24% in the third quarter of 2026, decreasing from 20.20% and 10.45%, respectively, in the preceding quarter, and from 27.50% and 10.59%, respectively, in the corresponding quarter of the previous year. The decreases were attributable to the revenue mix and the nature of projects delivered during the current period. Despite the lower margins, gross profit and net profit increased compared with both comparative periods, supported by revenue growth. The Company's EBITDA margin stood at 45.15%, decreasing from 56.88% in the preceding quarter but remaining above 29.60% recorded in the corresponding quarter of the previous year, consistent with the increased contribution of revenue from long-term rental contracts. The Company continues to focus on controlling project costs and related expenses in order to maintain its profitability.

With respect to the capital structure, as of the end of the third quarter of 2026, the Company's debt-to-equity ratio stood at 4.77 times, decreasing from 5.10 times at the end of the preceding quarter, but remaining above 0.33 times at the end of the corresponding quarter of the previous year. The majority of the Company's liabilities were associated with investments in and the execution of long-term rental projects for government agencies, for which contractual rental receipts represent a source of funds for debt servicing. The debt service coverage ratio (DSCR) stood at 0.52 times, decreasing from 0.79 times in the preceding quarter and 10.39 times in the corresponding quarter of the previous year.

The Company's current liquidity ratios and financial policy ratios reflect the funding requirements associated with the investment and delivery phase of the large-scale rental project, under which investment outflows occur in advance of the gradual collection of rental payments over the contractual term. Following the completion of equipment deliveries under all contracts, the Company expects the continuing receipt of rental payments to support its cash flow and the gradual repayment of borrowings, which may contribute to an improvement in these financial ratios over the coming years. Such improvement will, however, depend on the timely collection of contractual payments, debt repayment obligations, and any additional investment plans. The Company therefore continues to place emphasis on cash flow planning, aligning its funding sources with project durations, and closely monitoring compliance with financing terms, while maintaining an appropriate balance between business growth and long-term financial stability.

Executive summary explaining the change of more than 20% in the Company's operating results for quarter 3/2026

In the third quarter of 2026, the Company recorded total revenue of 621.06 million baht, representing an increase of 250.49% from the corresponding period of the previous year and 46.01% from the preceding quarter. The growth was primarily driven by rental income from the Anywhere Anytime Project and the delivery of several sales and installation projects during the final period of the government fiscal year, reflecting the contribution of both the sales and installation business and the rental business to the Company's revenue growth.

In terms of net operating results, the Company recorded net profit of 51.18 million baht, increasing by 172.81% from the corresponding period of the previous year and 15.19% from the preceding quarter. Despite the decline in gross profit margin and net profit margin to 17.08% and 8.24%, respectively, attributable to the revenue mix, the nature of projects delivered during the period, and financing costs associated with investments in rental projects, the Company continued to achieve higher net profit. EBITDA margin stood at 45.15%, above 29.60% recorded in the corresponding period of the previous year. The Company continues to focus on cost control and maintaining its profitability.

In terms of operations, the Company has completed the delivery of teaching and learning equipment under all contracts of the Mega Project, covering 25 educational service areas and a total of 253,808 sets of equipment, providing a foundation for long-term recurring revenue. As of September 30, 2026, the Company had a total backlog of 5,456.52 million baht, the majority of which was attributable to rental contracts. Approximately 382.76 million baht is expected to be recognized as revenue in the fourth quarter of 2026, with the remaining backlog expected to be progressively recognized during 2027–2031, thereby providing greater visibility into the Company's future revenue.

Regarding the financial position, as of September 30, 2026, the Company had total assets of 6,017.92 million baht and total liabilities of 4,975.72 million baht, reflecting investments in and financing for the Mega Project. The debt-to-equity ratio decreased to 4.77 times from 5.10 times at the end of the preceding quarter, while the current ratio improved to 0.60 times from 0.44 times. However, the debt service coverage ratio (DSCR) decreased to 0.52 times. Accordingly, the Company continues to closely manage its liquidity and expects that contractual rental collections, together with the gradual repayment of borrowings, will support its financial position in the coming years.

For the fourth quarter of 2026 and beyond, the Company aims to build upon its experience in successfully executing large-scale projects, while continuing to expand its sales and installation business, maintenance services, and solutions for a broader range of customer segments. The Company will continue to selectively pursue projects that offer appropriate returns and are aligned with its funding capacity. Supported by its long-term contractual revenue base and backlog extending through 2031, the Company believes that combining the stability of recurring revenue with growth opportunities from a diversified portfolio of products and services will provide an important foundation for strengthening its competitiveness, translating current investments into long-term revenue and cash flows, and creating sustainable value for shareholders.

Yours Respectfully,

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(Mr. Panuwat Khantamoleekul)	(Mr. Panupong Khantamoleekul)
Chief Executive Officer	Deputy Chief Executive Officer

Supreme Distribution Public Company Limited