Management Discussion and Analysis (MD&A)

For the nine-month period ended 30 September 2026

The Company's performance for the nine-month period of 2026 reflected the timing of revenue recognition, with revenue primarily generated from project-based work and services, particularly electrical and mechanical (M&E) contracting, which accounted for 54.46% of total revenue from sales and services. Cash flows from operating activities remained positive at THB 86.15 million. Meanwhile, the Company had outstanding work under contracts that had not yet been delivered or services that had not yet been rendered, amounting to THB 593.88 million as at 31 October 2026. Nevertheless, as the Company's operating results for the nine-month period ended 30 September 2026 decreased by more than 20% compared with the corresponding period of the previous year, the Company is placing greater emphasis on timely project delivery, cost control, timely billing and collection, and effective management of credit facilities during the final quarter of 2026.

Business, Economic and Industry Overview Affecting Operations

Business Overview and Nature of Operations

Frontline Engineering Public Company Limited (the "Company" or "FLE") engages in the procurement and distribution; and procurement, distribution and installation, of pumps, valves, pipes, Bailey bridges, dredgers and related equipment from leading global manufacturers, as well as products under the Company's own brands. The Company also provides pump rental services; electrical and mechanical contracting for irrigation, water transmission and solar power systems; and product installation, testing and maintenance services.

The Company's business model focuses on integrated water management services (One Stop Service), encompassing consultation, product and technology selection, design and equipment procurement, installation and system testing, and after-sales services. These services draw on the experience and expertise of its engineers and technicians to meet the needs of public- and private-sector customers appropriately.

For the first nine months of 2026, revenue from sales and services amounted to THB 325.43 million, decreasing by more than 20% year on year, or THB 150.43 million (31.61%). The principal changes were as follows: (1) Revenue from electrical and mechanical contracting for irrigation, water transmission and solar power systems amounted to THB 177.24 million, representing 54.46% of revenue from sales and services, an increase of THB 70.90 million, or 66.68%, year on year. This reflected progressive execution and revenue recognition based on the progress of projects carried forward from 2025. In the current period, revenue was primarily recognized from five solar power system projects for the Department of Groundwater Resources, averaging approximately THB 35.41 million per project. In the corresponding period of the previous year, revenue was recognized from eight Department of Groundwater Resources projects, averaging approximately THB 12.21 million per project, and one Royal Irrigation Department project valued at THB 8.60 million. (2) Revenue from procurement, distribution and installation amounted to THB 114.68 million, representing 35.24% of revenue from sales and services, an increase of THB 56.75 million, or 97.98%, year on year. This increase partly reflected delivery of large submersible pumps with installation to the Royal Irrigation Department, together with deliveries to other public- and private-sector customers.

However, revenue from procurement and distribution for the first nine months of 2026 amounted to THB 26.46 million, representing 8.08% of revenue from sales and services, a decrease of THB 279.37 million, or 91.35%, year on year. In the corresponding period of the previous year, the Company delivered large submersible pumps to the Royal Irrigation Department, resulting in higher sales revenue in the third quarter of the previous year than in the same quarter of the current year. In addition, delivery of a significant project originally scheduled for the third quarter of 2026 was postponed owing to supplier shipment delays arising from the conflict in the Middle East and project site readiness affected by weather conditions and flooding. Consequently, certain deliveries and related revenue recognition were deferred from their originally

expected completion in the third quarter of 2026. The Company expects the project to be completed and delivered in the fourth quarter of 2026. The total projects value is THB 71.81 million.

In addition to revenue from the businesses described above, 2026 marked the commencement of revenue recognition from pump rental services, a new business under the Company's revenue diversification plan. The Company secured its first rental contract in the fourth quarter of 2025 and began recognizing revenue in the first quarter of 2026. Additional pump rental contracts were also secured in 2026. This business forms part of the strategy to increase recurring income and diversify revenue sources and customer base.

Economic and Industry Overview

The Company's operations remain linked to public investment policies and government budget cycles, as its principal customers are government agencies and state enterprises involved in water management systems. Accordingly, the timing of budget approvals, procurement processes, contract execution and work acceptance may affect opportunities to secure contracts and the timing of revenue recognition.

The Company operates in the water management industry, which plays a key role in agriculture, industry and domestic water use. The industry encompasses water supply, irrigation, water transmission and drainage systems, as well as infrastructure for flood and drought prevention and mitigation. Demand for the development and improved efficiency of water management systems continues to be supported by community and industrial expansion and the effects of climate change. Relevant agencies therefore continue to prioritize investment in the development and improvement of water infrastructure.

These factors and industry conditions support the Company's business opportunities in the procurement, distribution and installation of pumps, valves, pipes and related equipment; electrical and mechanical contracting; pump rental; and installation, testing and maintenance services. These activities are consistent with its integrated water management service approach. The Company also sees opportunities to integrate energy technologies and solutions with pumping systems to improve customers' operating efficiency and reduce energy consumption.

Nevertheless, the Company's operating results remain subject to various factors, including the timing of government budget approvals and disbursements, procurement processes, project site readiness, and overseas production and shipping lead times. Fluctuations in exchange rates, energy prices and imported product costs may also affect operating costs and profit margins. The Company therefore emphasizes procurement planning, inventory management, monitoring of production and shipping status, foreign exchange risk management and close control of project costs to ensure efficient operations aligned with its business plan.

Strategies and Operations during the Period

For the nine-month period ended 30 September 2026, the Company's strategies and operational initiatives were as follows:

1. Project Management to Ensure Timely Delivery

To deliver projects in accordance with contractual terms and deadlines, the Company continuously monitors and manages projects closely. This includes assessing site readiness before commencement, procuring equipment and products in accordance with contractual requirements, and closely monitoring installation progress and quality testing before handover. Where operations are affected by events beyond the Company's control, such as delays in site handover, natural disasters or civil unrest, the Company will notify the project owner of the impact and/or seek an extension of time in accordance with contractual terms to address the implications for project management and delivery schedules.

2. Procurement and Inventory Management

The Company plans procurement and project management in advance in line with work schedules and secured workloads, while continuously monitoring manufacturers' production and shipping status. Inventory is maintained at

appropriate levels and material procurement is aligned with operational plans to mitigate storage cost and product deterioration risks.

3. Diversification of Revenue Sources and Customer Base

The Company seeks to expand its customer base to other government agencies and state enterprises involved in water systems, alongside increasing private-sector customers. This aims to reduce dependence on existing customers and mitigate the impact of delays in government budget approvals and disbursements.

In addition to expanding its customer base, the Company is diversifying into a new business by implementing its pump rental expansion plan to generate recurring income. The performance of this business depends on retaining and expanding the customer base, securing additional rental contracts and maintaining appropriate pump utilization rates.

For water management projects, the Company is studying the feasibility of investing in water treatment plant concessions and providing plant operation and maintenance services. The Company does not yet have direct experience as an operator in these businesses. Investment and bidding decisions therefore depend on feasibility study results, project owners' requirements, access to funding, opportunities to secure contracts, and returns commensurate with an acceptable level of risk.

4. Maintaining Competitiveness

The Company focuses on integrated water management services (One Stop Service), ranging from consultation, design and product procurement to installation, system testing, maintenance and after-sales services. It selects products certified to international standards, develops products under its own brands, and draws on the expertise of its engineers and technicians to ensure quality and performance before delivery to customers.

Outlook and Future Direction

The Company expects demand for investment in water management, irrigation, water supply, water transmission, drainage systems and related infrastructure to remain supported by the need to develop and upgrade the country's water utilities. Demand for more efficient water management to accommodate community and industrial expansion and the effects of climate change is also expected to support future business opportunities.

The Company remains committed to maintaining competitiveness through integrated water management services, the selection of quality products that meet applicable standards, development of engineering expertise and more efficient project management, with the aim of sustaining customer satisfaction and meeting customer needs.

The Company also aims to increase the contribution of service businesses capable of generating continuing revenue, including system installation, testing and maintenance, after-sales services and pump rental. It also seeks to expand its private-sector customer base to diversify revenue sources and reduce volatility arising from public investment and budget disbursement cycles.

Nevertheless, the Company continues to monitor factors that may affect its operations, including progress in government budget approvals and disbursements, procurement processes, project site readiness, exchange rate volatility, imported product costs and logistics costs. It will prioritize working capital management, inventory management and cost control to support efficient and sustainable business growth.

Backlog

As at 31 October 2026, the Company's outstanding contracted sales and services not yet delivered or rendered (Backlog) totalled THB 593.88 million across 75 jobs/projects, classified by business type and customer group as follows:

Business Type	Backlog as at 31 October 2026 (THB million)						Expected Completion
	Public-Sector Customers (Royal Irrigation Department, Provincial Waterworks Authority, Department of Groundwater Resources, municipalities)		Private-Sector Customers		Total	No. of Projects	
	Value	No. of Projects	Value	No. of Projects			
Sales	-	-	4.48	32	4.48	32	By Q4 2026
Sales with Installation	82.21	11	68.47	14	150.68	25	By Q4 2026
Services	0.40	1	4.64	7	5.04	8	By Q4 2026
Projects	417.04	3	-	-	417.04	3	By Q3 2027
Rental	16.64	7	-	-	16.64	7	By Q1 2032
Total	**516.29**	**22**	**77.59**	**53**	**593.88**	**75**	

The Company's contracted work not yet delivered, or services not yet rendered amounted to THB 593.88 million, primarily comprising public-sector projects valued at THB 417.04 million and sales with installation valued at THB 150.68 million. Principal customers include government agencies—the Royal Irrigation Department, Provincial Waterworks Authority, Department of Groundwater Resources and municipalities—as well as private-sector customers. Sales, sales with installation and service work are expected to be progressively delivered within the fourth quarter of 2026, while projects are expected to be progressively completed within the third quarter of 2027, subject to site readiness, equipment procurement and delivery, and the progress of each project.

The pump rental business had a backlog of THB 16.64 million under seven rental contracts, with revenue to be recognized over the respective service periods. This business forms part of the Company's strategy to increase recurring income and diversify its long-term revenue sources.

Going forward, the Company will continue to prioritize execution and delivery of its backlog according to plan, alongside project cost control, inventory management and working capital management, to support revenue recognition and maintain profitability.

Summary of Significant Events and Developments

During the third quarter of 2026, the Company continued normal business operations, with no events having a material impact on its financial position, operating results or business structure.

Operating Results

For the third quarter of 2026 ended 30 September 2026

Operating Results for the Three-Month Period

Item	Three months ended 30 September		Increase (Decrease)	
	2025	2026	THB million	%
Revenue				
Sales revenue	70.67	29.16	(41.51)	(58.74)
Service revenue	36.10	53.32	17.22	47.70
Foreign exchange gains	0.93	–	(0.93)	(100.00)
Other income	0.08	0.19	0.11	129.54
Total revenue	**107.78**	**82.67**	**(25.11)**	**(23.29)**
Expenses				
Cost of sales	51.06	25.57	(25.49)	(49.93)
Cost of services	28.87	46.29	17.42	60.33
Selling and distribution expenses	3.70	3.55	(0.15)	(3.98)
Administrative expenses	12.44	17.09	4.65	37.40
Impairment losses on financial assets (reversal) *	1.19	(0.15)	(1.34)	(113.26)
Foreign exchange losses	–	0.04	0.04	–
Total expenses	**97.26**	**92.39**	**(4.87)**	**(5.01)**
Operating profit (loss)	**10.52**	**(9.72)**	**(20.24)**	**(192.32)**
Finance income	0.01	0.01	(0.01)	(52.02)
Finance costs	(0.73)	(0.94)	(0.21)	(28.80)
Profit (loss) before income tax	**9.81**	**(10.64)**	**(20.46)**	**(208.50)**
Income tax benefit (expense)	(2.12)	2.08	4.21	198.09
Net profit (loss) for the period	**7.69**	**(8.56)**	**(16.25)**	**(211.37)**

Operating Results for the Nine-Month Period

Item	Nine months ended 30 September		Increase (Decrease)	
	2025	2026	THB million	%
Revenue				
Sales revenue	363.76	141.14	(222.62)	(61.20)
Service revenue	112.11	184.30	72.19	64.39
Foreign exchange gains	4.46	0.26	(4.20)	(94.17)
Other income	0.96	1.63	0.66	68.04
Total revenue	**481.29**	**327.33**	**(153.96)**	**(31.99)**
Expenses				
Cost of sales	277.50	115.07	(162.43)	(58.53)
Cost of services	85.74	156.57	70.83	82.61
Selling and distribution expenses	10.22	9.78	(0.44)	(4.33)
Administrative expenses	42.37	47.42	5.05	11.92
Impairment losses on financial assets (reversal)	7.33	(4.84)	(12.16)	(166.11)
Total expenses	**423.16**	**323.99**	**(99.16)**	**(23.43)**
Operating profit	**58.13**	**3.34**	**(54.81)**	**(94.26)**

Item	Nine months ended 30 September		Increase (Decrease)	
	2025	2026	THB million	%
Finance income	0.09	0.02	(0.07)	(79.14)
Finance costs	(4.31)	(3.56)	0.75	17.44
Profit (loss) before income tax	53.92	(0.20)	(54.13)	(100.37)
Income tax benefit (expense)	(14.05)	0.92	14.97	106.55
Net profit for the period	**39.87**	**0.72**	**(39.15)**	**(98.20)**

Overview of Operating Results

For the three-month period ended 30 September 2026, total revenue amounted to THB 82.67 million, a decrease of THB 25.11 million, or 23.29%, from THB 107.78 million in the corresponding period of the previous year. Gross profit margin declined from 25.13% to 12.88%, primarily reflecting the timing of planned deliveries and sales revenue recognition, together with higher costs of solar power system projects arising from site and operational constraints. Consequently, the Company recorded a net loss of THB 8.56 million, compared with a net profit of THB 7.69 million in the corresponding period of the previous year.

For the first nine months of 2026, net profit amounted to THB 0.72 million, decreasing by THB 39.15 million, or 98.20%, year on year. This reflected lower sales revenue, reduced gross profit margins on sales with installation and construction projects owing to differences between the timing of contract awards and project completion, and administrative expenses incurred under the stock exchange listing plan. During the first nine months of 2026, project revenue was primarily derived from solar power system projects for the Department of Groundwater Resources. A reversal of expected credit losses following collection of long-outstanding receivables partially mitigated the impact on operating results.

Revenue

Revenue by Business Segment

For the nine months ended 30 September 2026

(Unit: THB million)	2025	%	2026	%
Procurement and distribution revenue	305.84	63.54	26.46	8.08
Procurement, distribution and installation revenue	57.92	12.03	114.68	35.03
Total sales revenue	**363.76**	**75.57**	**141.14**	**43.11**
Electrical and mechanical contracting revenue: irrigation, water transmission and solar power systems	106.34	22.09	177.24	54.15
Service business revenue	5.77	1.20	7.06	2.16
Total service revenue	**112.11**	**23.29**	**184.30**	**56.31**
Total revenue from sales and services	**475.86**	**98.87**	**325.43**	**99.42**
Foreign exchange gains	4.46	0.93	0.26	0.08
Other income	0.97	0.20	1.63	0.50
Total revenue	**481.29**	**100.00**	**327.33**	**100.00**

Revenue by Business Segment

For the three-month period ended 30 September 2026

(Unit: THB million)	2025	%	2026	%
Procurement and distribution revenue	28.62	26.55	6.46	7.82
Procurement, distribution and installation revenue	42.05	39.01	22.70	27.45
Total sales revenue	**70.67**	**65.56**	**29.16**	**35.27**
Electrical and mechanical contracting revenue: irrigation, water transmission and solar power systems	32.32	29.99	53.03	64.14
Service business revenue	3.78	3.50	0.29	0.35
Total service revenue	**36.10**	**33.49**	**53.32**	**64.49**
Total revenue from sales and services	**106.77**	**99.06**	**82.48**	**99.76**
Foreign exchange gains	0.93	0.86	–	–
Other income	0.08	0.08	0.19	0.24
Total revenue	**107.78**	**100.00**	**82.67**	**100.00**

Revenue

For the first nine months of 2026, total revenue amounted to THB 327.33 million, a year-on-year decrease of THB 153.96 million, or 31.99%. Total revenue comprised THB 325.43 million from sales and services, foreign exchange gains of THB 0.26 million and other income of THB 1.63 million.

However, service revenue increased from THB 112.11 million to THB 184.30 million, an increase of THB 72.19 million, or 64.39%. This primarily reflected progressive execution and revenue recognition based on the progress of electrical and mechanical contracting, water transmission and solar power system projects carried forward from 2025, particularly Department of Groundwater Resources solar power system projects with higher contract values than those in the corresponding period of the previous year. Project revenue consequently increased and represented a larger share of revenue from sales and services. Nevertheless, the increase in service revenue was insufficient to offset the decline in sales revenue.

For the three-month period ended 30 September 2026, total revenue amounted to THB 82.67 million, decreasing by THB 25.11 million, or 23.29%, from THB 107.78 million in the corresponding period of the previous year. Sales revenue declined from THB 70.67 million to THB 29.16 million, or 58.74%, while service revenue increased from THB 36.10 million to THB 53.32 million, or 47.70%. This reflected a shift in the revenue mix towards projects and services. However, certain deliveries and projects continued to be affected by procurement delays and site readiness constraints, preventing some revenue from being recognized as planned.

Foreign exchange gains for the first nine months of 2026 amounted to THB 0.26 million, decreasing by THB 4.20 million, or 94.17%, from THB 4.46 million in the corresponding period of the previous year. Other income amounted to THB 1.63 million, increasing by 68.04% from THB 0.97 million in the corresponding period of the previous year.

Cost of Sales and Services

For the first nine months of 2026, total cost of sales and services amounted to THB 271.63 million, a year-on-year decrease of THB 91.61 million, or 25.22%. This primarily reflected lower cost of sales in line with reduced procurement and distribution revenue, while the cost of services increased with the execution and revenue recognition of electrical and mechanical contracting, water transmission and solar power system projects. The cost of services amounted to THB 156.57 million, increasing by THB 70.83 million, or 82.61%, year on year, exceeding the 64.39% growth in service revenue. This reflected costs of projects carried forward from 2025, including materials, equipment, labour, subcontractors and site operating expenses. Solar power system projects also incurred additional costs due to site constraints, delayed site access

and changes in technical requirements during execution. The Company was unable to charge customers for this additional work, resulting in a higher cost-to-revenue ratio for services.

For the three-month period ended 30 September 2026, total cost of sales and services amounted to THB 71.86 million, decreasing by THB 8.08 million, or 10.11%, year on year. Cost of sales declined from THB 51.06 million to THB 25.57 million, or 49.93%, while the cost of services increased from THB 28.87 million to THB 46.29 million, or 60.33%. This was consistent with the greater contribution of projects and services to the revenue mix, together with higher costs on certain projects due to site and operational constraints, resulting in a lower gross profit margin year on year.

Gross Profit and Gross Profit Margin

Gross Profit

Gross Profit from Sales and Services

(Unit: THB million)	3 months 2025	3 months 2026	9 months 2025	9 months 2026
Gross profit from sales	19.60	3.59	86.25	26.07
Gross profit from services	7.23	7.03	26.37	27.73
Total gross profit	**26.83**	**10.62**	**112.62**	**53.80**

Gross Profit Margin

(Unit: %)	3 months 2025	3 months 2026	9 months 2025	9 months 2026
Gross profit margin on sales	27.74	12.31	23.71	18.47
Gross profit margin on services	20.02	13.19	23.52	15.05
Overall gross profit margin	**25.13**	**12.88**	**23.67**	**16.53**

For the first nine months of 2026, gross profit amounted to THB 53.80 million, decreasing by THB 58.82 million, or 52.23%, from THB 112.62 million in the corresponding period of the previous year. Gross profit margin was 16.53%, down from 23.67%. This primarily reflected a shift in the revenue mix, with sales revenue declining significantly against the prior-year period, when the Company delivered large submersible pumps to the Royal Irrigation Department. In the current period, projects and services accounted for a larger share of revenue, while certain projects incurred higher costs due to site constraints and technical requirements, reducing the overall gross profit margin.

By business segment, gross profit margin on sales declined from 23.71% to 18.47%, particularly in procurement, distribution and installation, where the margin decreased from 38.38% to 18.28%. Gross profit margin on services declined from 23.52% to 15.05%. The margin on electrical and mechanical contracting, water transmission and solar power systems decreased from 21.65% to 14.01%, as certain projects incurred additional costs arising from site access restrictions, work in high-risk areas, flooding and additional technical requirements. The Company was unable to charge customers for the additional work, resulting in a higher project cost-to-revenue ratio.

In addition, revenue relating to uninstalled materials and equipment on certain projects was recognized at an amount equal to cost under the applicable revenue recognition criteria. Accordingly, no gross profit was recognized on those materials and equipment, affecting the overall gross profit margin in the period in which such revenue was recognized.

For the three-month period ended 30 September 2026, gross profit amounted to THB 10.62 million, decreasing by THB 16.21 million, or 60.41%, from THB 26.83 million in the corresponding period of the previous year. Gross profit margin was 12.88%, down from 25.13%. This primarily reflected lower sales revenue and growth in the cost of services exceeding growth in service revenue, particularly for projects subject to operational constraints and additional costs. Consequently, both gross profit and gross profit margin declined year on year.

Selling and Administrative Expenses

For the first nine months of 2026, selling and distribution expenses amounted to THB 9.78 million, decreasing by THB 0.44 million, or 4.33%, from THB 10.22 million in the corresponding period of the previous year. Administrative expenses amounted to THB 47.42 million, increasing by THB 5.05 million, or 11.92%, from THB 42.37 million. A key contributing factor was expenditure relating to the planned initial public offering (IPO), comprising investor relations, public relations, roadshow activities and legal advisory fees totalling approximately THB 6.00 million. These expenses were progressively recognized from the first through the third quarters of 2026 in accordance with the operating plan.

For the three-month period ended 30 September 2026, selling and distribution expenses amounted to THB 3.55 million, decreasing by THB 0.15 million, or 3.98%, year on year. Administrative expenses amounted to THB 17.09 million, increasing by THB 4.65 million, or 37.40%, from THB 12.44 million. These included investor relations, public relations, roadshow activities and legal advisory fees relating to the IPO plan, consistent with the planned use of funds during that period.

IPO-related expenses were incurred in accordance with the Company's operating plan, while revenue from certain product deliveries and projects was deferred from the original estimates. This increased the ratio of selling and administrative expenses to revenue from sales and services and contributed to the impact on profitability in the current period.

For the first nine months of 2026, the Company recorded a reversal of expected credit losses of THB 4.84 million, compared with expected credit losses of THB 7.33 million in the corresponding period of the previous year. This resulted in a net reduction in this expense of THB 12.16 million, or 166.11%. The reversal primarily arose from collections of long-outstanding trade receivables for which expected credit loss allowances had been recognized in prior periods, enabling the Company to reverse the related allowances.

For the three-month period ended 30 September 2026, the Company recorded a reversal of expected credit losses of THB 0.15 million, compared with expected credit losses of THB 1.19 million in the corresponding period of the previous year. This resulted in a net reduction in this expense of THB 1.34 million, or 113.26%, following collections of trade receivables for which expected credit loss allowances had previously been recognized.

These reversals of expected credit losses reduced operating expenses and supported the Company's operating results in the current period.

Net Profit (Loss)

Comparison of Operating Results for the Three- and Nine-Month Periods Ended 30 September 2026

Item	2025	2026	Increase (Decrease)	
			THB million	%
Three-month period				
Operating profit (loss)	10.52	(9.72)	(20.24)	(192.32)
Profit (loss) before income tax	9.81	(10.64)	(20.46)	(208.50)
Net profit (loss)	7.69	(8.56)	(16.25)	(211.37)
Nine-month period				
Operating profit	58.13	3.34	(54.81)	(94.26)
Profit (loss) before income tax	53.92	(0.20)	(54.13)	(100.37)
Net profit	39.87	0.72	(39.15)	(98.20)

For the first nine months of 2026, net profit amounted to THB 0.72 million, decreasing by THB 39.15 million, or 98.20%, from THB 39.87 million in the corresponding period of the previous year. This primarily reflected a significant decline in sales revenue compared with the prior-year period, when the Company delivered large submersible pumps to the Royal Irrigation Department, together with a decline in gross profit margin from 23.67% to 16.53%. The lower margin

reflected a shift towards projects and services in the revenue mix and higher costs on certain projects arising from site constraints and additional technical requirements.

Administrative expenses increased year on year, partly due to expenses relating to the planned initial public offering (IPO), progressively recognized from the first through the third quarters of 2026. However, the Company recorded a reversal of expected credit losses of THB 4.84 million following collection of long-outstanding trade receivables, partially mitigating the impact on operating results.

For the three-month period ended 30 September 2026, the Company recorded a net loss of THB 8.56 million, compared with a net profit of THB 7.69 million in the corresponding period of the previous year, representing a net decline of THB 16.25 million, or 211.37%. This primarily reflected lower sales revenue and a reduction in gross profit margin from 25.13% to 12.88% owing to changes in the revenue mix and higher costs on certain projects. Administrative expenses increased by THB 4.65 million, or 37.40%, year on year, partly due to IPO-related legal advisory fees, a substantial portion of which was recognized in the third quarter of 2026.

The net loss in the third quarter reduced net profit for the first nine months of 2026 to THB 0.72 million, notwithstanding higher service revenue and reversals of expected credit losses during the period.

Net Profit Margin

Comparison of Net Profit Margins for the Three- and Nine-Month Periods Ended 30 September 2026

Item	2025 (%)	2026 (%)	Increase (Decrease) (percentage points)
Net profit margin: three-month period	7.13	(10.36)	(17.49)
Net profit margin: nine-month period	8.28	0.22	(8.06)

For the first nine months of 2026, net profit margin was 0.22%, down from 8.28% in the corresponding period of the previous year, a decline of 8.06 percentage points. This primarily reflected lower sales revenue and a reduced gross profit margin owing to changes in the revenue mix and higher costs on certain projects. Administrative expenses also increased, partly due to IPO-related expenses progressively recognized during the period. These factors reduced net profit margin year on year, notwithstanding reversals of expected credit losses following collection of long-outstanding trade receivables.

For the three-month period ended 30 September 2026, the Company recorded a net loss margin of 10.36%, compared with a net profit margin of 7.13% in the corresponding period of the previous year, a decline of 17.49 percentage points. This primarily reflected lower sales revenue, growth in the cost of services exceeding growth in service revenue, and higher administrative expenses, particularly IPO-related legal advisory fees. These factors contributed to the net loss for the quarter.

Summary of Financial Position

Overall Financial Position

Analysis of Financial Position

As at 30 September 2026, the Company had total assets of THB 427.65 million, total liabilities of THB 177.23 million and shareholders' equity of THB 250.42 million. Changes in the financial position as at 30 September 2026 are detailed below.

1. Assets

Comparison of Assets as at 30 September 2026 and 31 December 2025

Item	31 Dec 2025	30 Sep 2026	Increase (Decrease)	
			THB million	%
Current assets				
Cash and cash equivalents	13.76	144.97	131.21	953.50
Trade and other current receivables	41.75	36.83	(4.92)	(11.79)
Contract assets – unbilled revenue	69.33	29.18	(40.15)	(57.91)
Inventories	45.13	47.66	2.53	5.62
Advances for goods and services	10.81	7.41	(3.40)	(31.52)
Other current financial assets	0.25	0.28	0.03	11.58
Current income tax assets	–	4.28	4.28	–
Total current assets	**181.03**	**270.61**	**89.58**	**49.48**
Non-current assets				
Pledged bank deposits	12.55	15.06	2.51	19.96
Contract assets – retention receivables	7.14	7.18	0.03	0.45
Property, plant and equipment	136.69	129.34	(7.35)	(5.37)
Intangible assets	0.14	0.33	0.19	132.29
Deferred tax assets	2.33	4.12	1.79	77.02
Other non-current assets	1.18	1.01	(0.17)	(13.08)
Total non-current assets	**160.03**	**157.04**	**(3.00)**	**(1.86)**
Total assets	**341.06**	**427.65**	**86.59**	**25.39**

As at 30 September 2026, total assets amounted to THB 427.65 million, increasing by THB 86.59 million, or 25.39%, from THB 341.06 million as at 31 December 2025. This primarily reflected an increase in cash and cash equivalents from capital raised through the initial public offering (IPO), together with cash flows from operating activities. Significant changes in assets were as follows:

Cash and cash equivalents amounted to THB 144.97 million, increasing by THB 131.21 million, or 953.50%, from THB 13.76 million. The key factors were capital raised through the initial public offering and net cash flows from operating activities, which amounted to THB 86.15 million for the first nine months of 2026.

Contract assets – unbilled revenue amounted to THB 29.18 million, decreasing by THB 40.15 million, or 57.91%, from THB 69.33 million. This reflected a reduction in project revenue recognized based on progress but not yet billed to customers at the reporting date.

Advances for goods and services amounted to THB 7.41 million, decreasing by THB 3.40 million, or 31.52%, from THB 10.81 million. Inventories amounted to THB 47.66 million, increasing by THB 2.53 million, or 5.62%, from the end of 2025.

Deferred tax assets amounted to THB 4.12 million, increasing by THB 1.79 million, or 77.02%, from THB 2.33 million. The Company also had current income tax assets of THB 4.28 million.

2. Liabilities

Comparison of Liabilities as at 30 September 2026 and 31 December 2025

Item	31 Dec 2025	30 Sep 2026	Increase (Decrease)	
			THB million	%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	38.64	7.15	(31.49)	(81.49)
Trade and other current payables	109.81	112.59	2.78	2.53

Item	31 Dec 2025	30 Sep 2026	Increase (Decrease)	
			THB million	%
Retention payables	5.55	7.98	2.43	43.73
Contract liabilities – advances from customers	3.38	17.98	14.60	431.64
Current portion of long-term borrowings	8.23	8.24	0.01	0.12
Current portion of lease liabilities	3.25	3.03	(0.23)	(6.99)
Corporate income tax payable	3.90	–	(3.90)	(100.00)
Provision for product warranties	4.65	4.68	0.03	0.72
Other current liabilities	0.53	0.53	–	–
Total current liabilities	**177.95**	**162.18**	**(15.77)**	**(8.86)**
Non-current liabilities				
Long-term borrowings, net of current portion	8.61	2.42	(6.19)	(71.90)
Lease liabilities, net of current portion	8.48	6.29	(2.19)	(25.87)
Non-current provision for employee benefits	5.84	6.34	0.50	8.78
Total non-current liabilities	**22.93**	**15.05**	**(7.88)**	**(34.33)**
Total liabilities	**200.87**	**177.23**	**(23.64)**	**(11.77)**

As at 30 September 2026, total liabilities amounted to THB 177.23 million, decreasing by THB 23.64 million, or 11.77%, from THB 200.87 million as at 31 December 2025. This primarily reflected repayment of borrowings from financial institutions, reducing the Company's financial indebtedness. Significant changes were as follows:

Bank overdrafts and short-term borrowings from financial institutions amounted to THB 7.15 million, decreasing by THB 31.49 million, or 81.49%, from THB 38.64 million, consistent with net repayments of short-term borrowings during the period.

Contract liabilities – advances from customers amounted to THB 17.98 million, increasing by THB 14.60 million, or 431.64%, from THB 3.38 million. This reflected customer advances for contracted work that had not yet met the revenue recognition criteria at the reporting date.

Retention payables amounted to THB 7.98 million, increasing by THB 2.43 million, or 43.73%, from THB 5.55 million, reflecting changes in retention amounts withheld from contractors and counterparties.

Long-term borrowings, net of the current portion, amounted to THB 2.42 million, decreasing by THB 6.19 million, or 71.90%, from THB 8.61 million, as the Company made scheduled repayments during the period.

Lease liabilities, net of the current portion, amounted to THB 6.29 million, decreasing by THB 2.19 million, or 25.87%, from THB 8.48 million, consistent with progressive repayment of lease principal.

3. Shareholders' Equity

Comparison of Shareholders' Equity as at 30 September 2026 and 31 December 2025

Item	31 Dec 2025	30 Sep 2026	Increase (Decrease)	
			THB million	%
Issued and fully paid-up share capital	100.00	150.00	50.00	50.00
Ordinary share premium	–	69.52	69.52	–
Retained earnings – legal reserve	10.02	10.02	–	–
Retained earnings – unappropriated	30.17	20.88	(9.29)	(30.77)
Total shareholders' equity	**140.19**	**250.42**	**110.23**	**78.63**

As at 30 September 2026, shareholders' equity amounted to THB 250.42 million, increasing by THB 110.23 million, or 78.63%, from THB 140.19 million as at 31 December 2025. This primarily reflected the capital increase following the initial public offering (IPO), which increased issued and fully paid-up share capital from THB 100.00 million to THB 150.00 million and resulted in ordinary share premium of THB 69.52 million.

Unappropriated retained earnings amounted to THB 20.88 million, decreasing by THB 9.29 million, or 30.77%, from THB 30.17 million at the end of the previous year. Nevertheless, the increases in paid-up capital and ordinary share premium significantly increased total shareholders' equity and reduced the debt-to-equity ratio compared with the end of the previous year.

Key Financial Ratios

Key Financial Ratios	Unit	For the year ended 31 December 2025	For the nine-month period ended 30 September 2026
Liquidity Ratios			
Average collection period/[1]	Days	82	56
Average inventory holding period/[2]	Days	54	91
Average payment period/[3]	Days	94	91
Profitability Ratios			
Gross profit margin/[4]	%	21.72	16.53
Net profit margin/[5]	%	6.39	0.22
Return on equity (ROE)/[6]	%	27.54	(1.05)
Financial Policy Ratios			
Return on assets (ROA)/[7]	%	9.30	(0.53)
Debt-to-equity ratio (D/E Ratio)/[8]	Times	1.43	0.71
Debt service coverage ratio (DSCR)/[9]	Times	1.43	0.79
DSCR under financial institutions' loan covenants/[10]	Times	5.10	0.79
Dividend payout ratio/[11]	%	0.00	0.00

Notes:

/1 Average collection period = 365 / trade receivables turnover.

/2 Average inventory holding period = 365 / inventory turnover.

/3 Average payment period = 365 / payables turnover.

/4 Gross profit margin = gross profit / net revenue from sales and services.

/5 Net profit margin = net profit / total revenue.

/6 Return on equity (ROE) = net profit / average shareholders' equity.

/7 Return on assets (ROA) = net profit / average total assets.

/8 Debt-to-equity ratio (D/E Ratio) = total liabilities / shareholders' equity.

/9 Debt Service Coverage Ratio = earnings before interest, taxes, depreciation and amortization / (interest-bearing short-term liabilities + interest-bearing long-term liabilities due within one year).

/10 Debt Service Coverage Ratio (DSCR) under financial institutions' loan covenants = earnings before interest expense, income tax, depreciation and amortization / (the portion of long-term liabilities due in the accounting period plus interest expense on long- and short-term borrowings).

/11 Dividend payout ratio = dividends paid from the year's operating results / net profit.

- Data used in calculations for the nine-month period have been annualized.

Factors That May Affect Future Operations or Growth

Climate change and the increasing frequency of extreme weather events have led to recurring flooding across Thailand, including urban, industrial and agricultural areas, causing widespread damage to the economy, property and people's quality of life. Government agencies, the private sector and local administrative organizations are consequently placing greater emphasis on investment in water management and flood prevention infrastructure. This trend may support the Company's future growth, as demand for efficient drainage systems, floodgates, pumps and water management solutions is expected to increase to strengthen preparedness for the prevention, mitigation and recovery from potential future disasters.

The Company's experience and expertise in supporting flood response, providing system maintenance and supplying equipment to address immediate problems for various agencies also help strengthen confidence and expand business opportunities, including government projects, industrial investment and water management projects at community and urban levels.

Nevertheless, the Company continues to monitor government policy, water infrastructure investment plans, climate change and customer requirements closely, in order to develop products and services aligned with market demand and address increasingly complex water management challenges.

Sustainability Developments

Social Responsibility and Community Support

In response to flood disasters in various parts of Thailand, which have caused extensive damage to industrial and agricultural areas and adversely affected people's livelihoods and the national economy, the Company has provided support through various flood relief and recovery initiatives. These include deploying teams to oversee the operation of pumping systems at drainage stations and sluice gates in projects previously delivered by the Company; providing mobile water pumps and technical support teams to agencies requesting assistance, including Rangsit City Municipality and the Sports Authority of Thailand; and participating in the project by National Housing Authority (NHA) collaborated with a network of engineering teams to survey damage and repair resident's water pumps in the Khlong Chan and Rom Klao housing communities.

Environmental Management

Following the preparation of the Company's 2025 Greenhouse Gas Emissions and Removals (Carbon Footprint for Organization) report, the Company is currently in the process of selecting a third-party verifier to verify and certify the carbon footprint assessment results. The Company remains committed to its target of reducing greenhouse gas (GHG) emissions by an average of 5% per year and is preparing a GHG emission reduction roadmap covering the short, medium and long term.

Human Resource Development and Occupational Safety

During the period, the Company organized key training programs, including (1) the "FLE Digital Workplace Essentials" course, which promotes the appropriate, safe and efficient application of artificial intelligence (AI) in the workplace; (2) a training course on financial statement data management for decision-making and crisis response, targeting accounting personnel; and (3) confined space safety training for confined-space attendants and permit issuers. These initiatives aim to strengthen the effectiveness of risk management in operations, financial information and occupational safety, in alignment with good corporate governance principles and the Company's occupational safety, health and working environment policies.

Other Information

- None -

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