CMO PUBLIC COMPANY LIMITED

No. 0196-2026

August 13, 2026

Subject: Management Discussion and Analysis for the Second Quarter of 2026, Ended June 30, 2026

To: The President
The Stock Exchange of Thailand

1. Business Overview

CMO Public Company Limited operates under the mission “We are Experience Creators,” aiming to create valuable concepts and experiences for customers and all stakeholders. In the second quarter of 2026, the Group had revenue from services of 337.74 million baht, expanding by 12.4 percent compared to the same period of the previous year. However, the Company still faced pressures from rising project costs and intense price competition, resulting in a decreased gross profit margin and a net loss for this quarter.

1.1 Thai Economic Conditions in the Second Quarter of 2026 and Impacts on Business

Thai economic conditions in the second quarter of 2026 slowed down compared to the previous quarter and the same period of the previous year. The Bank of Thailand evaluated that this quarter was the weakest economic period of the year, pressured by rising energy prices which impacted the cost of living and travel costs, while momentum from tourism and private consumption softened from the first quarter which expanded by 2.8 percent

Compared to the second quarter of 2025, where the economy was still supported by tourism recovery and normal purchasing power (expanded by 2.4 percent for the full year 2025), the economic environment in the second quarter of 2026 was more challenging, stemming from energy price levels, expected inflation in the range of 2.0–3.0 percent, high household debt burden, and global economic uncertainty. Meanwhile, the Office of the National Economic and Social Development Council (NESDC) maintained the 2026 GDP growth estimate at 1.5–2.5 percent (midpoint at 2.0 percent), driven by government measures and the Emergency Decree authorizing a loan amount of 400,000 million baht, which took effect starting June 2026.

Such conditions impacted the Group's business operations in 2 important dimensions:

- **Demand Dimension:** Some private sector customers delayed spending and reviewed marketing and communication budgets to align with purchasing power, while durable goods, government, and state enterprise jobs remained a primary revenue base generating continuity.
- **Cost Dimension:** Higher energy prices and transportation costs passed through to material prices and subcontractor service fees, which are primary components of service costs, pressuring the gross margin in this quarter significantly.

1.2 Analysis of Operating Results for the First 6-Month Period of 2026

The first 6-month period of 2026 was a time of testing adaptability amidst economic volatility. Even though the private sector was cautious regarding marketing budget spending, the Group continued to be trusted by customers, reflected in total service revenue for the 6-month period of 749.68 million baht, growing 1.8 percent YoY, and service revenue according to separate financial statements for the 6-month period at 414.54 million baht, growing 33.0 percent YoY, reinforcing confidence in the CMO brand.

On the other hand, management fully recognizes that such volatility significantly passed through to the cost structure, with six-month gross profit decreasing by 18.6 percent to 175.91 million baht, gross profit margin decreasing from 29.4 percent to 23.5 percent, and net profit decreasing to 0.82 million baht. However, when analyzing by business segment, a clearer picture shows that pressure did not occur across the entire organization. The Event Management business—which is the core of the Group and accounts for 66.2 percent of revenue—still grew by 12.6 percent along with a gross profit increase of 4.4 percent, while decline concentrated in the Equipment Services business which turned into a gross loss of 5.77 million baht, and the Electrical Utility and Material Installation business whose gross profit decreased by 50.0 percent to 21.62 million baht. Additionally, the Merchandise Sales business, which is a new revenue source, began generating returns with revenue of 5.21 million baht and gross profit of 3.70 million baht, accounting for a gross profit margin of over 70 percent. It can be said that the core business remains strong, while the part needing urgent resolution is the supporting segments.

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Strategy and Direction for the Second Half of 2026

Under the mission "We are Experience Creators," the Company adheres to maintaining design standards, production, and on-site management without compromising quality, in order to build reliability and retain long-term customer bases.

For the overall industry, although private sector events face high competition and budget caution, the MICE industry shows a clear growth trend as the Thailand Convention and Exhibition Bureau (TCEB) declared 2026 as the **"Year of Celebrating the MICE Industry,"** along with hosting international-level events such as International Horticultural Exposition, Udon Thani 2026, the Annual Meetings of the International Monetary Fund and the World Bank Group (IMF/World Bank Annual Meetings), and the World Congress on Pain 2026, all of which require international event standards that are CMO's strengths.

Regarding operational direction for the second half of 2026, management focuses on restoring profitability alongside elevating service quality by clearly categorizing strategies by business segment: The private-sector marketing events segment, which is sensitive to the economy and faces intense price competition, will focus on selectively choosing only projects that offer appropriate profit margins to manage risks from economic conditions and price wars. Meanwhile, the MICE, exhibition, museum, and international events segment will serve as the primary engine for driving growth, as these are large-scale projects requiring specialized expertise in which the Group holds a competitive advantage and can achieve higher profit margins. All of these rest upon the same core principle: preserving service quality and enhancing the value of experiences delivered to customers, combined with the continuous recovery of profitability

Sources of analytical data: (1) Office of the National Economic and Social Development Council (NESDC) Report on Thailand's Economic Status Q1/2026 and Outlook for 2026 (Press release dated May 18, 2026) regarding Q1/2026 Thai economic growth at 2.8%, full-year 2026 projection at 1.5%–2.5% (midpoint 2.0%), inflation rate at 2%–3%, and 2025 growth at 2.4% (2) Bank of Thailand regarding the evaluation of Thailand's economic status for Q2/2026 and outlook for Q3/2026 (3) Thailand Convention and Exhibition Bureau (Public Organization) or TCEB regarding MICE industry direction for 2026, growth target at 10%, and revision of FY2026 MICE market revenue target down to THB 130,000–140,000 million (4) The Company's public press release regarding Q1/2026 operating performance

2. Summary of Operating Results for the Second Quarter of 2026

2.1 Revenue from Services

For the three-month period ended June 30, 2026, CMO Public Company Limited ("the Company" or "CMO") had revenue from services of 337.74 million baht, an increase of 37.27 million baht or 12.4 percent compared to the same period of the previous year which had revenue of 300.46 million baht. Meanwhile, for operating results of the first six-month period of 2026, the Company had total revenue from services of 749.68 million baht, an increase of 13.58 million baht or 1.8 percent from 736.10 million baht in the same period of the previous year.

Revenue growth in this quarter reflects an increased volume of delivered project work, particularly from the Event Management business group. Given that the Company's revenue structure is project-based (Project-based Revenue) which recognizes revenue based on the Percentage of Completion, revenue in each quarter varies significantly according to project sizes and delivery schedules.

Total Revenue Structure (For the Three-Month Period) Unit: Million Baht

Item	Q2/2026	%	Q2/2025	%	Change	%
Revenue from services	337.74	99.7%	300.46	99.5%	37.27	12.4%
Other income	1.09	0.3%	1.44	0.5%	(0.35)	(24.1%)
Total Revenue	338.83	100.0%	301.90	100.0%	36.93	12.2%

Revenue Structure (For the Six-Month Period) Unit: Million Baht

Item	H1/2026	%	H1/2025	%	Change	%
Revenue from services	749.68	99.7%	736.10	99.7%	13.58	1.8%
Other income	2.07	0.3%	2.57	0.3%	(0.50)	(19.5%)
Total Revenue	751.75	100.0%	738.67	100.0%	13.08	1.8%

Other income in Q2/2026 amounted to 1.09 million baht, a decrease of 24.1 percent from the same period of the previous year, accounting for only 0.3 percent of total revenue, thus having no significant impact on the Company's main revenue structure.

Revenue from External Customers Classified by Segment (Six-Month Period) (Unit: THB Million)

Segment	H1/2026	H1/2025	%
Event Management Business	496.12	440.55	12.6%

Segment	H1/2026	H1/2025	%
Equipment Services Business	98.55	131.06	(24.8%)
Media Production Business	-	1.46	(100.0%)
Electrical Utility & Material Installation Business	149.80	163.03	(8.1%)
Merchandise Sales Business	5.21	-	n/a
Total Revenue from External Customers	749.68	736.10	1.8%

Key Substance of Revenue Segmented by Business (First 6 Months of 2026)

- **Event Management Business:** Remains the main business group generating highest revenue, accounting for 66.2 percent of total revenue from external customers, growing 12.6 percent YoY to 496.12 million baht, reflecting customer trust and continuous delivery of large-scale projects
- **Electrical Utility and Material Installation Business (Utilities Services):** Had revenue of 149.80 million baht, representing 20.0 percent of total revenue, slightly slowing down by 8.1 percent YoY in line with project delivery timing.
- **Equipment Services Business:** Had revenue of 98.55 million baht (13.1 percent proportion), decreasing 24.8 percent YoY due to private sector caution in marketing budget utilization.
- **Merchandise Sales Business:** A new revenue source recognized in this period amounting to 5.21 million baht, helping enhance revenue base diversification.

2.2 Cost of Services, Selling and Administrative Expenses, and Financial Costs

1) Cost of Services: Q2/2026 cost of services was 269.64 million baht, an increase of 43.90 million baht or 19.4 percent compared to 225.74 million baht in the same period of the previous year, which was an increase rate higher than the growth of service revenue (12.4 percent), raising the ratio of service costs to service revenue from 75.1 percent in Q2/2025 to 79.8 percent in this quarter.

For the first six-month period of 2026, total cost of services stood at 573.77 million baht, an increase of 53.83 million baht or 10.4 percent from 519.94 million baht in the same period of the previous year.

2) Selling and Administrative Expenses (Q2/2026): Total selling and administrative expenses were 77.76 million baht, a decrease of 3.11 million baht or 3.8 percent compared

to 80.87 million baht in the same period of the previous year. Administrative expenses: 50.74 million baht, a decrease of 3.56 million baht or 6.6 percent, reflecting concrete success from internal cost control and efficiency enhancement measures. Selling expenses: 27.02 million baht, a slight increase of 0.45 million baht or 1.7 percent in line with marketing activities.

For the first six-month period of 2026, total selling and administrative expenses stood at 158.37 million baht, an increase of 5.81 million baht or 3.8 percent from 152.56 million baht in the same period of the previous year.

Cost and Expense Structure (For the Three-Month Period) Unit: Million Baht

Item	Q2/2026	%	Q2/2025	%	Change	%
Cost of services	269.64	79.8%	225.74	75.1%	43.90	19.4%
Selling expenses	27.02	8.0%	26.56	8.8%	0.45	1.7%
Administrative expenses	50.74	15.0%	54.30	18.1%	(3.56)	(6.6%)
Financial costs	5.14	1.5%	4.24	1.4%	0.90	21.3%
Total Costs and Expenses	352.54	104.4%	310.85	103.5%	41.69	13.4%

Cost and Expense Structure (For the Six-Month Period) Unit: Million Baht

Item	H1/2026	%	H1/2025	%	Change	%
Cost of services	573.77	76.5%	519.94	70.6%	53.83	10.4%
Selling expenses	48.39	6.5%	47.56	6.5%	0.83	1.7%
Administrative expenses	109.98	14.7%	105.00	14.3%	4.98	4.7%
Financial costs	9.74	1.3%	8.94	1.2%	0.80	8.9%
Total Costs and Expenses	741.88	99.0%	681.44	92.6%	60.44	8.9%

This cost structure reflects that pressure on profitability in Q2/2026 was mainly driven by cost of services. Combining service costs, selling and administrative expenses, and financial costs represented a proportion as high as 104.4 percent of service revenue (compared to 103.5 percent in the same period of the previous year), caused primarily by 2 factors:

- **External Factor from Energy Costs:** Material prices, transportation costs, and subcontractor service fees rose in line with energy price levels during the quarter.
- **Competition Factor:** The structure of projects delivered in this period yielded lower profit margins than the same period of the previous year due to intense price competition in bidding.

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3) Financial Costs (Q2/2026): Financial costs were 5.14 million baht, an increase of 21.3 percent compared to the same period of the previous year, consistent with short-term borrowing increases from related persons and parties to support working capital needs during the period.

2.3 Gross Profit and Net Profit (Loss)

1) Gross Profit (Q2/2026): Gross profit was 68.10 million baht, a decrease of 6.62 million baht or 8.9 percent compared to 74.72 million baht in the same period of the previous year, representing a gross profit margin of 20.2 percent, down 4.7 percentage points from 24.9 percent in Q2/2025.

For the first six-month period of 2026: Total gross profit was 175.91 million baht, down 18.6 percent YoY from 216.17 million baht, with a gross profit margin at 23.5 percent, down from 29.4 percent in the same period of the previous year.

2) Net Profit (Loss) (Q2/2026): Net loss was 19.98 million baht (net loss margin 5.9 percent), an increased loss compared to a net loss of 9.07 million baht (net loss margin 3.0 percent) in the same period of the previous year. Main reason was the decreased gross profit margin of projects, combined with pressure from higher financial costs.

For the first six-month period of 2026: Total net profit was 0.82 million baht (net profit margin 0.1 percent), a decrease of 44.17 million baht or 98.2 percent from net profit of 44.99 million baht (net profit margin 6.1 percent) in the same period of the previous year.

Summary Table of Key Operating Results Unit: Million Baht

Item	Q2/2026	Q2/2025	%	H1/2026	H1/2025	%
Revenue from services	337.74	300.46	12.4%	749.68	736.10	1.8%
Cost of services	269.64	225.74	19.4%	573.77	519.94	10.4%
Gross profit	68.10	74.72	(8.9%)	175.91	216.17	(18.6%)
Other income	1.09	1.44	(24.1%)	2.07	2.57	(19.5%)
Selling & admin expenses	(77.76)	(80.87)	3.8%	(158.37)	(152.56)	(3.8%)
Profit (Loss) before finance costs	(8.57)	(4.71)	(82.1%)	19.60	66.17	(70.4%)
Financial costs	5.14	4.24	21.3%	9.74	8.94	8.9%
Income tax expense	6.27	0.12	5,075.7%	9.05	12.24	(26.1%)
Net profit (loss) for the period	(19.98)	(9.07)	(120.3%)	0.82	44.99	(98.2%)
Gross profit margin (%)	20.2%	24.9%	-4.7pp	23.5%	29.4%	-5.9pp
Net profit (loss) margin (%)	-5.9%	-3.0%	-2.9pp	0.1%	6.1%	-6.0pp

Gross Profit Segmented by Business (Six-Month Period) Unit: Million Baht

Segment	H1/2026	H1/2025	%
Event Management Business	156.36	149.84	4.4%
Equipment Services Business	(5.77)	25.18	(122.9%)
Media Production Business	-	(2.12)	n/a
Electrical Utility & Material Installation Business	21.62	43.27	(50.0%)
Merchandise Sales Business	3.70	-	n/a
Total Gross Profit	175.91	216.17	(18.6%)

2.4 Analysis of Gross Profit Changes

The decline in gross profit margin in Q2/2026 arose from 2 important dimensions:

1) Cost Structure Dimension: Service costs increased 19.4 percent while service revenue grew 12.4 percent, reflecting that revenue growth in this quarter stemmed from projects yielding lower-than-average profit margins, compounded by cost pressures on materials, transportation, and subcontractor service fees rising with energy prices.

2) Product Mix Dimension: Considering gross profit by segment for the first six months of 2026, Equipment Services turned from a gross profit of 25.18 million baht in H1/2025 into a gross loss of 5.77 million baht due to lower equipment utilization rates and price competition. Electrical Utility & Material Installation had a gross profit of 21.62 million baht, down 50.0 percent YoY from 43.27 million baht in H1/2025 following project delivery slowdowns and timing. Event Management, the main segment, grew steadily with gross profit of 156.36 million baht, up 4.4 percent YoY.

2.5 Analysis of Net Operating Performance Changes

The increased net loss in Q2/2026 resulted from the joint impact of key factors:

1) Gross profit decrease of 6.62 million baht, serving as the main pressuring factor from higher project costs.

2) Financial cost increase of 0.90 million baht (or 21.3 percent), matching short-term borrowings utilized to bolster operational liquidity during the period.

3) Income tax expense of 6.27 million baht (compared to 0.12 million baht in Q2/2025), mostly arising from tax burdens of profitable subsidiaries and deferred tax asset adjustments.

The 3.11 million baht decrease in selling and administrative expenses (3.8 percent reduction) from continuous internal cost control measures helped partially mitigate impacts on net operating performance.

3. Summary of Financial Position

Summary Statement of Financial Position Unit: Million Baht

Item	Jun 30, 2026	Dec 31, 2025	Change (MB)	Change (%)
Current assets	279.62	364.64	(85.02)	(23.3%)
Cash and cash equivalents	84.58	117.56	(32.98)	(28.1%)
Trade & other receivables - net	140.59	167.24	(26.64)	(15.9%)
Contract assets	35.95	63.23	(27.29)	(43.2%)
Inventories - net	18.50	16.60	1.89	11.4%
Non-current assets	789.90	766.43	23.47	3.1%
Restricted bank deposits	62.09	38.45	23.64	61.5%
Property, plant & equipment - net	572.24	583.46	(11.22)	(1.9%)
Total Assets	1,069.52	1,131.07	(61.55)	(5.4%)
Current liabilities	541.92	598.47	(56.55)	(9.4%)
Bank overdrafts & ST borrowings from financial institutions	121.85	125.28	(3.43)	(2.7%)
Trade & other payables	205.11	241.90	(36.78)	(15.2%)
Short-term borrowings from related persons/parties	114.17	65.00	49.17	75.6%
Non-current liabilities	128.39	121.31	7.08	5.8%
Total Liabilities	670.32	719.79	(49.47)	(6.9%)
Shareholders' Equity	399.20	411.28	(12.08)	(2.9%)
Liabilities & Shareholders' Equity	1,069.52	1,131.07	(61.55)	(5.4%)

3.1 Assets

As of June 30, 2026, the Group had total assets of 1,069.52 million baht, a decrease of 61.55 million baht or 5.4 percent compared to year-end 2025, driven primarily by decreases in current assets while non-current assets increased.

Structure and Significant Changes in Assets

- Current assets of 279.62 million baht (representing 26.1 percent of total assets) decreased 85.02 million baht or 23.3 percent from year-end 2025, with major changes as follows:
    1. *Cash and cash equivalents*: 84.58 million baht, down 32.98 million baht (-28.1%) for use as working capital in project execution and investments during the period.
    2. *Trade and other current receivables:* 140.59 million baht, down 26.64 million baht (-15.9%), reflecting improved debt management and collection performance, with Days Sales Outstanding (DSO) dropping significantly from 62.5 days in Q1/2026 to 43.0 days in this quarter
    3. *Contract Assets:* 35.95 million baht, down 27.29 million baht (-43.2%) from gradual project deliveries and billing of completed jobs from prior periods.
- Non-current assets of 789.90 million baht (representing 73.9 percent of total assets) increased 23.47 million baht or 3.1 percent from year-end 2025, mainly caused by:
    1. *Restricted bank deposits:* 62.09 million baht, up 23.64 million baht (+61.5%) used as project performance bonds, credit line collateral, and legal collateral under appeal consideration by the Central Intellectual Property and International Trade Court
    2. *Property, plant, and equipment (net):* 572.24 million baht, slightly down 1.9 percent from regular depreciation during the period.

3.2 Liabilities and Shareholders' Equity

1) Liabilities: As of June 30, 2026, the Group had total liabilities of 670.32 million baht, a decrease of 49.47 million baht or 6.9 percent from year-end 2025 (719.79 million baht).

Liability structure comprises:

- Current liabilities: 541.92 million baht (representing 80.8 percent of total liabilities). Major changes include:

- *Trade and other current payables:* Decreased 36.78 million baht (-15.2%) to 205.11 million baht from scheduled payments for goods, services, and subcontractor labor.
- Short-term borrowings from related persons and parties: Increased 49.17 million baht (+75.6%) to 114.17 million baht as supplementary working capital for liquidity

- Non-current liabilities: 128.39 million baht (representing 19.2 percent of total liabilities).

2) Shareholders' Equity: As of June 30, 2026, total shareholders' equity was 399.20 million baht, a decrease of 12.08 million baht or 2.9 percent from year-end 2025 (411.28 million baht), primarily resulting from the net loss performance in Q2/2026.Debt to Equity Ratio (D/E Ratio) stood at 1.68 times, slightly improving from 1.72 times at Q1/2026 (though higher than 1.54 times in Q2/2025). Debt to Assets Ratio (D/A Ratio) stood at 0.63 times, remaining stable near the previous quarter.

4. Cash Flow

Summary Statement of Cash Flows Unit: Million Baht

Item	Q2/2026	Q1/2026	Q2/2025
Cash flow from operating activities	(0.30)	(55.14)	31.42
Cash flow from investing activities	(44.59)	(28.55)	(10.32)
Cash flow from financing activities	11.92	26.12	(37.08)
Net increase (decrease) in cash	(32.98)	(57.57)	(15.98)
Ending Cash Balance	84.58	60.00	69.60

For the first six-month period ended June 30, 2026, the Group's net cash flow changes segmented by activity were as follows:

1) Cash Flow from Operating Activities

Net cash used in operating activities was 0.30 million baht, declining compared to the same period of the previous year which generated net cash from operations of 31.42 million baht, in line with the first six-month results where gross profit and net profit decreased

2) Cash Flow from Investing Activities

Net cash used in investing activities was 44.59 million baht, an increase from 10.32 million baht in the same period of the previous year, driven primarily by an increase of 23.64 million baht in restricted bank deposits for project performance bonds, credit lines, and legal appeal collateral, as well as equipment purchases to support services.

3) Cash Flow from Financing Activities

Net cash generated from financing activities was 11.92 million baht (compared to net cash used of 37.08 million baht in the same period of the previous year), resulting from short-term loan drawdowns from related parties for liquidity working capital, while repaying scheduled borrowings, lease agreements, and interest expenses.

Summary Ending Cash: Resulting from the aforementioned activities, in the first 6 months of 2026, the Group had a net decrease in cash and cash equivalents of 32.98 million baht, with ending cash and cash equivalents as of June 30, 2026 at 84.58 million baht, which remains sufficient for business operations and higher than 69.60 million baht at the end of the same period last year.

5. Key Financial Ratios

Table of Key Financial Ratios: Q2/2026 Compared to Q1/2026 and Q2/2025

Item	Unit	Q2/2026	Q1/2026	Q2/2025
Liquidity Ratios				
Current Ratio	Times	0.52	0.60	0.57
Quick Ratio	Times	0.42	0.45	0.47
Cash Flow Liquidity Ratio	Times	0.00	(0.09)	0.06
Cash Conversion Cycle	Days	(42.4)	(26.0)	(23.7)
Average Inventory Period	Days	5.6	5.0	4.0
Average Collection Period	Days	43.0	62.5	49.5
Average Payment Period	Days	91.0	93.5	77.1
Profitability Ratios				
Gross Profit Margin	%	23.5	26.2	29.4
Operating Margin (EBIT Margin)	%	2.6	6.8	9.0
Net Profit Margin	%	0.1	5.0	6.1
Return on Equity (ROE)	%	0.4	20.0	23.6
Efficiency Ratios				
Return on Assets (ROA)	%	0.1	7.3	8.8
Total Assets Turnover	Times	1.37	1.45	1.45

Item	Unit	Q2/2026	Q1/2026	Q2/2025
Financial Policy Ratios	Times			
Debt to Equity (D/E)	Times	1.68	1.72	1.54
Interest Coverage Ratio	Times	2.01	6.13	7.40
Debt to Assets	Times	0.63	0.63	0.61
Net IBD/E	Times	0.83	0.80	0.80
Debt Service Coverage Ratio (DSCR)	Times	0.06	0.09	0.29

Note: Profitability ratios, ROA, and ROE are calculated based on the cumulative six-month period and annualized. Liquidity, D/E, and Debt to Assets ratios are period-end figures.

5.1 Profitability Ratios

Profitability analysis is calculated from cumulative operating results of the first 6 months of 2026 compared to the same period of the previous year (H1/2026 vs H1/2025) to reflect direction of changes in profitability efficiency across 3 revenue and expense levels, including continuous impacts on return ratios as follows:

Level 1: Gross Profit Margin decreased to 23.5 percent from 29.4 percent in the same period last year, mainly caused by project service costs rising faster than revenue growth due to energy prices and subcontractor fees.

Level 2: Operating Margin (EBIT Margin) decreased from 9.0 percent in H1/2025 to 2.6 percent in H1/2026, reflecting impacts from gross profit reduction while SG&A expenses remained relatively high compared to revenue base, resulting in significantly thinner operating margins.

Level 3: Net Profit Margin decreased from 6.1 percent in H1/2025 to 0.1 percent in H1/2026, a cumulative impact from lower gross and operating margins, along with financial costs and income tax expenses during the period.

Return on Equity (ROE): Decreased to 0.4 percent from 23.6 percent in the same period last year. Return on Assets (ROA): Decreased to 0.1 percent from 8.8 percent in the same period last year. Significant drops in both ROE and ROA were driven directly by net profit decline in the first six months of 2026 rather than major changes in equity or asset bases.

5.2 Liquidity Ratios and Cash Conversion Cycle

Liquidity Analysis at End of Q2/2026: Current Ratio at Q2/2026 end stood at 0.52 times, decreasing from 0.60 times at Q1/2026 and 0.57 times in Q2/2025. Quick Ratio stood at 0.42 times, decreasing from 0.45 times in Q1/2026 and 0.47 times in Q2/2025.

A current ratio below 1.00 reflects negative net working capital, typical for project event management businesses where vendor/subcontractor credit terms are longer than terms extended to clients.

Cash Flow Liquidity Ratio improved to 0.00 times from negative 0.09 times in the previous quarter (though lower than 0.06 times in the same period last year), reflecting operational cash flow recovering towards balance.

Cash Conversion Cycle in Q2/2026 significantly improved to negative 42.4 days compared to negative 26.0 days in the previous quarter and negative 23.7 days in Q2/2025. Average Collection Period decreased to 43.0 days from 62.5 days in Q1/2026 and 49.5 days in Q2/2025, reflecting success in faster collections by nearly 20 days. Average Payment Period stood at 91.0 days, close to 93.5 days in Q1/2026 but longer than 77.1 days in Q2/2025 due to proper supplier payment management. Average Inventory Period stood at 5.6 days, staying low in line with service business characteristics with no large inventory holding.

Summary of Group Liquidity Structure in this quarter reflects 2 key aspects:

1) Working capital management efficiency clearly improved, especially faster cash collection by nearly 20 days which directly eased short-term working capital needs.

2) Caution: High negative cash cycles rely on supplier/subcontractor trade credit. If payment terms shorten or operational cash flow fails to stay positive, sub-1.00 liquidity ratios will become an operational constraint immediately.

Management has established maintaining positive operating cash flow and balancing collection-payment timelines as primary KPIs for close liquidity monitoring throughout H2/2026.

5.3 Capital Structure Ratios and Debt Service Ability

Debt to Equity Ratio (D/E Ratio) as of Q2/2026 end stood at 1.68 times, slightly improving from 1.72 times at Q1/2026 end, but remaining higher than 1.54 times in Q2/2025. Interest Coverage Ratio for H1/2026 stood at 2.01 times, down from 7.40 times in the same period last year. Debt Service Coverage Ratio (DSCR) stood at 0.06 times, down from 0.29 times in the same period last year.

Declining Interest Coverage Ratio and DSCR reflect pressure from reduced operating results and operating cash flow, which management heavily prioritizes for close monitoring, liquidity management, and debt control throughout H2/2026.

6. Risk Factor Analysis

The Group evaluated and reviewed major risk factors that could impact operating results, financial position, and liquidity in future periods based on Q2/2026 results, domestic economy/purchasing power trends, and competition in the event and experience industry. Summary of key risk factors and management approaches:

6.1 Risk on Cost of Services and Profitability Margin

Risk Nature: Service cost structure consists of variable project costs heavily dependent on subcontractors and external service providers, making it highly sensitive to material price, service fee, transportation, and energy price fluctuations.

Impact: In Q2/2026, cost of services increased 19.4 percent YoY, outpacing revenue growth of 12.4 percent, reducing gross profit margin from 24.9 percent to 20.2 percent and causing a net loss of 19.98 million baht.

Risk Management Guidelines:

1) Vendor Management: Improve structured price and payment term negotiations with partners and subcontractors.

2) Focus on selecting and bidding for projects offering appropriate and risk-worthy gross profit margins.

3) Tightly control project costs across all steps, from estimation and procurement to on-site execution.

6.2 Liquidity and Cash Flow Risk

Risk Nature: Mismatch between revenue recognition/collection cycles and supplier/subcontractor payment schedules, combined with major clients including government and state enterprise entities with multi-step inspection and payment approval procedures.

Impact on Liquidity: At Q2/2026 end, Current Ratio dropped to 0.52 times (vs 0.57 times YoY) and DSCR dropped to 0.06 times (vs 0.29 times YoY), requiring 49.17 million baht in additional short-term related-party borrowings for working capital.

Risk Management Guidelines:

1) Proactive Cash Flow Management: Monitor and control collection cycles strictly through regular Aging Analysis to accelerate cash receipts.

2) Working Capital Balance: Manage balance between cash, receivables, and inventory in line with short-term debt due dates.

3) Appropriate Financing Sources: Utilize financial instruments and seek alternative funding sources with proper structure and cost to strengthen long-term liquidity.

6.3 Competition and Industry Condition Risk

Risk Nature: Intense competition in the event and experience industry across 4 key factors:

1) Large domestic operators with comparable capital and corporate client networks.

2) Small/medium specialized operators with lower fixed costs offering competitive pricing on basic projects.

3) Foreign capital entities bringing staff and equipment for international events in Thailand.

4) Changing corporate client behaviors moving to in-house teams or component hiring, lowering contract values per job.

Impact on operating performance: Price pressure from project bidding directly impacted the Company's gross profit margin, reflected in the operating results for the first six months of 2026 where, despite service revenue growing by 1.8%, the gross profit margin declined from 29.4% to 23.5%. However, this impact varied across business types as follows:

Standard and easily replaceable service businesses: Most severely impacted; for example, the Equipment Services business swung to a gross loss of THB 5.77 million, and the Utilities Services business saw its gross profit decrease by 50.0%

Event Management business: Relying on creativity, design, and tailored project management, it was still able to drive a 4.4% growth in gross profit, demonstrating that pricing power varies according to the level of difficulty and uniqueness of the work.

Risk Management Guidelines:

1) Avoid price wars in basic replaceable services; focus on creative, experience design, and large project management strengths.

2) Increase proportion of MICE, exhibition, museum, and international projects with high entry barriers.

3) Set safety and Sustainability Compliance standards to build competitive edges hard for small operators to replicate.

4) Leverage internal full-service capabilities within the Group for efficient cost management and less external subcontractor reliance.

5) Enforce a Minimum Hurdle Margin criterion when evaluating project bids to maintain profit discipline.

6.4 Segmental Performance Risk

Risk Nature: The Group's operating performance is highly concentrated and reliant on a single business segment. In the first six months of 2026, the Event Management business generated revenue of THB 496.12 million, accounting for 66.2% of total external revenue, and produced gross profit of THB 156.36 million, representing 88.9% of total gross profit (THB 175.91 million). As a result, the Group's profitability depends primarily on the Event Management business. Should a slowdown occur due to project delivery postponements or unsuccessful project bids, the impact would transmit directly to total net profit without sufficient support from other business segments.

Impact on Operating Performance: Analyzing the total gross profit decline of THB 40.26 million from the same period of the previous year reveals that the decrease was mainly driven by contractions in two supporting business segments: Equipment Services: Gross profit decreased by THB 30.95 million, with the gross margin turning negative to -5.9% from +19.2% in the prior year. Utilities Services (Installation of electrical equipment and materials): Gross profit decreased by THB 21.65 million, with the gross margin declining to 14.4% from 26.5% in the prior year.

Meanwhile, the core Event Management business maintained gross profit growth, increasing by THB 6.52 million (gross margin stood at 31.5% compared to 34.0% in the prior year). In addition, Merchandise Sales—a new revenue stream—contributed an additional THB 3.70 million in gross profit (achieving a high gross margin of 71.0% on revenue of THB 5.21 million, or 0.7% of total revenue). These facts clearly indicate that the performance slowdown was concentrated in the two supporting segments (Equipment and Utilities) rather than stemming from an organization-wide decline.

Risk Management Guidelines:

1) Restructuring the Equipment Services Business: Urgently address profitability issues in the equipment segment, which is the primary cause of performance contraction, by reviewing cost structures, increasing equipment utilization rates, and revising pricing policies to reflect true costs within the second half of the year.

2) Reviewing Bidding for the Utilities Segment: Establish a Minimum Margin Threshold for submitting price bids in the installation of electrical materials and equipment segment.

3) Creating Synergies within the Group: Increase shared resource utilization among group companies by having Event Management projects draw upon the operational capacity of the equipment and electrical systems segments to reduce reliance on external contractors and boost internal asset utilization rates.

4) Accelerating the Expansion of Merchandise Sales and High-Margin New Services: Expand merchandise sales and new high-margin service businesses to diversify the revenue base and reduce long-term profit reliance solely on the event management segment.

6.5 Economic and Purchasing Power Risk

Risk Nature: Economic volatility and slowdown transmit impacts to the Group's business operations through 3 main channels: the cost channel, where fluctuations in energy prices and freight charges are passed through to the prices of materials, equipment, and subcontractor service fees—which form the primary components of project costs; the demand channel, where rising living costs and decelerating purchasing power cause private-sector clients to review, delay, or reduce marketing and communication activity budgets, which are often the first budgets to be tightened during corporate cost-cutting measures; and the financial cost channel, where tight economic conditions increase working capital requirements, resulting in higher interest burdens and finance costs.

Impact on Operating Performance: The impacts from all 3 channels are clearly reflected in the operating performance for this period: namely, cost impact, where in Q2/2026 the cost of services increased by 19.4%—outpacing service revenue growth of 12.4%—raising the ratio of cost of services to service revenue from 75.1% to 79.8%; demand impact, where despite total revenue for the first six months of 2026 continuing to grow by 1.8%, growth was concentrated in the Event Management business (+12.6%), while segments sensitive to private-sector purchasing power slowed down, with Equipment Services declining by 24.8% and Utilities Services (installation of electrical materials and equipment) decreasing by 8.1%; and financial cost impact, where finance costs in Q2/2026 increased by 21.3% to THB 5.14 million, consistent with an increase of THB 49.17 million in short-term borrowings from related persons and entities to support operational working capital.

Risk Management Guidelines:

1) Expand the customer base to the public sector, state enterprises, and private sectors across diverse industries that have advance-committed budgets and are less sensitive to economic cycles.

2) Establish actual cost-adjustment conditions or shorten quotation price-validity periods for projects with high risks of material and energy price fluctuations to reduce risks associated with fixing prices too far in advance.

3) Negotiate pricing structures and service conditions with key suppliers and major subcontractors under long-term contracts to ensure project cost certainty.

4) Allocate job acceptance and project delivery schedules continuously throughout the year, reducing concentration in any single quarter to minimize fluctuations in working capital requirements and finance cost burdens.

5) Assess economic recovery trends and signals in the second half of the year—from both government economic stimulus measures taking effect since June 2026 and private-sector marketing budget trends—to adjust bidding strategies in a timely manner.

7. Trends and Factors that May Affect Performance in the Second Half of the Year

Macroeconomic Overview: The direction of the Thai economy in the second half of 2026 tends to recover from the second quarter, which marked the lowest point of the year. The Bank of Thailand evaluates that the Thai economy in Q3/2026 will improve following easing conditions, while the Office of the National Economic and Social Development Council (NESDC) maintains its full-year 2026 GDP growth projection at 1.5%–2.5%. Nevertheless, this recovery remains a rebound from a low base and depends significantly on energy price fluctuations as well as the continuity of public sector budget disbursements.

MICE Industry Overview: The direction of the event and MICE industry during the second half of the year reflects two aspects that must be considered together:

Opportunities from High-Quality Projects: The Thailand Convention and Exhibition Bureau (TCEB) aims to drive the Thai MICE industry in 2026 to grow by 10%, elevating sustainable event standards while pushing international events, such as the IMF/World Bank Annual Meetings, which require service providers with international standards—a key strength of the Company.

Slowdown in Total Work Volume: TCEB has revised down its MICE market revenue target for fiscal year 2026 (Oct 2025 – Sep 2026) from THB 160,000 million to approximately THB 130,000–140,000 million due to the impact of Middle East conflicts affecting travel costs.

Management therefore assesses that industry conditions in the second half of the year will be characterized by "a slowdown in total work volume, but with a continuous flow of high-quality projects," which further underscores the necessity of a strategy focused on selecting quality projects that generate favorable profit margins rather than accelerating volume expansion.

To respond to market directions and sustainably restore profitability, the Group has established 5 key operational strategies for the second half of the year as follows:

1) Gross Profit Margin Recovery: Focus on selectively bidding for projects offering appropriate margins alongside negotiating costs with material suppliers and subcontractors.

2) Focus on MICE and International Segments: Proactively target exhibitions, museums, and complex international events with high barriers to entry to create better profit margins.

3) Strict Control of Selling and Administrative Expenses: Manage SG&A expenses in line with revenue levels, continuing from Q2/2026 where expenses were reduced by 3.8%.

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4) Liquidity and Working Capital Management: Continuously expedite cash collection from trade receivables, building upon the success in Q2 that reduced the average collection period to 43.0 days.

5)Review of Supporting Segment Business Plans: Improve cost structures and project acceptance policies of the Equipment Services and Utilities Services businesses to address the gross profit decline incurred in this period.

Additionally, management has identified 5 key risk factors and environmental conditions to monitor closely in the second half of the year, including:

1) Energy price levels and material costs, which are primary variables affecting the speed of gross margin recovery.

2) The Middle East conflict situation, which affects travel and the number of international conferences hosted in Thailand.

3) The continuity of government budget disbursements and economic stimulus measures, which serve as demand drivers for public sector and state enterprise projects.

4) The level of price competition in project biddings, especially for standard-level work with numerous competing operators.

5) Delivery schedules for large-scale projects, which directly impact the timing of revenue recognition and working capital requirements in each quarter.

For your information.

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