

8 August 2025

Subject: Management Discussion and Analysis - For the Second quarter period ended 30 June 2025

To: The President of Stock Exchange of Thailand

MFEC Public Company Limited (“the Company”) would like to notify the operating results that the Company reported net profit's equity owner of the parent for the Second quarter period ended 30 June 2025 of Baht 35.6 million, net profit decrease by Baht 52.2 million or 59.4% compared to the same period of last year which net profit were Baht 87.8 million, due reason to the following reasons:

#### Overall Operating results

Description	Q2-2025		Q2-2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Sales and Services	1,698.6	100.0%	1,657.2	100.0%	41.4	2.5%
Cost of Sales and Services	(1,465.6)	-86.3%	(1,407.6)	-84.9%	(58.0)	4.1%
Gross Profit, before Operating Expenses	233.0	13.7%	249.6	15.1%	(16.6)	-6.6%
Other income	7.7	0.5%	8.6	0.5%	(0.9)	-10.5%
Gain (loss) on derivatives at fair value	(2.3)	-0.1%	13.9	0.8%	(16.2)	-116.5%
Selling and Administrative Expenses	(183.8)	-10.8%	(169.9)	-10.3%	(13.9)	8.2%
Profit from Operating, before interest and Tax	54.6	3.2%	102.2	6.2%	(47.6)	-46.6%
Share of profit (loss) from investment in joint venture and assoc	(0.5)	0.0%	0.9	0.1%	(1.4)	-155.6%
Financial Costs	(4.3)	-0.3%	(9.4)	-0.6%	5.1	-54.3%
<b>Net Profit, Before Corporate Tax</b>	<b>49.8</b>	<b>2.9%</b>	<b>93.7</b>	<b>5.7%</b>	<b>(43.9)</b>	<b>-46.8%</b>
Corporate Income Tax	(12.6)	-0.7%	(0.7)	0.0%	(11.9)	1700.0%
<b>Net Profit</b>	<b>37.2</b>	<b>2.2%</b>	<b>93.0</b>	<b>5.6%</b>	<b>(55.8)</b>	<b>-60.0%</b>
(Profit) loss attributed to non-controlling interests	(1.6)	-0.1%	(5.2)	-0.3%	3.6	-69.2%
<b>Net Profit, equity holders of the Company</b>	<b>35.6</b>	<b>2.1%</b>	<b>87.8</b>	<b>5.3%</b>	<b>(52.2)</b>	<b>-59.4%</b>

Comprised of:						
<b>Profit (loss) from other activities:</b>						
Profit (loss) on derivative at Fair value	(2.3)	-0.1%	13.9	0.8%	(16.2)	-116.5%
Share of profit (loss) from investment in joint venture and associates	(0.5)	0.0%	0.9	0.1%	(1.4)	-155.6%
<b>Profit from normal opeations</b>	<b>38.4</b>	<b>2.3%</b>	<b>73.0</b>	<b>4.4%</b>	<b>(34.6)</b>	<b>-47.4%</b>
<b>Net Profit for the year - Equity holders of the Company</b>	<b>35.6</b>	<b>2.1%</b>	<b>87.8</b>	<b>5.3%</b>	<b>(52.2)</b>	<b>-59.4%</b>

The Group's total revenue increased by 2.5% compared to the same period of the previous year, maintaining revenue growth amid challenging market conditions and economic uncertainty. Gross profit margin for the current quarter decreased to 13.7% due to changes in the revenue composition, particularly revenue from IT Professional Services (PS). In the same period of the previous year, the Group delivered a large-scale PS project with a high profit margin, while in the current quarter, revenue recognition declined, resulting in a lower overall's gross profit margin. The Group

recorded profit from normal operations of Baht 38.4 million, representing a 47.4% decrease from the same period of the previous year.

The economic slowdown, coupled with domestic economic uncertainty, has led to more cautious IT budget spending among the Group's customers, especially medium-sized enterprises and SMEs, which form the customer base of the Group's subsidiary. This has resulted in the postponement or delay of decision-making in several prospect projects, significantly impacting the timing of revenue and profit recognition for the current quarter. Nonetheless, demand for IT particularly in IT infrastructure and core IT system development remains present in the market. The Group confident in securing new orders, which are expected to gradually increase in the second half of the year.

At the end of second quarter of current year, the Group remains backlog project that allow recognition of revenue carrying until the end of projects of up to 5 years, with total backlog value of Baht 6,971 million. The Group carried high recurring income representing 60% of the total backlog value.

1. Revenue from sales and services increase from the same period of last year by Baht 41.4 million or 2.5% due following to:

Revenue from Business segment	Q2-2025		Q2-2024		Increase (decrease)	
	Million Baht	% total revenue	Million Baht	% total revenue	Million Baht	% Change
System Integration services	455	86.9%	215	82.7%	105	7.7
System maintenance services	872		929			
IT Professional services	149		227			
Cloud solution service	200	11.8%	245	14.8%	(45)	(18.4)
Other business	23	1.3%	41	2.5%	(18)	(43.9)
Total sales and services	1,699	100.0%	1,657	100.0%	42	2.5

Revenue from the core business segment increased by Baht 105 million, or 7.7%, compared to the same period of the previous year, driven by the growth in System Integration (SI), which expanded with growth by 112%, despite a year-on-year decline in revenue from IT Professional Services (PS). The Group still has multiple PS projects in the pipeline, with delivery planned for the remainder in the second half of the year. These projects are expected to contribute significantly to revenue and profit recognition for the current year, as contributed to the high-margin segment. However, such profit contributions are dependent on project delivery and acceptance timing. Revenue from core businesses accounted for 87% of the Group's total revenue.

Revenue from Cloud Services decrease by Baht 45 million, or 18%, compared to the same period of the previous year, as several private-sector clients began procuring cloud services directly from providers starting in Q2/2024. The Company has introduced cloud services from China, which help reduce clients' operating costs due to lower system maintenance costs. Several private-sector clients have adopted Chinese cloud technology for projects since the second half of the previous year. On Q-o-Q basis, cloud revenue increased by 12%.

2. Cost of sales and service increase by Baht 58 million or 4.1% compared to the same period of last year.

Description	Q2-2025	Q2-2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from sales and services	1,698.6	1,657.2	41.4	2.5
Cost of sales and services	1,465.6	1,407.6	58.0	4.1
Gross Profit	233.0	249.6	(16.6)	(6.7)

Gross Profit (%)	13.7%	15.1%	-1.4%
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The cost of sales and services for Q2 of the current year totaled Baht 1,465.6 million. Ongoing price competition in the IT services market, together with delays and postponements in purchase decisions from several target customers, resulted in a gross profit margin of 13.7% for the current period, decrease from the same period of the previous year. This was also driven by a shift in the revenue composition, with a decline in PS revenue due to the decrease in deliveries and acceptances of large-scale projects in the current period. Although revenue and profit recognition from new SI projects increased significantly (SI revenue rose 112% growth year-on-year and 33% growth quarter-on-quarter), SI typically contributed lower gross profit margin compared to the Group's other business segments and subsidiaries. Cost of sales increase by 4.1% resulted in a decrease in gross profit of Baht 16.6 million, or 6.7%, compared to the same period of the previous year.

3. Selling and Administrative expenses increase by Baht 13.9 million or 8.2% compared to the same period of last year.

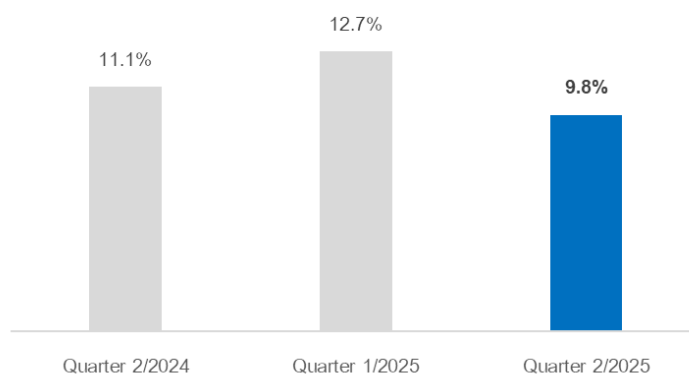
Description	Q2-2025	Q2-2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling and distribution expenses	29.0	40.1	(11.1)	(27.7)
Administrative expenses	137.4	143.7	(6.3)	(4.4)
Loss of investment impairment	8.7	-	8.7	100.0
Estimate Credit Loss (ECL) reversal	(3.3)	(13.9)	10.6	(76.3)
Total Selling and Administrative Expenses	183.8	169.9	13.9	8.2

Revenue from sales and services	1,698.6	1,657.2	41.4	2.5
% Selling and administrative expenses to revenue	10.8%	10.3%	+0.5%	
% Selling and administrative expenses to revenue – normal operations	9.8%	11.1%	-1.3%	

Selling and administrative expenses as percentage to total revenue for the current period was 10.8%, similarly to the ratio in the same period of the previous year. However, when considering only selling and administrative expenses from normal operations, excluding impairment losses and reversals of Estimate Credit Loss (ECL) allowances, the ratio stood at 9.8% for the current period. This reflects a continued downward trend since

2023–2024, declining from both the same period of the previous year and the most recent quarter (Q1/2025), which recorded ratios of 11.1% and 12.7%, respectively. This improvement was due to effective personnel cost management and control of other operating expenses.

**Chart 1:** % Selling and administrative expenses to revenue – normal operations



#### Financial positions of the Company

Assets Stated only for significant items	30-Jun-2025	31-Dec-2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
<b>Assets</b>				
Trade and other receivables	1,401.2	1,946.1	(544.9)	(28.0)
Investment in associate held for sales	-	37.6	37.6	100.0
Prepayment for cost of services (included non-current items)	1,838.3	2,250.5	(412.2)	(18.3)
<b>Total Assets</b>	<b>6,156.5</b>	<b>6,940.6</b>	<b>(784.1)</b>	<b>(11.3)</b>

#### Assets

As of 30 June 2025, the company had total assets of Baht 6,156.5 million, a decrease of Baht 784.1 million or 11.3% from the end of last year, can be summarized below.

- Trade and other receivables decreased by Baht 544.9 million due to receipt of payment from the invoiced value arising from large number of deliverables work at the nearly end of 2024.
- Investments in associate held for sale decreased by Baht 37.6 million due to the divestment of PromptNow, with the transaction completed in January 2025. The group recognized profit of Baht 3.3 million from this divestment transaction during 1<sup>st</sup> quarter of 2025.
- Prepayment for cost of services decreased by Baht 412.2 million, from the gradual recognition of costs associated with maintenance service contracts during the current quarter.

Liabilities and shareholders' equity	30-Jun-2025	31-Dec-2024	Increase (decrease)	
Stated only for significant items	Million Baht	Million Baht	Million Baht	%
<b>Liabilities</b>				
Accrued expenses	146.7	279.6	(132.9)	(47.5)
Loans from financial institutions	131.9	296.3	(164.4)	(55.5)
Loans from related company	150.0	-	150.0	100.0
Deferred income	1,536.2	2,068.6	(532.4)	(25.7)

Total Liabilities	3,666.4	4,316.1	(649.7)	(15.1)
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<b>Shareholders' Equity</b>				
Retained earnings – Unappropriated	1,012.0	1,136.8	(124.8)	(11.0)
Other components of shareholders' equity	(16.0)	(4.5)	(11.5)	(255.6)

Total Shareholders' Equity	2,490.1	2,624.5	(134.4)	(5.1)
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#### Liabilities and Shareholders' Equity

As of 30 June 2025, the company had total liabilities of Baht 3,666.4 million, a decrease of Baht 649.7 million or 15.1% from the end of last year, can be summarized below.

- Accrued expenses decreased by Baht 132.9 million due to accrual payment during the current quarter, primarily from the regular performance bonus paid to the employees in January.
- Loans from financial institutions decreased by Baht 164.4 million as operating cash flows were utilized to repay borrowings, thereby reducing the group's interest-bearing debt during the current year.
- Loans from related company encompass loans from TIS, a major shareholder who provided total loan amount during the current year.
- Deferred income decrease is related to the prepayment cost of services. This reduction aligns with revenue and cost recognition practices for maintenance services (MA) carried out during the current period.

Shareholders' equity decreased by Baht 134.4 million, or 5.1%, due to the following reasons:

- Unappropriated retained earnings decreased by Baht 124.8 million, resulting from net profits attributable to shareholders of the company for the 1st half of the current year Baht 95.9 million, dividend payment for the current year was Baht 220.7 million.
- Other components of shareholders' equity increased by Baht 11.5 million due to the recognition profit from cash flow hedge reserve in the statement of other comprehensive income during the current year.

Please be informed in accordingly.

Your sincerely,

(Mr. Siriwat Vongjarukorn)

Chief Executive Officer