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11 August 2026

Subject : Management Discussion and Analysis for Q2/2026

Attention : President

The Stock Exchange of Thailand

Vanachai Group Public Company Limited ("the Company") has submitted the consolidated financial statements for the 2nd quarter ended 30 June 2026, which is summarized as follows:

1. Consolidated Statements of Comprehensive Income for the three-month ended 30 June 2026 and 2025.

Consolidated Financial Statements	The second quarter 2026	The second quarter 2025	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Revenue from sales	2,401,469	2,829,596	(428,127)	(15%)
Cost of sales	(2,186,257)	(2,496,039)	309,782	(12%)
Gross profit	215,212	333,557	(118,345)	(35%)
Gain from exchange rate	6,520	22,289	(15,769)	(71%)
Other income	6,326	11,712	(5,386)	(46%)
Selling and distribution expenses	(158,364)	(168,612)	10,248	(6%)
Administrative expenses	(120,607)	(116,681)	(3,926)	3%
Management benefit expenses	(22,353)	(21,586)	(767)	4%
Profit (loss) from operating activities	(73,266)	60,679	(133,945)	(221%)
Finance cost	(79,734)	(95,334)	15,600	(16%)
Profit (loss) before income tax	(153,000)	(34,655)	(118,345)	341%
Income (expenses) tax revenues	4,939	(1,105)	6,044	(547%)
Non-controlling interests	(7,744)	5,204	(12,948)	(249%)
Profit (loss) - Shareholders of the Company	(155,805)	(30,556)	(125,249)	410%
Basic earnings profit (loss) per share (Baht)	(0.09)	(0.02)	(0.07)	410%

An overview of the results in the passing

The Q2/2026, the Company and its subsidiaries reported a decrease of approximately 15% in total sales revenue compared with the same period of the previous year. The decrease was mainly attributable to the ongoing war in the Middle East, which resulted in a decline of approximately 20% in the Company and its subsidiaries' export sales revenue compared with the same period of the previous year.

Analysis of profit (loss) of company and its subsidiaries

The Q2/2026, the company and its subsidiaries have loss attributable to equity holders of the company of 156 million baht as compared to the 2025, the company and its subsidiaries have loss attributable to equity holders of the company of 31 million baht, loss increased 125 million baht or 410% for the following main reasons;

1. Total sales revenue decreased by 428 million baht, mainly attributable to a decrease of approximately 20% in export sales revenue compared with the same period of the previous year, due to the ongoing war in the Middle East.
2. Total cost of sales decreased by approximately 12% compared with the same period of the previous year, mainly due to the decrease in export sales volume.

2. Statements of Financial positions as of 30 June 2026 and 30 June 2025.

Consolidated Financial Statements	30 June 2026	30 June 2025	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Assets				
Current assets				
Cash and cash equivalent items	451,903	650,068	(198,165)	(30%)
Trade and other current receivable	815,583	997,156	(181,573)	(18%)
Revenue Department receivable	158,454	226,076	(67,622)	(30%)
Inventories	3,029,641	2,895,632	134,009	5%
Maintenance supplies	763,882	751,368	12,514	2%
Current tax assets	1,701	734	967	132%
Total current assets	5,221,164	5,521,034	(299,870)	(5%)
Non-current assets				
Property, plant and equipment	12,487,099	10,972,913	1,514,186	14%
Right-of-use assets	721,888	786,842	(64,954)	(8%)
Intangible assets	112,126	120,644	(8,518)	(7%)
Deferred tax assets	89,776	70,344	19,432	28%
Other non-current assets	76,360	199,830	(123,470)	(62%)
Total non-current assets	13,487,249	12,150,573	1,336,676	11%
Total assets	18,708,413	17,761,607	1,036,806	6%

Consolidated Financial Statements	30 June 2026	30 June 2025	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	3,495,609	2,838,315	657,294	23%
Trade and other current payable	1,077,659	1,145,942	(68,283)	(6%)
Advances received from customers	724,671	483,713	240,958	50%
Current portion of long-term liabilities				
Long-term loans from financial institutions	551,950	1,001,700	(449,750)	(45%)
Lease liabilities	90,664	89,412	1,252	1%
Income tax payables	5,364	17,763	(12,399)	(70%)
Current provisions for employee benefits	76,280	19,237	57,043	297%
Total current liabilities	6,022,197	5,596,082	426,115	8%
Non-current liabilities				
Long-term loans from financial institutions	5,262,751	3,594,823	1,667,928	46%
Lease liabilities	614,640	687,775	(73,135)	(11%)
Non-current provisions for employee benefits	473,781	498,862	(25,081)	(5%)
Deferred tax liabilities	-	26	(26)	(100%)
Other non-current liabilities	6,232	9,739	(3,507)	(36%)
Total non-current liabilities	6,357,404	4,791,225	1,566,179	33%
Total liabilities	12,379,601	10,387,307	1,992,294	19%
Shareholders' equity				
Issued and paid-up share capital	1,735,238	1,735,238	-	0%
Premium on ordinary shares	1,482,634	1,482,634	-	0%
Retained earnings				
Appropriated-Legal reserve	173,524	173,524	-	0%
Unappropriated	2,875,072	3,809,182	(934,110)	(25%)
Total shareholders' equity of the Company	6,266,468	7,200,578	(934,110)	(13%)
Non-controlling interests of subsidiaries	62,344	83,722	(21,378)	(26%)
Total shareholders' equity	6,328,812	7,284,300	(955,488)	(13%)
Total liabilities and shareholders' equity	18,708,413	17,671,607	1,036,806	6%

Financial status

Total assets

As of 30 June 2026, the total assets of the company and its subsidiaries were 18,708 million baht, increased by 1,036 million baht, compared to the total assets of 17,672 million baht in 2025. This increase is due to an increase in inventories, maintenance supplies, current tax assets, property plant and equipment, deferred tax assets and a decrease in cash and cash equivalent items, trade and other current receivable, revenue department receivable, right-of-use assets, intangible assets, other non-current assets.

Total Liabilities

As of 30 June 2026, the total liabilities of the company and its subsidiaries were 12,380 million baht, increased by 1,993 million baht, compared to the total liabilities of 10,387 million baht in 2025. This increase is due to an increase in loans from financial institutions, advances received from customers, provisions for employee benefits and a decrease in trade and other current payable, lease liabilities, income tax payables, deferred tax liabilities, other non-current liabilities.

Total shareholder’s equity

As of 30 June 2026, the total shareholder’s equity of the company and its subsidiaries were 6,329 million baht, decreased by 955 million baht, compared to the total shareholders’ equity of 7,284 million baht in 2025, due to operating losses.

As of 30 June 2026, the debt to equity ratio was 1.96:1, increased by 0.53 times compared to that of 1.43:1 in 2025. The main reason is due to an increase in loans from financial institutions and a decrease in shareholders' equity, due to operating losses.

3. Statements of Cash flow for the six-month period ended 30 June 2026 and 30 June 2025.

Consolidated Financial Statements	30 June 2026	30 June 2025	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Net cash received from operating activities	358,995	193,317	165,678	86%
Net cash received from (used in) investing activities	(853,251)	(396,173)	457,078	115%
Net cash received from (used in) financing activities	357,374	(390,566)	747,940	192%
Cash and cash equivalent items increase (decrease)-net	(136,882)	(593,422)	(456,540)	(77%)
Cash and cash equivalent items at the beginning of the period	588,785	1,243,490	(654,705)	(53%)
Cash and cash equivalent items at the end of the period	451,903	650,068	(198,165)	(30%)

Liquidity

Cash flow

For the six-month ended 30 June 2026, the company and its subsidiaries have cash flow received from operating activities 359 million baht, cash flow used in investing activities 853 million baht and cash flow received from financing activities 357 million baht. There was net cash flow used 137 million baht. The cash flow used was 457 million baht less than the same period in 2025 as summarized;

1. Net cash received from operating activities is 359 million baht, increased by 166 million baht, because of decreased of profit from operation before change in operating assets and liabilities by 342 million baht, decreased of operating assets 262 million baht, increased of operating liabilities 217 million baht and decreased of cash paid for income tax 30 million baht.
2. Net cash used in investing activities is 853 million baht, increased by 457 million baht, due to cash received from disposed of property, plant and equipment decreased by 17 million baht, cash paid for purchase of property, plant and equipment increased by 500 million baht, cash paid for the purchase of assets decreased by 59 million baht.
3. Net cash received from financing activities is 357 million baht, increased by 748 million baht, due to short-term loans from financial institutions decreased by 302 million baht, cash received from long-term loans from financial institutions increased by 538 million baht, cash paid for long-term loans from financial institutions decreased by 383 million baht, cash paid for loan arrangement fee decreased by 12 million baht, cash paid for lease liabilities decreased by 3 million baht, cash paid for interest expenses of loans decreased by 27 million baht and cash paid for dividend decreased by 87 million baht.

Please be acknowledged for your information.

Sincerely Yours,

(Mr. Wanthana Jaroennawarat)

Director