



No. SAM-033/2025

August 14, 2025

Re : Management's Discussion and Analysis for the Financial Statements for the Second Quarter of 2025 (Amended in accordance with the revised financial statements)

To : Managing Director
The Stock Exchange of Thailand

Samchai Steel Industries Public Company Limited (the "Company") would like to clarify the reason for the difference in operating results for the Quarter 2/2025 ended 30 June 2025 compared to the same period of 2024. the following.

1. The Company recorded sales revenue of THB 1,385.79 million, representing a decrease of THB 193.21 million or 12.24% from the previous year. This decline was mainly due to the volatility of steel prices in the market in line with the current economic conditions, as well as the border issues between Thailand and Cambodia, which caused a slowdown in sales. However, the Company was able to effectively manage production and cost control, which is reflected in the increase in gross profit compared to the previous year.

2. Cost of sales amounted to Baht 1,314.22 million, a decrease of Baht 197.05 million or 13.04% from the previous year, in line with the decrease in sales volume.

3. As a result of the aforementioned factors in Item 2, the Company reported a gross profit of THB 70.72 million, an increase of THB 3.92 million from the previous year. The gross profit margin for the second quarter of 2025 was 5.10%, representing an increase of 20.50% compared to the same period in 2024, which stood at 4.23%. This improvement was attributable to the Company's effective management of production and cost control, which is reflected in the higher gross profit. Administrative expenses amounted to THB 34.43 million, an increase of THB 4.08 million from the previous year, mainly due to consulting fees and one-time expenses.

4. Finance costs amounted to Baht 18.85 million, an increase of Baht 2.14 million or 12.81% from the previous year, due to increased utilization of bank credit facilities to support sales activities.

5. Based on the information above, the Company reported a net profit of THB 1.23 million for the second quarter of 2025, representing a decrease of THB 19.85 million from the previous year. The decline in net profit was primarily attributable to the volatility of steel prices in line with the current economic conditions, as well as the border issues between Thailand and Cambodia, as previously mentioned. In addition, it was due to the recognition of unrealized losses on foreign exchange amounting to THB 13.13 million and unrealized credit losses of THB 12.88 million. If both of these items were excluded, the Company would have reported a higher net profit than in the same quarter of the previous year.

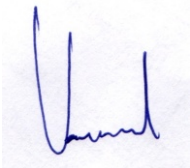
6. Based on the auditor's observation regarding the reassessment of inventories at net realizable value as at 31 December 2023, due to the overstatement of inventory values, the auditor has currently adjusted and increased the allowance for loss on damaged inventories as at 31 December 2023 by THB 109.70 million. Such adjustment represents an allowance for diminution in value of inventories arising from losses incurred during the first quarter of 2024. The entire loss was adjusted through cost of sales, resulting in an increase in the net loss in the consolidated and separate financial statements for the year 2023 by THB 87.76 million, and a decrease in the net loss in the separate financial statements for the year 2024 by THB 87.76 million.

However, the consolidated statements of comprehensive income and the separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2025 were not affected by such matter.

7. With respect to the Company's debt-to-equity (D/E) ratio not being in compliance with the prescribed requirement, the Company would like to clarify that the lending bank has currently granted a waiver, as the Company has never defaulted on its debt obligations and discussions are ongoing. At the same time, the bank is considering increasing the permitted D/E ratio to 2:1, to which the Company has agreed. The bank has already provided a certain level of relaxation to the Company; however, the Company is seeking further extension of such relaxation, and negotiations are still ongoing.

8. Regarding the impact of the Thailand-Cambodia border situation, the Company has been directly affected as it has been unable to transport goods through the Thailand-Cambodia border checkpoint in Sa Kaeo Province. If cross-border transportation is required during this period, the Company may have to switch to sea freight, which involves significantly higher costs. To mitigate this, the Company has resolved the issue by carrying out the final production process (Finishing) at its plant in Thailand instead. The Company has been closely monitoring the Thailand-Cambodia border situation at all times and will provide further updates as new information becomes available.

Yours sincerely,



(Mr. Varoonchai Leekanchanakorn)
Managing Director