



No. SAM-037/2025

November 13, 2025

Re : Management's Discussion and Analysis for the Financial Statements for the third 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 reasons for the differences in the operating results for the third quarter of 2025 ended September 30, 2025, compared with the same period of 2024, as follows:

1. The Company recorded sales revenue of Baht 1,413.02 million, a decrease of Baht 766.42 million or 35.17 percent from the previous year. The decline was mainly due to the volatility of steel prices in the market, the current economic conditions, and the slowdown in customer demand. In addition, the ongoing issue at the Thailand–Cambodia border, which has prevented the reopening of certain border checkpoints, has also contributed to the decrease in the Company's sales.

2. The cost of sales amounted to 1,372.20 million baht, a decrease of 766.97 million baht, or 35.85% from the previous year, which was consistent with the decrease in sales volume.

3. As a result of the reason mentioned in item 2, the Company reported a gross profit of 30.94 million baht, which was 22.44 million baht lower than the previous year. The gross profit margin for the third quarter of 2025 was 2.19%, a decrease of 0.26% compared with 2.45% in the same period of 2024, which was in line with the decline in revenue. Administrative expenses amounted to 40.37 million baht, an increase of 7.03 million baht from the previous year. The increase was mainly due to special audit expenses and a higher allowance for doubtful accounts, as some customers experienced delays in debt repayment.

4. Finance costs amounted to Baht 26.27 million, an increase of Baht 9.28 million or 54.66 percent from the previous year, due to the higher utilization of bank credit facilities to support sales activities.

5. Based on the information above, the Company reported a net loss of Baht 24.16 million for the third quarter of 2025, a decrease of Baht 40.58 million from the previous year, which recorded a net loss of Baht 64.75 million. The improvement was mainly due to the fact that, in the previous year, the Company recognized a full allowance for doubtful accounts in accordance with its policy for receivables overdue for more than 12 months, those under litigation, or those involving problematic debtors, resulting in a 100% provision. At present, however, the Company has been able to gradually recover certain outstanding debts. In addition, last year's results included a foreign exchange loss and the reversal of an impairment loss on assets (Machine F18), both of which were one-time expenses. However, if these one-time expenses were excluded from the results of the third quarter of 2025, the Company's net loss would have been reduced to Baht 18.16 million.

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.

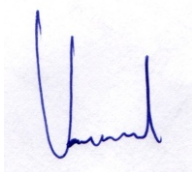
However, the consolidated statements of comprehensive income and the separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2025 were not affected by such matter.

7. Based on the information and key matters highlighted by the auditor, as disclosed in Note 25 to the financial statements regarding adjustments related to the translation of the financial statements of foreign operations, and the non-recognition of investments in joint ventures and the share of profit from joint ventures due to the subsidiary not yet making payment for the investment and the absence of documentation evidencing the rights in the joint venture, the Company is currently unable to recognize the investment in the subsidiary. This is because the machinery installation is not yet complete, and the investment assets must be assessed after the machinery installation is completed and successfully tested. The Company will provide further updates should additional progress be made.

8. 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.

9. Regarding the impact of the Thailand–Cambodia border situation, the Company is currently addressing the issue by completing the finishing processes at its factory in Thailand, as it is still unable to transport goods through the border checkpoints. The Company will provide further updates should there be any additional progress.

Yours sincerely,



(Mr. Varoonchai Leekanchanakorn)
Managing Director