

SAF # 004/2026_ENG

May 11, 2026

Subject: Management Discussion and Analysis for the three-months period ended March 31, 2026 and clarification of the operating results changed over 20% comparing to the same period of the last year

Attention: Directors and Managers
Stock Exchange of Thailand

S.A.F. Special Steel Public Company Limited (the "Company") would like to clarify the operating results for the three-months period ended 31 March, 2026 which changed over 20% comparing to the same period of the previous year per following details:

1. Summary of operating results

Statements of Comprehensive Income

Million Baht	Quarter 1/2026	Quarter 1/2025	YoY
			% +(-)
Revenue from Sales and Services	40.27	48.37	(16.75%)
Cost of Sales and Services	31.63	38.73	(18.33%)
Gross Profit	8.64	9.64	(10.37%)
Distribution Costs	1.57	1.61	(2.48%)
Administrative Expenses	6.64	7.22	(7.89%)
Gain on Exchange Rate	0.14	0.18	(22.22%)
Other Income	0.20	0.10	100.00%
EBIT	0.77	1.09	(29.36%)
Financial Costs	1.00	1.31	(23.66%)
Tax Expense	0.01	(0.06)	(83.33%)
Net Profit (loss) for period	(0.24)	(0.16)	(50.00%)
Depreciation and Amortization	1.65	1.54	7.14%
EBITDA	2.41	2.64	(8.37%)
Gross Profit margin (%)	21.46%	19.93%	7.68%
EBITDA margin (%)	5.93%	5.43%	9.76%
Net Profit Margin (%)	(0.59%)	(0.33%)	(78.79%)
Basic loss per share (Baht)	(0.001)	(0.001)	0.000%

Table Showing Revenue from Sales and Services of the Company's Products Classified by Type

	For the three-months Period Ended on March 31,			
	2026		2025	
	Million baht	percent	Million baht	percent
Revenue from Sales:				
1) Revenue from Sales of Special Steel				
- For Mold & Dies	29.14	71.76	37.58	77.25
- For Engineering Machinery	6.34	15.61	8.14	16.73
Total Revenue from Sales of Special Steel	35.48	87.37	45.72	93.98
2) Others Sales Revenue ^{1/}	1.03	6.80	0.99	2.03
Total Revenue from Sales	36.51	94.17	46.71	96.01
Revenue from Services :				
3) Revenue from Hardening Services	3.76	5.00	1.66	3.41
Total Revenue from Sales and Services	40.27	99.17	48.37	99.42
Other Income ^{2/}	0.34	0.83	0.28	0.58
Total Revenues	40.61	100.00	48.65	100.00

Remark

^{1/} Other sales revenue, e.g., sales revenue from bandsaw blades, band sawing machines, finished molds & dies, other equipment parts, etc.

^{2/} Other income consists of gain from exchange rates, gain from disposal of assets, interest income and income from the sale of scrap, etc.

Revenue from Sales

Revenue from Sales consists of sales revenue from special steel and revenue from other sales. The details are as follows:

1) Revenue from Sales of Special Steel

For the Three-months period ended March 31, 2026, the Company's primary income from the sale of special steel was 35.48 million baht, 87.37 percent of the Company's total revenue, which could be separated into two main categories: 1) Revenue from sales of special steel for molds & dies, which was equal to 71.76 percent of total revenue and 2) Revenue from sales of special steel for engineering machinery, which was equal to 15.61 percent of total revenue.

1.1 Revenue from Sales of Special Steel for Molds & Dies

For the Three-months period ended March 31, 2026, the Company's revenue from sales of special steel for molds & dies was 29.14 million baht, decrease of 8.44 million baht or 22.46 percent from the same period of last year due to significant decrease of orders from the customers in Construction Materials industry especially Aluminium Profile group resulting from the intensively price competition.

1.2 Revenue from Sales of Special Steel for Engineering Machinery

For the Three-months period ended March 31, 2026, the Company's revenue from sales of special steel for engineering machinery was 6.34 million baht, decrease of 1.80 million baht or 22.11 percent from the same period of last year due to reduction of orders for Hard-Facing plates from the customers in Cement industry.

2) Others Sales Revenue

Other sales revenue consists of sales of band saw blades, the finished molds & dies, and industrial equipment parts. For the Three-months period ended March 31, 2026, the Company's revenue from other sales was 2.76 million baht, increase of 1.77 million baht or 178.79 percent from the same period of last year because of the order for finished industrial equipment parts from a Japanese customer.

3) Revenue from Hardening Services

For the Three-months period ended March 31, 2026, the Company's revenue from hardening services was 2.03 million baht, increase of 0.37 million baht or 22.29 percent from the same period of last year due to more customers for Nitriding service.

Other Income

The Company's other income consists of gain from exchange rates, gain from disposal of assets, interest income and income from the sale of scrap etc. For the Three-months period ended March 31, 2026, the Company's other income was 0.34 million baht, increase of 0.06 million baht or 21.43 percent from the same period of last year.

Cost of Sales and Services and Gross Profit Margin

	For the 3-Months Period Ended on March 31,	
	2026	2025
Revenue from Sales and Services (Million baht)	40.27	48.37
Cost of Sales and Services (Million baht)	31.63	38.73
Gross Profit Margin (Million baht)	8.64	9.64
Cost of Sales and Services (%)	78.54	80.07
Gross Profit Margin (%)	21.46	19.93

For the Three-months period ended March 31, 2026, the Company's cost of sales and services was 31.63 million baht, 78.54 percent of Revenue from Sales and Services, decrease of 7.10 million baht from the same period of last year. Meanwhile gross profit margin was 8.64 million baht, 21.46 percent of Revenue from Sales and Services, decrease of 1.00 million baht from the same period of last year, as result of decrease in total Revenue from Sales and services for 16.75 percent from the same period of last year.

Distribution Cost

For the Three-months period ended March 31, 2026, the Company's distribution cost was 1.57 million baht, decrease of 0.04 million baht or 2.48 percent from the same period of last year, because of decrease in sales revenue compared to the same period of last year.

Administrative Expenses

For the Three-months period ended March 31, 2026, the Company's administrative expenses was 6.64 million baht, increase of 0.58 million baht or 8.03 percent from the same period of last year, due to the last year loss from retired assets sold out as well as continuous expense control measures.

Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)

For the Three-months period ended March 31, 2026, the Company's Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) was 2.41 million baht, decrease of 0.23 million baht or 8.71 percent from the same period of last year, because of decrease in Revenue from sales and services as well as Gross profit margin compared to the same period of last year.

Financial Cost

For the Three-months period ended March 31, 2026, the Company's financial costs was 1.00 million baht, decrease of 0.31 million baht or 23.66 percent from the same period of last year, because of decrease in total interest rate of loans from financial institutions.

Net (loss) Profit

For the Three-months period ended March 31, 2026, the Company's loss was 0.24 million baht versus the same period of last year loss of 0.16 million baht, as result of decrease in total Revenue from Sales and services comparing to the same period of last year.

Statements of Financial Position

	31 March 2026	31 December 2025	Increase / (Decrease)	
	Million baht	Million baht	Million baht	percent
Assets	395.87	384.89	10.98	2.85%
Liabilities	129.15	117.93	11.22	9.51%
Shareholders' Equity	266.72	266.96	(0.24)	(0.09%)

Total Assets

The main assets of the Company consist of 1) Cash and cash equivalents 2) Inventories 3) Trade and Other Current Receivables 4) Property, Plant and Equipment. As of March 31, 2026 total assets were 395.87 million baht, increase of 10.98 million baht or 2.85 percent compared to the end of year 2025, because of the increase in Trade and Other Current Receivables and inventories compared to the end of last year.

Total Liabilities

The main liabilities of the Company consist of 1) Bank overdrafts and short-term loans from financial institutions 2) Trade payables and other current payables 3) Long-term loans from financial institutions and lease liabilities. The Company's total liabilities as of March 31, 2026 were 129.15 million baht, increase of 11.22 million baht or 9.51 percent compared to the end of year 2025, mainly due to the increase of Short-term loans from financial institutions.

Shareholders' Equity

The shareholders' equity of the Company as of March 31, 2026 was 266.72 million baht, decrease of 0.24 million baht compared to the end of year 2025, resulting from total comprehensive loss for this period of 0.24 million baht.

2. Summary of Financial Status

	For the 3-Month Period Ended on March 31,		For the Year Ended December 31,	
	2026	2025	2025	2024
Gross Profit Margin (%)	21.46	19.93	19.74	19.69
EBITDA (million baht)	2.41	2.64	7.56	7.63
Net Profit Margin (%)	(0.59)	(0.33)	(1.82)	(1.47)
Debt to Equity Ratio (Times)	0.48	0.45	0.44	0.47
Return on Equity (%)	(0.36)	(0.23)	(1.13)	(0.87)
Return on Total Assets (%)	(0.25)	(0.16)	(0.78)	(0.60)

3. Overall Business Economics and Related Industries

SAF business is to sell special steels and industrial products to various industries in Thailand by importing products from manufacturers in Europe and Asia.

Additionally, SAF also provide the services such as Vacuum Hardening and Nitriding services using reliable and efficient machines. Also, SAF has own capacity warehouses for inventory of several products for prompt delivery in term of both quantity and variety, including providing technical advices to obtain the highest efficiency.

While the industrial manufacturing sectors still slowdown, especially automotive parts and construction materials which are the company's major customer sectors, referring to the number of car production in the first quarter of 2026 at 369,751 units reported by The Federation of Thai Industries. Therefore, the company has changed the business plan to encounter and looking for both new markets and new products to improve the revenue in the future.

Moreover, the company is monitoring the effects from Middle East conflict in product prices, fuel cost, freight cost, and various expenses occurred, but the company started the Risk assessment as well as prepared some mitigation plans.

4. Summary of Significant Development

With intention for business growth, the company has built the 3rd warehouse (SAF3) for 2,000 tons inventory capacity. At present it is being under approval process for Factory Operation Permit, which expectingly to be officially full operation in the second quarter of this year. At this new warehouse, the modern equipment and machines are installed to enhance both potential and capability in our business.

Meanwhile, SAF is additionally appointed to be the authorized distributor in Thailand for following products:

- Special steels and alloys metal from DONGBEI GROUP having two production plants, DALIAN SPECIAL STEEL and FUSHUN SPECIAL STEEL, who are the leading and major producers in China.
- Chucks and Rotary Tables in CNC machines branded MMK (MATSUMOTO MACHINE) from Japan, which is the new product offered to the existing customers for the future.



5. Factors for Business Operation and Future Growth

With extremely high Household debt, resulting in serious striction in loans approval, negatively affect in many manufacturing industries. Moreover, with additional effects from international trade tariffs due to Trade War including effects from the Middle East prolonged conflict resulting in tendency of overall industries slowdown, the company has started to adjust strategy and diversify the business by expanding to the other industries accordingly to the business growth plan per JUMP+ Project for examples Food & Packaging, Power Plant, Electronics as well as Defense industries.

6. Sustainability Development

SAF set up the policy and procedure regarding Environment Social and Governance (ESG) by referring to the international guideline.

SAF realize and conduct the business with responsibility to Environment and Social as well as stakeholders to achieve sustainable growth.

For the year 2026 SAF target is to reduce the total Greenhouse Gas Emission for 5% of Carbon Intensity by product sales, and aiming towards the goal of total 20% reduction in 2028 per Climate Action Plan of JUMP+ Project.

Please kindly be informed accordingly.

Yours sincerely,

Pisit Ariyadejwanich

Chief Executive Officer
S.A.F. Special Steel Public Company Limited