No. SAM-021/2026

July 3, 2026

Re : Management Discussion and Analysis for the Annual Financial Statements for the Year Ended December 31, 2025.

To : Managing Director
The Stock Exchange of Thailand

Samchai Steel Industries Public Company Limited (the "Company") would like to clarify the reasons for the changes in its operating results for the year ended December 31, 2025, compared with the corresponding period of 2024 (Revised), as follows:

1. The Company reported sales revenue of THB 5,649.43 million, representing a decrease of THB 1,362.79 million, or 19.43%, compared with the previous year. The decrease was primarily attributable to fluctuations in steel prices in the market and the current economic conditions, which led to a slowdown in customer demand. In addition, the continued closure of the Thailand–Cambodia border checkpoints adversely affected the Company's sales. As a result of these factors, the Company's sales revenue declined compared with the previous year.

2. Cost of sales amounted to THB 5,490.45 million, representing a decrease of THB 1,383.60 million, or 20.13%, compared with the previous year. The decrease was in line with the decline in sales revenue.

3. As a result of the factors described in Item 2, the Company reported a gross profit of THB 141.67 million, representing a decrease of THB 104.08 million compared with the previous year, in line with the decline in sales revenue. Selling and administrative expenses amounted to THB 154.44 million, an increase of THB 17.46 million from the previous year. The increase was mainly attributable to expenses incurred for a special audit and a higher allowance for expected credit losses, as certain trade receivables experienced delays in payment.

4. Finance costs amounted to THB 85.41 million, an increase of THB 18.38 million, or 27.42%, compared with the previous year. The increase was primarily due to higher utilization of bank credit facilities to support the Company's sales activities.

5. As a result of the factors discussed above, the Company reported a net loss of THB 262.11 million for the year 2025, representing an increase in net loss of THB 272.81 million compared with the previous year. The increase in the net loss was primarily attributable to the recognition of an allowance for expected credit losses in accordance with the Company's policy. A 100% allowance was provided for receivables that had been outstanding for more than 12 months, receivables subject to legal proceedings, and receivables with collection issues.

Nevertheless, the Company has been able to recover a portion of such outstanding receivables. In addition, the Company recognized an allowance for expected credit losses on receivables from related parties, as well as deferred income tax expenses arising from estimated future tax effects.

Accordingly, these factors resulted in the Company reporting the aforementioned net loss for the year 2025.

6. The expected credit loss recognized during the year was primarily attributable to the allowance for expected credit losses on the Company's trade receivables amounting to THB 38.42 million and on receivables from related parties amounting to THB 90.25 million.

7. With respect to the auditor's observation, the Company's subsidiary in Cambodia has investment property in the form of buildings with a carrying amount of THB 58.16 million, right-of-use assets relating to land use rights with a carrying amount of THB 12.70 million, and an investment in the subsidiary amounting to THB 115.81 million. These assets are located in the Thailand–Cambodia border area, which remains subject to the ongoing Thailand–Cambodia border dispute.

At present, the subsidiary has suspended its business operations and is in the process of assessing the operating assets for a potential sale to a joint venture. The Company will keep investors informed of any material developments should there be any changes in the situation.

8. With respect to the auditor's observation regarding the presentation of the reversal of the allowance for inventory write-down, the Company has corrected the error by restating the consolidated and separate financial statements for the year ended December 31, 2024, based on the findings of the special audit.

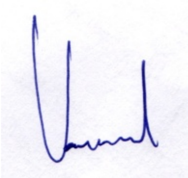
However, another independent auditor has audited the management's adjustments to such financial statements and concluded that the adjustments were not appropriate. In addition, the auditor was unable to perform alternative audit procedures to determine whether any further adjustments were necessary and, if so, the extent of such adjustments. Accordingly, if this matter is not appropriately resolved, it may affect the consolidated statement of comprehensive income and the separate statement of comprehensive income for the year ended December 31, 2024.

Nevertheless, the consolidated statement of comprehensive income and the separate statement of comprehensive income for the year ended December 31, 2025, were not affected by this matter.

10. With respect to the non-compliance with the required Debt-to-Equity (D/E) ratio covenant, the Company would like to clarify that the non-compliance is currently being waived by the financial institution. The Company is in the process of ongoing negotiations with the bank. At the same time, the bank is considering an adjustment to increase the required D/E ratio threshold from the original level to a more appropriate level that the Company is able to comply with, thereby preventing future non-compliance. The matter remains under negotiation regarding the appropriate covenant level.

11. With regard to the impact of the Thailand–Cambodia border situation, the Company continues to mitigate the issue by performing the final finishing process at its manufacturing facility in Thailand, as it is currently unable to transport goods through the border checkpoints. The Company will continue to monitor the situation and will inform investors of any further developments accordingly.

Yours sincerely,



(Mr.Varoonchai Leekanchanakorn)
Managing Director