Asiametal

AMC2026-08-001

Date 13 August 2026

Subject: **Management Discussion and Analysis (MD&A) for the operating results for the second quarter ended June 30, 2026**

To: **President, The Stock Exchange of Thailand**

Operating Performance Overview

For the second quarter ended June 30, 2026, Asia Metal Public Company Limited reported a net profit of THB 88.30 million, an increase of THB 77.97 million compared to the second quarter of 2025, which recorded a net profit of THB 10.34 million. The increase in net profit was driven primarily by a higher gross profit margin of 18.30%, up from 4.64% in Q2/2025.

Statement of Comprehensive Income for the three-month period ended 30 June 2026	30 Jun 2026 Million Baht	30 Jun 2025 Million Baht	Change Million Baht	Change %
Revenue				
Revenue from sale of goods and services	955.61	1,807.58	(851.98)	(47.13%)
Gain on exchange rate, net	-	15.55	(15.55)	(100.00%)
Other income	9.13	5.84	3.29	56.24%
Total Income	**964.74**	**1,828.98**	**(864.24)**	**(47.25%)**
Expenses				
Costs of sales of goods and services	780.74	1,723.79	(943.06)	(54.71%)
Distribution costs	19.12	25.24	(6.12)	(24.26%)
Administrative expenses	28.21	27.93	0.28	0.99%
Loss on exchange rate, net	1.35	-	1.35	-
Total Expenses	**829.41**	**1,776.97**	**(947.55)**	**(53.32%)**
Operating Result				
Profit (Loss) from operating activities	**135.33**	**52.01**	**83.31**	**160.17%**
Finance costs	6.87	11.16	(4.29)	(38.46%)
Share of loss of associate	(14.41)	(22.06)	7.64	34.65%
Profit (Loss) before income tax expense	**114.05**	**18.80**	**95.25**	**506.72%**
Income tax expense	25.75	8.46	17.28	204.24%
Profit (Loss) for the period	**88.30**	**10.34**	**77.97**	**754.39%**

Revenue from Operations and Other Income

Revenue from sales of goods and services were THB 955.61 million, a decrease of THB 851.98 million, or 47.13%, compared to Q2/2025. The decline was driven primarily by lower sales volumes, as production and customer deliveries were deferred due to delayed deliveries of steel slab raw material. The Company has closely monitored the situation and adjusted its raw material sourcing strategy accordingly.

Costs and Expenses:

Cost of goods sold and services was THB 780.74 million, a decrease of THB 943.06 million, or 54.71%, resulting in an improvement in gross profit margin from 4.64% in Q2/2025 to 18.30%, driven primarily by higher average selling prices and disciplined raw material cost management.

Distribution costs were THB 19.12 million, down THB 6.12 million, or 24.26%, in line with lower sales volumes.

Administrative expenses were THB 28.21 million, a slight increase of THB 0.28 million, or 0.99%, broadly unchanged from Q2/2025.

Net foreign exchange loss was THB 1.35 million, compared with a net foreign exchange gain of THB 15.55 million in Q2/2025, reflecting movements in the Thai baht.

Finance costs were THB 6.87 million, a decrease of THB 4.29 million, or 38.46%, following the repayment of short-term borrowings during the period.

Share of Profit (Loss) from Investments

Share of loss from associates: The Company recognised a share of loss from associates under the equity method of THB 14.41 million, an improvement of THB 7.64 million from the share of loss of THB 22.06 million recorded in Q2/2025.

Statement of Financial Position as of 30 June 2026	30 Jun 2026 Million Baht	31 Dec 2025 Million Baht	Change Million Baht	Change %
Assets				
Current assets	2,355.39	2,555.70	(200.31)	(7.84%)
Non-current assets	2,592.81	2,615.24	(22.42)	(0.86%)
Total Assets	**4,948.20**	**5,170.94**	**(222.74)**	**(4.31%)**
Liabilities				
Current liabilities	1,485.68	1,791.67	(306.00)	(17.08%)
Non-current liabilities	106.98	104.72	2.26	2.16%
Total Liabilities	**1,592.66**	**1,896.39**	**(303.74)**	**(16.02%)**
Equity				
Total Equity	3,355.54	3,274.54	81.00	2.47%
Total Liabilities and Equity	**4,948.20**	**5,170.94**	**(222.74)**	**(4.31%)**

Financial Position Overview

As of June 30, 2026, total assets stood at THB 4,948.20 million, a decrease of THB 222.74 million, or 4.31%, from December 31, 2025. Key highlights are as follows:

Current assets were THB 2,355.39 million, down THB 200.31 million, or 7.84%. Trade and other receivables decreased by THB 376.92 million on collections, while inventories increased by THB 138.55 million to support production and deliveries in the second half of the year.

Non-current assets were THB 2,592.81 million, a slight decrease of THB 22.42 million, or 0.86%.

Total liabilities were THB 1,592.66 million, down THB 303.74 million, or 16.02%, from year-end 2025, with short-term borrowings from financial institutions decreasing by THB 374.89 million as cash collected from receivables was applied to debt repayment.

Shareholders' equity was THB 3,355.54 million, an increase of THB 81.00 million, or 2.47%, supported by net profit for the six-month period, net of dividends paid.

Outlook and Key Factors to Monitor

The steel industry continues to face headwinds from raw material price volatility, rising energy costs, and broader global economic uncertainty. The Company actively monitors these conditions and manages its production capacity and cost base accordingly.

During the second quarter of 2026, the Company's operations were significantly affected by the conflict in the Middle East, which disrupted the supply chain and transportation of raw materials used by the Company and its associate — in particular steel slab, a key upstream raw material for the production of hot rolled coil (HRC), which could not be delivered as planned. Raw material imports were consequently delayed by approximately 2–3 months, affecting the continuity of production plans, cost management, and delivery schedules for certain customers.

The impact on the Company differs from that on certain other operators in the industry, as the Company holds an investment in an associate that produces hot rolled coil using imported slab as its principal raw material. Hot rolled coil is in turn a key upstream input for the Group, used in the production of galvanized steel (GI) and cold formed steel products such as steel pipes and C-channels. Disruption to the slab supply therefore affected the Group's production chain across several products.

To manage raw material risk and reduce reliance on the original supply source, the Company has accelerated the sourcing of alternative supply from countries in Asia, including China, Indonesia and other potential sources. Changing raw material sources must nonetheless be undertaken with care, as the chemical and physical properties of slab may differ from source to source. The Company is therefore placing trial orders and conducting production process and quality testing to confirm that material from new sources can produce goods to the Company's technical specifications and quality standards before full commercial use, a process that requires time for testing and evaluation.

In addition, sourcing from new suppliers, together with costs incurred during testing and production adjustment, is likely to increase raw material and production costs compared with the original source. The Company therefore expects the change of supply sources and trial orders to continue to affect production costs during the third and fourth quarters of 2026. Management is closely monitoring raw material prices, quality, logistics and production efficiency to manage the cost impact and maintain product quality at appropriate levels.

The situation has also directly affected the start-up and capacity ramp-up plan of the galvanized steel (GI) project, as hot rolled coil is the principal raw material for the galvanizing process. With upstream supply delayed, and with time required to test material from new sources to confirm that its properties and quality are suitable for the production process, the production line testing, capacity ramp-up and commercial-scale production of the GI project are behind the original plan.

The Company now expects the ramp-up of galvanized steel capacity to planned levels to be deferred to late 2026. During the third and fourth quarters, the Company will progressively test raw materials, fine-tune production processes and control product quality to ensure that products meet standards and customer specifications before commercial-scale ramp-up. This deferral may result in revenue recognition from galvanized steel products in the second half of the year being more gradual than previously anticipated.

Nonetheless, the Company continues to pursue business opportunities for galvanized steel products and is in the process of obtaining SIRIM certification to support sales to export markets, which it expects to receive within the third quarter of 2026. This will enhance the Company's potential, extending from its traditional focus on the domestic market toward a broader international customer base.

SIRIM certification will be a further key element of market readiness, alongside continued improvement in production efficiency. Once production processes and raw material supply return to normal, the Company will be positioned to expand sales in both domestic and export markets, diversifying market risk, broadening the customer base and supporting growth in revenue from value-added products over time.

Although the Company has faced constraints from raw material supply uncertainty and geopolitical conditions in the first half of the year, continuing into the second half of 2026, it remains focused on securing its supply chain, diversifying raw material sources, controlling quality and managing costs, alongside preparing production and market expansion for galvanized steel products, to strengthen its competitiveness and the long-term stability of the business.

Notwithstanding the impact on production from the raw material supply factors described above, the Company's financial position and liquidity remain strong. As of June 30, 2026, the current ratio stood at 1.59 times, net working capital at THB 869.71 million, and the debt-to-equity (D/E) ratio at 0.47 times, down from 0.58 times at year-end 2025, with THB 374.89 million of short-term borrowings repaid during the six-month period. Management believes this level of liquidity and capital structure is sufficient to support normal operations and the Company's investment plans.

Please be informed accordingly.

Sincerely yours,

Mr. Chusak Yongvongphaiboon

Managing Director

Asia Metal Public Company Limited