บริษัท เอส.เอ.เอฟ. สเปเชียล สตีล จำกัด (มหาชน)
S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
สำนักงานใหญ่ เลขที่ 110 ซอยเทียนทะเล 24 ถนนบางขุนเทียน-ชายทะเล แขวงท่าข้าม เขตบางขุนเทียน กรุงเทพฯ

SAF # 006/2026_ENG

August 13, 2026

Subject: Management Discussion and Analysis for the six-month period ended June 30,2026 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 six-month period ended June 30, 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 2/2026	Quarter 1/2026	QoQ % +(-)	H1/2026	H1/2025	YoY % +(-)
Revenue from Sales and Services	45.05	40.27	11.87%	85.32	95.11	(10.29%)
Cost of Sales and Services	35.07	31.63	10.88%	66.70	76.77	(13.12%)
Gross Profit	9.98	8.64	15.51%	18.62	18.34	1.53%
Distribution Costs	1.83	1.57	16.56%	3.39	3.29	3.04%
Administrative Expenses	6.77	6.64	1.96%	13.42	13.90	(3.45%)
Gain on Exchange Rate	0.30	0.14	114.29%	0.44	0.21	109.52%
Other Income	0.05	0.20	(75.00%)	0.25	0.17	47.06%
EBIT	1.73	0.77	124.68%	2.50	1.53	63.40%
Financial Costs	1.15	1.00	15.00%	2.16	2.52	(14.29%)
Tax Expense	0.09	0.01	800.00%	0.09	(0.20)	(145.00%)
Net Profit (loss) for period	0.49	(0.24)	304.17%	0.25	(0.79)	131.65%
Depreciation and Amortization	1.67	1.65	1.82%	3.32	3.21	3.43%
EBITDA	3.40	2.42	40.50%	5.82	4.74	22.78%
Gross Profit margin (%)	22.15%	21.46%		21.82%	19.28%	
EBITDA margin (%)	7.49%	5.96%		6.77%	4.97%	
Net Profit Margin (%)	1.08%	(0.59%)		0.29%	(0.83%)	
Basic loss per share (Baht)	0.002	(0.001)	300.00%	0.001	(0.003)	133.33%

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

	For the six-month Period Ended on June 30,			
	2026		2025	
	Million baht	percent	Million baht	percent
Revenue from Sales:				
1) Revenue from Sales of Special Steel				
- For Mold & Dies	62.97	73.21	67.30	70.48
- For Engineering Machinery	15.14	17.60	20.09	21.04
Total Revenue from Sales of Special Steel	78.11	90.81	87.39	91.52
2) Others Sales Revenue [/1]	1.82	2.12	4.67	4.89
Total Revenue from Sales	79.93	92.93	92.06	96.41
Revenue from Services :				
3) Revenue from Services	5.39	6.27	3.05	3.19
Total Revenue from Sales and Services	85.32	99.20	95.11	99.60
Other Income [/2]	0.69	0.80	0.38	0.40
Total Revenues	86.01	100.00	95.49	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 six-month period ended June 30, 2026 , the Company's primary income from the sale of special steel was 78.11 million baht, 90.81 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 73.21 percent of total revenue and 2) Revenue from sales of special steel for engineering machinery, which was equal to 17.60 percent of total revenue.

1.1 Revenue from Sales of Special Steel for Molds & Dies

For the six-month period ended June 30, 2026, the Company's revenue from sales of special steel for molds & dies was 62.97 million baht, decrease of 4.33 million baht or 6.43 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 six-month period ended June 30, 2026, the Company's revenue from sales of special steel for engineering machinery was 15.14 million baht, decrease of 4.95 million baht or 24.64 percent from the same period of last year due to reduction of orders for Hard-Facing plates from the customers in Cement industry as well as from Automotive parts 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 six-month period ended June 30, 2026, the Company's revenue from other sales was 1.82 million baht, decrease of 2.85 million baht or 61.03 percent from the same period of last year as in the first half of this year there was no selling of spare parts of plastic injection machine as the last year.

3) Revenue from Services

For the six-month period ended June 30, 2026, the Company's revenue from services was 5.39 million baht, increase of 2.34 million baht or 76.72 percent from the same period of last year due to additionally specific maintenance job from a Japanese customer.

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 six-month period ended June 30, 2026, the Company's other income was 0.69 million baht, increase of 0.31 million baht or 81.58 percent from the same period of last year.

Cost of Sales and Services and Gross Profit Margin

	For the six-month Period Ended on June 30,	
	2026	2025
Revenue from Sales and Services (Million baht)	85.32	95.11
Cost of Sales and Services (Million baht)	66.70	76.77
Gross Profit Margin (Million baht)	18.62	18.34
Cost of Sales and Services (%)	**78.18**	**80.72**
Gross Profit Margin (%)	**21.82**	**19.28**

For the six-month period ended June 30, 2026, the Company's cost of sales and services was 66.70 million baht, 78.18 percent of Revenue from Sales and Services, decrease of 10.07 million baht from the same period of last year. Meanwhile gross profit margin was 18.62 million baht, 21.82 percent of Revenue from Sales and Services, increase of 0.28 million baht from the same period of last year, as result of increasing selling price adjustment and higher gross profit margin from raw materials.

Distribution Cost

For the six-month period ended June 30, 2026, the Company's distribution cost was 3.39 million baht, increase of 0.10 million baht or 3.04 percent from the same period of last year, because of increase in sales expenses compared to the same period of last year, but with continuous cost control measures.

Administrative Expenses

For the six-month period ended June 30, 2026, the Company's administrative expenses was 13.42 million baht, decrease of 0.48 million baht or 3.45 percent from the same period of last year, due to 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 six-month period ended June 30, 2026, the Company's Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) was 5.82 million baht, increase of 1.08 million baht or 22.78 percent from the same period of last year, because of increasing Gross profit margin compared to the same period of last year.

Financial Cost

For the six-month period ended June 30, 2026, the Company's financial costs was 2.16 million baht, decrease of 0.36 million baht or 14.29 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 six-month period ended June 30, 2026, the Company's gain was 0.25 million baht versus the same period of last year loss of 0.79 million baht, because of increasing Gross profit margin compared to the same period of last year.

Statements of Financial Position

	30 June 2026	31 December 2025	Increase / (Decrease)	
	Million baht	Million baht	Million baht	percent
Assets	391.63	384.89	6.74	1.75%
Liabilities	124.42	117.93	6.49	5.50%
Shareholders' Equity	267.21	266.96	0.25	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 June 30, 2026 total assets were 391.63 million baht, increase of 6.74 million baht or 1.75 percent compared to the end of year 2025, mainly because of the increase in Cash and cash equivalents and Trade and other receivable for 15.86 million baht and decrease in inventories for 9.12 million baht.

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 June 30, 2026 were 124.42 million baht, increase of 6.49 million baht or 5.50 percent compared to the end of year 2025, mainly due to the increase of Short-term borrowings from financial institutions and other liabilities for 23.14 million baht, but decrease in Trade Payable and other payable and Long-term loans from financial institutions for 16.65 million baht.

Shareholders' Equity

The shareholders' equity of the Company as of June 30, 2026 was 267.21 million baht, increase of 0.25 million baht compared to the end of year 2025, resulting from total comprehensive gain for this period of 0.25 million baht.

2. Summary of Financial Status

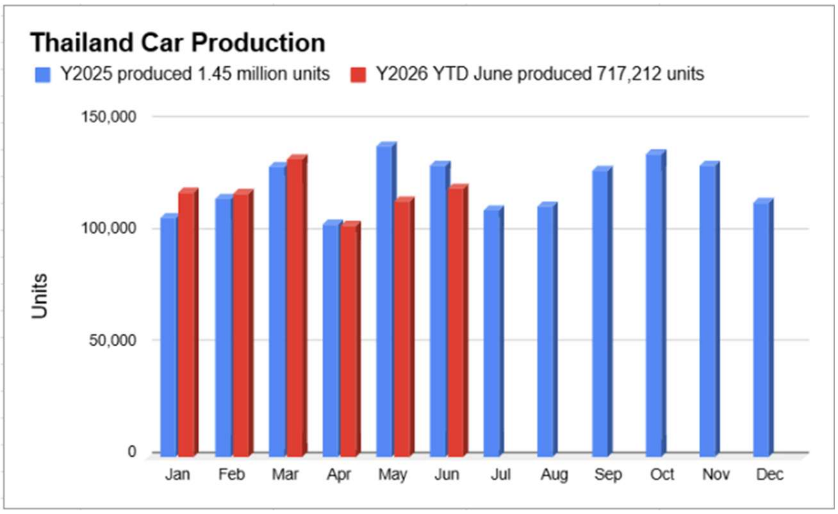
	For the six-Month Period Ended on June 30,		For the Year Ended December 31,	
	2026	2025	2025	2024
Gross Profit Margin (%)	21.82	19.28	19.74	19.69
EBITDA (million baht)	5.82	4.74	7.56	7.63
Net Profit Margin (%)	0.29	(0.83)	(1.82)	(1.47)
Debt to Equity Ratio (Times)	0.47	0.47	0.44	0.47
Return on Equity (%)	0.19	(0.58)	(1.13)	(0.87)
Return on Total Assets (%)	0.13	(0.40)	(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 2 quarters of 2026 at 717,212 units while the revised target of car production in 2026 is decreased to be 1.45 million units reported by The Federation of Thai Industries. Moreover, the average industrial capacity utilization rate is lower than 60% reported by The Office of Industrial Economics. 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.



Additionally, 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

After SAF has built the 3rd warehouse (SAF3) for 2,000 tons inventory capacity, at present the operating license was approved and it has been in officially full operation to enhance both potential and capability in our business.

In 2026, 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. Meanwhile, SAF started to set up ERS Management which is the crucial and indispensable system for entering into the supply chain of Electronics industry.

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. Furthermore, SAF has declared our intention to join as a member of the Thai Private Sector Collective Action Against Corruption (CAC) and will apply for CAC Certification in 2027.

Please kindly be informed accordingly.

Yours sincerely,

Pisit Ariyadejwanich

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