Management Discussion and Analysis: MD&A

Operating Result of the 2nd Quarter and the 1st Half of 2025

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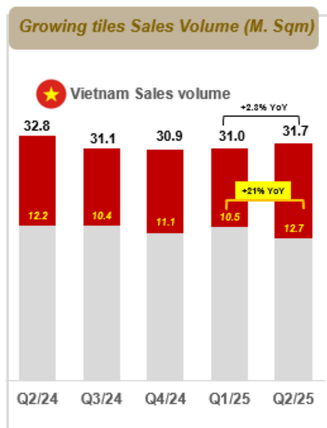
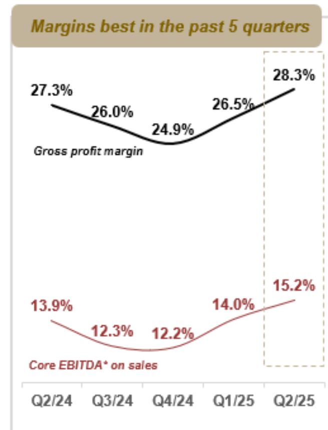
Summary of Quarter 2 2025 Operating result

- **SCG Decor reported a sales volume increase from 31 million square meters in Q1 2025 to 31.7 million square meters in Q2 2025. This growth was primarily due to an increase in sales volume in Vietnam, rising from 10.5 million to 12.7 million square meters according to the economy and recovering real estate market.**





- **The Company achieved a gross profit margin of 28.3% and an EBITDA on sales of 15.2%, the highest in the last five quarters.**

Following the recovery of Vietnamese market, sales volume grew by +21% compared to the previous quarter, driven by rising domestic demand and improved export capabilities and the Company's ability to manage cost to a level comparable with world-class players. The Company has established the following operational strategies:

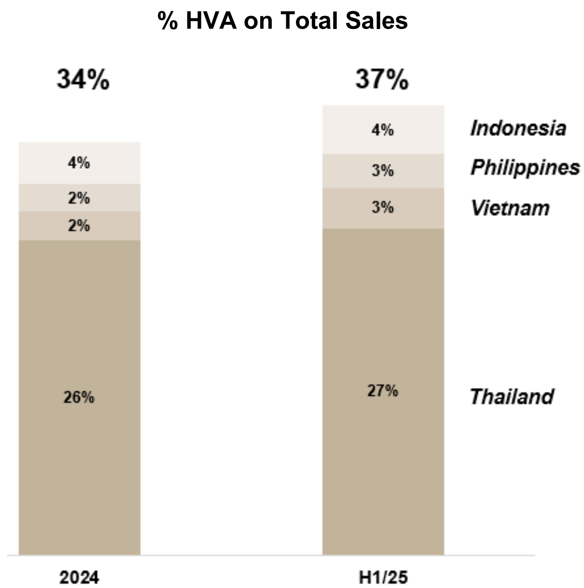
<u>**4 Strategies focusing on driving Sales Growth:**</u>

1. **Positioning Vietnam as a strategic Export Hub:** in H1 2025, Vietnam export sales increased +27.3%. New export markets include Singapore, Mexico, and the Czech Republic.
2. **Expanding Glazed Porcelain tile Capacity:** SCG Decor plans to increase glazed porcelain tile production capacity in Vietnam by 5 million square meters in 2025, reaching a total of 19 million square meters. The long-term goal is to reach 45 million square meters by 2030. H1 2025 sales volume increased +27% from the same period last year driven by domestic demand and increased exports.

3. **Growing sourcing of New Growth product**: SCG Decor is leveraging its strong sourcing capabilities to import New Growth products into Thailand to diversify its portfolio. In H1 2025, imports increased +37%

from the same period last year especially import of Complementary products including tile adhesives and grout, sealant, doors and windows, and kitchen worktops, increased +58% from the same period last year.

4. **Growing High-Value-Added (HVA) Products**:
   The Company is focusing on HVA products with 5-10% higher margins than commodity products. The proportion of HVA products increased to 37% of total sales.



<u>4 Profitability Enhancement Strategies:</u>

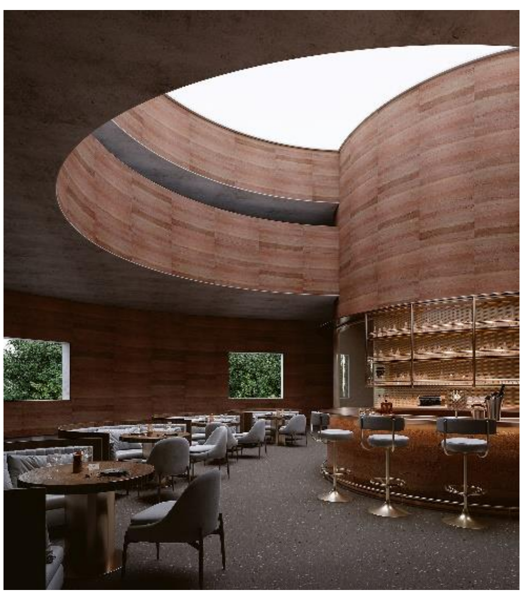
In Q2 2025, the Company successfully reduced energy cost per square meter to 29 Baht partially from Baht appreciation against local currency of the countries we have operation in namely Vietnam, the Philippines and Indonesia. Details are as follows:

1. **Continuing energy costs reduction:** in H1 2025, the Company successfully increased the proportion of electricity used from solar energy to 12%, resulting in cost savings of 16 million Baht per year, from the goal of using electricity from solar energy at 15% in 2030. In addition, the use of heat energy from biomass fuel increased to 22%, resulting in cost savings of 20 million Baht per year, from the target of using heat energy from biomass fuel at 46% in 2030. The total cost reductions of 36 million Baht per year.

2. **Optimizing Raw Material Cost**: Ongoing negotiations with suppliers, the Company achieved cost saving of 14 million Baht in H1 2025, with estimated further saving of 16 million Baht in H2 2025. The total cost saving is estimated at 30 million Baht per year.

3. **Continuing Business Restructuring and educing Working Capital:** through the use of AI and digital systems to increase work efficiency, such as using automation to open sanitary ware molds, move sanitary ware pieces, and spray paint, which helps increase production efficiency. Although there was a one-time expense of 76 million Baht from the restructuring in this quarter, it has enabled the Company to reduce costs by an additional 60 million Baht per year. Furthermore, through efficient working capital management account receivable management, and inventory management, the Company was able to reduce costs from business restructuring and working capital reduction by another 80 million Baht per year, resulting in total cost reductions of 140 million Baht per year.

4. **Unlocking potential growth through Global Partnerships:** Collaborations with global partners in technology, innovation, and product design are being pursued to enhance competitiveness.



Q2 and H1 2025 Operating Result

In Q2 2025, the Company continued to increase profitability. Gross profit margin was 28.3%, excluding the impact of non-recurring expenses—such as expenses related to the business restructuring, the Company had an EBITDA on sales and a net profit margin of 15.2% and 4.8%, respectively, which recorded the highest in the past 5 quarters since Q2 2024.

Profit attributable to owners of the Company was 222 million Baht, an increase of +2% from the previous quarter, and EBITDA was 803 million Baht, reduced -1% from the previous quarter. However, considering the performance excluding the non-recurring expenses, profit attributable to owners of the Company would be 283 million Baht, an increase of +19% from the previous quarter and equal to the previous year, and EBITDA would be 879 million Baht, an increase of +5% from the previous quarter and a decrease of -3% from the same period last year. The Company's revenue was 5,770 million Baht, a decrease of -3% from the previous quarter and a decrease of -12% compared to the previous year.

However, the above performance was impacted by the conversion of foreign currencies (of the regional business in Vietnam, the Philippines, and Indonesia) into Thai Baht. If excluding the impact of non-recurring expenses and the appreciated Thai Baht, which better reflects the actual performance of the businesses in those countries, the results would be, revenue decreased -8%, profit attributable to owner of the Company and EBITDA would increase to +6% and +2%, respectively comparing to the same period last year.

For H1 2025, the Company's profit attributable to owners of the Company was 439 million Baht, an increase of +63% comparing to H2 2024. EBITDA was 1,611 million Baht, an increase of +18% comparing to H2 2204. Considering the operating results excluding the impact of non-recurring expenses, the profit attributable to owners of the Company would be 521 million Baht, an increase of +42% comparing to H2 2024, and a decrease of -4% comparing to the same period last year, EBITDA would be 1,715 million Baht, an increase of +15% from H2 2024, a decrease of -3% from the same period last year. Revenue for the first half of the year was 11,730 million Baht, a decrease of -4% comparing H2 2024 a decrease of -12% from the previous year.

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Table 1 – Operating Results and Operating Results excluding restructuring and Non-Recurring Items

Operating Result	unit	Q2		Q1	change		January-June		Change	June- December	Change
		2025	2024	2025	% YoY	% QoQ	2025	2024	% YoY	2024	% HoH
Revenue from Sales	MB	5,770	6,566	5,960	-12%	-3%	11,730	13,350	-12%	12,214	-4%
Total Revenue	MB	5,867	6,707	6,081	-13%	-4%	11,948	13,651	-12%	12,490	-4%
EBITDA (1)	MB	803	910	808	-12%	-1%	1,611	1,764	-9%	1,370	18%
Net Profit	MB	223	292	218	-24%	2%	441	549	-20%	270	63%
Profit attributable to owners of the company	MB	222	283	217	-22%	2%	439	541	-19%	269	63%

Operating Result excluding restructuring and Non-Recurring items (2)	unit	Q2		Q1	change		January-June		Change	June- December	Change
		2025	2024	2025	% YoY	% QoQ	2025	2024	% YoY	2024	% HoH
Revenue from Sales	MB	5,770	6,566	5,960	-12%	-3%	11,730	13,350	-12%	12,214	-4%
Total Revenue	MB	5,867	6,707	6,081	-13%	-4%	11,948	13,651	-12%	12,490	-4%
EBITDA	MB	879	910	836	-3%	5%	1,715	1,764	-3%	1,498	15%
Net Profit	MB	284	292	239	-3%	19%	523	549	-5%	367	42%
Profit attributable to owners of the company	MB	283	283	238	0%	19%	521	541	-4%	366	42%

Remark:

(1) EBITDA is calculated as profit before finance costs, income tax, depreciation, and amortization. It included dividend income from associates and gains or losses from exchange rate fluctuations on loans.

(2) Non-recurring items or Non-recurring expenses were the Business restructuring expense in Q1 and Q2 2025.

Table 2 – Key Financial Ratios

Key Financial Ratio	unit	Q2		Q1	January-June	
		2025	2024	2025	2025	2024
EBITDA on Sales (1)	%	13.9%	13.9%	13.6%	13.7%	13.2%
EBITDA on Sales exclude non-recurring (2)	%	15.2%	13.9%	14.0%	14.6%	13.2%
Net Profit margin (3)	%	3.8%	4.4%	3.6%	3.7%	4.0%
Net Profit margin exclude non-recurring (4)	%	4.8%	4.4%	3.9%	4.4%	4.0%
Return on Equity (5)	%	4%	5%	4%		
Return on Total Assets (6)	%	2%	2%	2%		

Remark:

(1) EBITDA on Sales is calculated by dividing EBITDA excluded dividend income from associates by revenue from Sales.

(2) EBITDA on Sales exclude non-recurring is calculated by dividing EBITDA exclude non-recurring and dividend income from associates by revenue from sales.

(3) Net Profit Margin is calculated by dividing profit (or loss) for the period/year by total revenue.

(4) Net Profit Margin exclude non-recurring is calculated by dividing profit (or loss) for the period/year exclude non-recurring by total revenue.

(5) Return on Equity (ROE) is calculated by dividing the trailing-12-month net profit attributable to owners of the Company by the average shareholders' equity excluding NCI.

(6) Return on Total Assets (ROA) is calculated by dividing the trailing-12-month profit for the period by the average total assets.

Total Asset

As of June 30, 2025, the Company's total assets amounted to 38,787 million Baht with cash and cash equivalents accounting for 9,237 million Baht.

Total Liabilities and Equity

The Company maintained a solid financial position. As of June 30, 2025, the Company reported total liabilities of 18,806 million Baht, including interest-bearing debt of 13,763 million Baht. The total shareholders' equity amounted to 19,981 million Baht, resulting in Net debt to EBITDA ratio of 1.4 times and Net debt to Equity of 0.2 times.

Table 3 – Financial position

Financial Status	unit	Q2		Q1	change	
		2025	2024	2025	% YoY	% QoQ
Total Assets	MB	38,787	42,072	39,429	-8%	-2%
Total Liabilities	MB	18,806	20,046	18,787	-6%	0%
Net Debt	MB	4,478	4,541	4,599	-1%	-3%
Total Shareholder's Equity	MB	19,981	22,026	20,642	-9%	-3%
Net Debt to Equity [1]	times	0.2	0.2	0.2		
Net Debt to EBITDA [2]	times	1.4	1.3	1.4		

Remark

(1) Net Debt to Equity Ratio is calculated by dividing net debt by total shareholders' equity.

(2) Net Debt to EBITDA Ratio is calculated by dividing net debt by trailing-12-month EBITDA excluding non-recurring.

Progress of Growth Execution:

1. **Expand Bathroom business in ASEAN:** During H1 2025, Revenue from Sales of Bathroom business in ASEAN was 244 million Baht, with a total of 177 distributors. A Memorandum of Understanding (MOU) was signed with AXENT, a leading Company from Switzerland specializing in smart sanitary ware technology, to explore opportunities for comprehensive growth in the smart sanitary ware market across Southeast Asia.
2. **Fortify Leading Position in Decorative Surface:** SPC products had a sales volume of approximately 550,000 square meters, an increase of +39% compared to the same period last year. This growth in sales volume demonstrates competitiveness, including costs that can compete with world-class player.
3. **Grow Complementary products & service:** During H1 2025, Revenue from Sales reached 208 million Baht, a growth of +14% compared to the previous year. The main contributors were sales of adhesive and grout, worktops, and door and window frames.

Tile Adhesive reduce white stain

Interim Dividend:

The Board of Directors of SCGD has approved a H1/2025 interim dividend payment of 0.15 Baht/share or 247.5 million Baht (Dividend Payout Ratio of 56%), which is payable on August 27th, 2025 (XD-Date on August 8th, 2025 and Record date on August 13th, 2025)

H2 2025 Outlook

The second half of the year is expected to be positive, particularly in Vietnam, where the market continues to recover steadily. The Company's business in Vietnam is well-positioned in terms of cost competitiveness against world-class players, enabling it to become the strategic export base of the Company. For Indonesia, domestic demand is rising, supported by increased government spending. Additionally, Vietnam, Indonesia, and the Philippines have reached trade agreement terms with the United States, further enhancing the region's export potential.

Regarding the progress of KIA issue, KIA filed the administrative lawsuit against the relevant Indonesian government agencies to the Jakarta State Administrative Court ("State Court"), requesting for the alleged debt against KIA to be declared invalid and revoked on November 17, 2023. Later on December 6, 2023, both KIA and PT KIA Keramik Mas ("KKM"), its subsidiary, have filed the administrative lawsuits against the relevant Indonesian government agencies to the State Court requesting their access to the registration notification system with the Ministry of Law and Human Rights to be unblocked. In July 2024, the State Court dismissed the aforementioned lawsuits in which KIA and KKM appealed such decisions to the State Administrative High Court of Jakarta ("Court of Appeal"). Recently in October 2024, the Court of Appeal upheld the decision of the State Court, dismissing the lawsuits. Therefore, KIA and KKM are proceeding with the cassation, for the Supreme Court to reconsider the Court of Appeal's decisions. The lawsuits remain under the legal proceedings.

Appendix

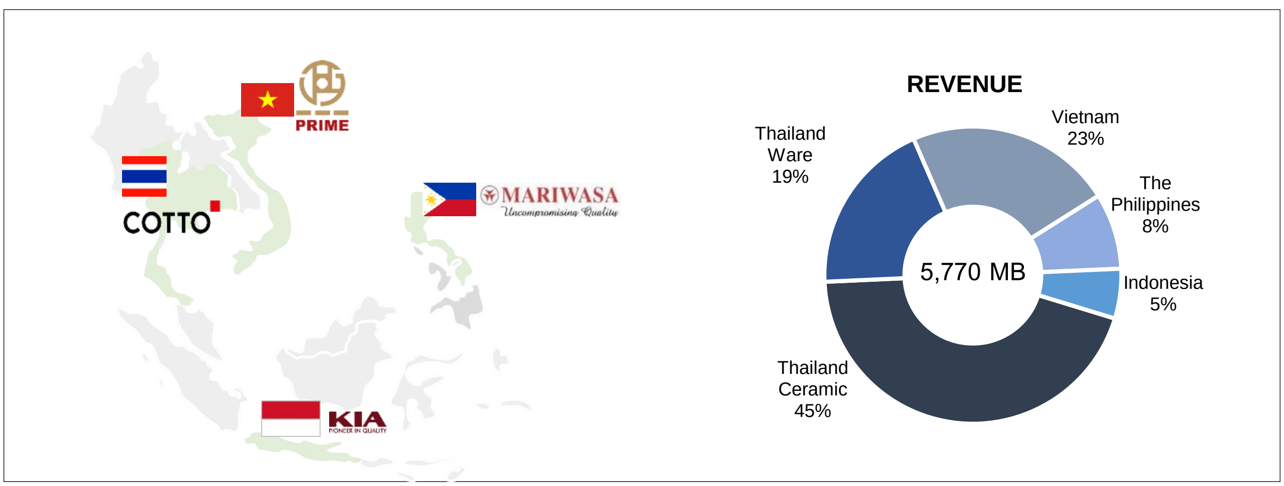
Tile market situation in Q2 2025, regional markets showed signs of improvement. In Vietnam, real estate sector has been clearly recovering, with the launch of new projects. Demand for mid-to-low-end housing remains strong, and government budget spending has increased compared to the previous year. In the Philippines, the market experienced a slowdown due to the midterm election period and the Holy Week holidays, which affected government-related projects. In Indonesia, the market recovered from the previous quarter. However, in Thailand, the market remained weak due to high household debt, softened purchasing power, and a slowdown in project developments as housing inventory levels remain high.

Table shows the Market Growth Rate for Ceramic Tiles

Countries	Quarter 2 2025	
	vs. Quarter 2/2024 (%)	*vs. Quarter 1/2025 (%)*
Thailand	-9	-11
Vietnam	0	+20
Indonesia	+7	+9
The Philippines	-11	-8

Details and Analysis of Operating Results for Q2/2025

In terms of revenue contribution by country, in Q2 2025, Revenue from Sales from business in Thailand accounted for 64%, while Vietnam contributed 23%. The remaining portion came the Philippines and Indonesia. The performance of each country's business is as follows:



Decorative Surface and Bathroom Businesses in Thailand: Overall, Revenue from Sales of both Decorative Surface and Bathroom businesses in Thailand declined from previous quarter and previous year. The Decorative Surface and other businesses[1] generated Revenue from Sales of 2,659 million Baht, a -7% decrease from the previous quarter and a -12% decrease from the same period last year. EBITDA was 375 million Baht, a -17% decrease from the previous quarter and an -11% decrease from the same period last year. This EBITDA has included non-recurring expenses to operational efficiency amounting 53 million Baht in this quarter and 13 million Baht in the previous quarter. Excluding these non-recurring expenses, EBITDA would be 428 million Baht representing an -8% decrease from the previous quarter and a slight increase compared to the same period last year**.**

Bathroom Business: generated Revenue from Sales of 1,145 million Baht, a -10% decrease from the previous quarter and a -9% decrease from the same period last year. EBITDA was 151 million Baht, a -12% decrease from the previous quarter but a +9% increase from the same period last year. This includes non-recurring expenses of 21 million Baht this quarter and 14 million Baht of the previous quarter. Excluding these expenses, EBITDA would be 172 million Baht, representing an -8% decrease from the previous quarter and a +25% increase compared to the same period last year.

Decorative Surface Business in Vietnam: Revenue from Sales was 1,347 million Baht, a +14% increase from the previous quarter, driven by market recovery, but a -13% decrease compared to the same period last year, primarily due to the depreciation of the Vietnamese Dong against the Thai Baht. **When considering Revenue from Sales in Vietnamese Dong (before conversion to Thai Baht), the business recorded a +19% increase from the previous quarter and remained stable from the same period last year, driven by government support to stimulate the real estate sector, leading to a gradual market recovery.** EBITDA was 286 million Baht, an +83% increase from the previous quarter but an -11% decrease from the same period last year. When calculated in Vietnamese Dong, EBITDA rose by +92% from the previous quarter and remained flat from the same period last year. This growth was driven by increased sales volume of glazed porcelain tiles, which gained popularity in the market following the completion and continuous expansion of glazed porcelain tile capacity.

Decorative Surface Business in the Philippines: Revenue from Sales was 494 million Baht, a -11% decrease from the previous quarter and a -28% decrease from the same period last year. The decline was not significantly impacted by the conversion of Philippine Peso to Thai Baht. EBITDA was 19 million Baht, a -69% decrease from the previous quarter and a -78% decrease from the same period last

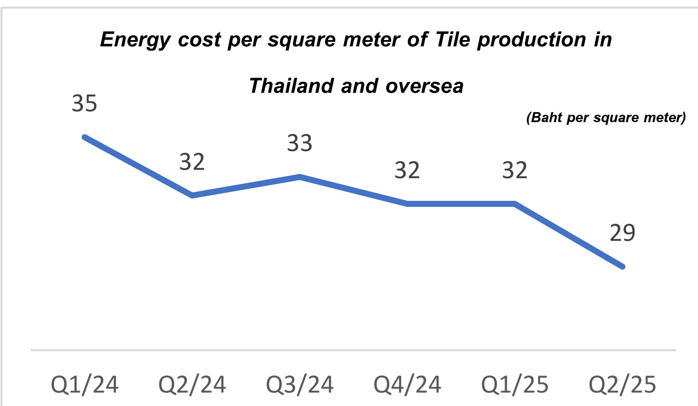
[1] Other Businesses mainly operated in industrial estate sector

year. This was due to weakened market demand during the long Holy Week holiday and a slowdown in government-related projects during the election period.

Decorative Surface Business in Indonesia: Revenue from Sales was 323 million Baht, an +8% increase from the previous quarter and a +17% increase from the same period last year. However, there was an impact from the conversion of Indonesian Rupiah to Thai Baht. When considering revenue in Indonesian Rupiah (before currency conversion), sales increased +11% from previous quarter and +32% from the same period last year. The EBITDA for the Indonesia business was 28 million Baht.

The overall Costs and Expenses have decreased

Cost of Goods Sold in Q2 2025 was 4,138 million Baht, a decrease of 240 million Baht compared to the previous quarter, due to a decrease in sales volume, a decrease of 636 million Baht compared to the same period last year. As a result, gross profit margin was 28.3%, which is higher than the previous quarter and the previous year, which were 26.5% and 27.3% respectively.



Recently, cost of energy for tile production per square meter has decreased from 32 baht per square meter in the same period last year to 29 baht per square meter, due to the Company's continuous acceleration of solar energy projects and biomass projects; the currency conversion from the appreciated baht compared to the currencies of Vietnam, the Philippines, and Indonesia; and Government's energy subsidies of KIA business in Indonesia has resumed.

In addition, the Company had 1,324 million Baht in distribution and administrative expenses, an increase from the previous quarter due to expenses for business restructuring to improve efficiency, but a decrease from the same period last year.

The investment projects completed in H1 2025

Efficiency improvement project:

1. An investment to upgrade technology and machinery to expand Glazed Porcelain production capacity at Pho Yen plant in the Northern part of Vietnam (Phase 1), with an annual production capacity of 2.5 million square meters. The project has an investment value of 161.5 million Baht

Cost Saving projects:

2. The installation of a Hot Air Generator system at Nong Khae Industrial Estate factory, with a total investment of approximately 63.2 million Baht. Upon completion, this project will contribute to cost saving of 16.8 million Baht per year and reduce Co_2 up to 7,680 tons/year.
3. Solar Power Projects at the Nong Khae Industrial Estate (4megawatts) is expected to reduce cost by 20 million Baht per year.

The investment projects to be completed in Q3 2025

1. An investment to upgrade technology and machinery to expand Glazed Porcelain production capacity at Pho Yen plant in the Northern part of Vietnam (Phase 2), with an annual production capacity of 2.5 million square meters. The project has an investment value of 65.5 million Baht and is expected to be completed in August 2025, with 80% project completion.

The newly approved investment project in Q2 2025

1. The installation of Hot Air Generator system at Nong Khae Industrial Estate factory target for completion in Q1 2026.