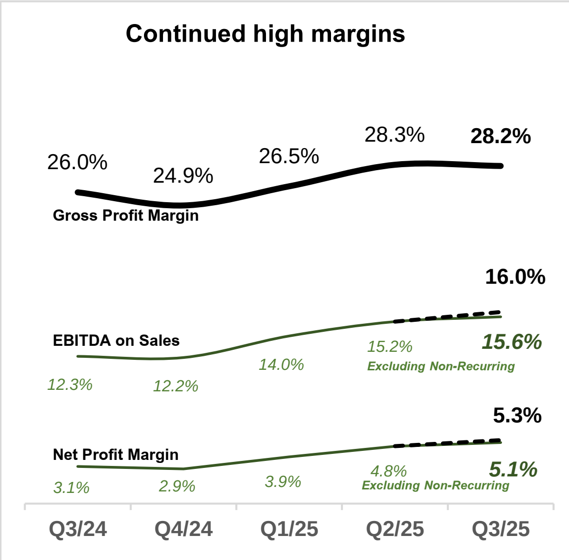
Management Discussion and Analysis

(MD&A)

The Operating Results of 3rd Quarter and the first 9 months of 2025

SCG Decor Public Company Limited (SCGD)

Management Discussion and Analysis (MD&A)



Summary of Q3/2025 Operating Results

1. The Company's profitability has continuously improved, with **EBITDA at 902 million baht**, up +12% from the previous quarter and +18% from the same period last year. **Net profit was 305 million baht**, up +37% from the previous quarter and +61% from the same period last year.

2. The Company has an **EBITDA on Sales of 16%** and a **Net Profit margin of 5.3%.** Excluding the impact of non-recurring items, The Company still maintains its best profitability in the past 5 quarters, with EBITDA on sales and Net Profit margin at 15.6% and 5.1%, respectively.

3. **The aforementioned performance resulted from efforts to reduce production costs in Thailand and regional countries, continuous cost reduction and other expenses, as well as increased production efficiency and the launch of innovative products with good profitability, as detailed below**;

- **Prime Vietnam was able to export over 2.2 million square meters of tiles**, an increase of +47% compared to the same period last year due to ability to reduce more tile production costs. This resulted in higher export revenue from Vietnam, accounting for 33% of SCGD's total export revenue.

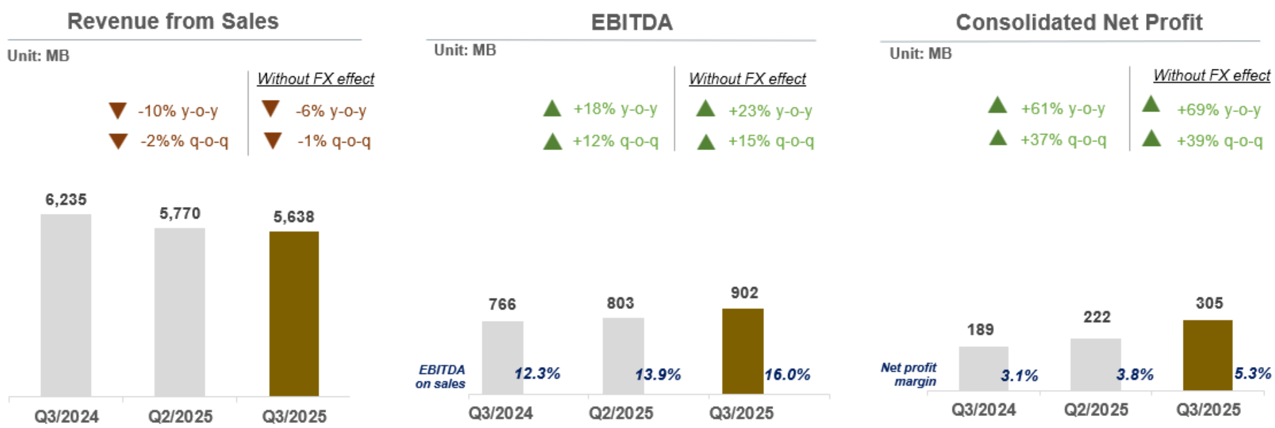
- The Company has upgraded its production lines in Vietnam into Glazed Porcelain tiles, driven by demand in both domestic and export markets. In Q3/25, **The Company sold over 3.6 million square meters of Glazed Porcelain tiles from PRIME.**

- The Company focuses on selling High-Value-Added (HVA) products, **with over 41% of revenue coming from HVA sales.** The superior quality of these products allows them to be sold at higher prices than standard products, enhancing The Company's competitiveness amidst the domestic competition. Furthermore, The Company also offered New Growth products, and Smart Value Products for the mid-to-mass market during market slowdowns.

- The **continuous reduction of production costs by utilizing biomass energy and alternative energy sources has resulted in** competitive level of tile production cost per square meter **and significantly lower compared to the same period last year.**

- Efforts to further reduce production and administrative costs, including negotiating lower raw material costs, Regional Optimization **for best efficiency**, reducing working capital, and reducing financial costs, have resulted in improved overall profitability.

Q3/25 and the first 9 months of 2025 operating results



Performance excluded Non-Recurring items

	Q3/2024	Q2/2025	Q3/2025
EBITDA (MB)	766	879	**877**
EBITDA on sales	12.3%	15.2%	**15.6%**
Net Profit (MB)	189	283	**289**
Net Profit Margin	3.1%	4.8%	**5.1%**

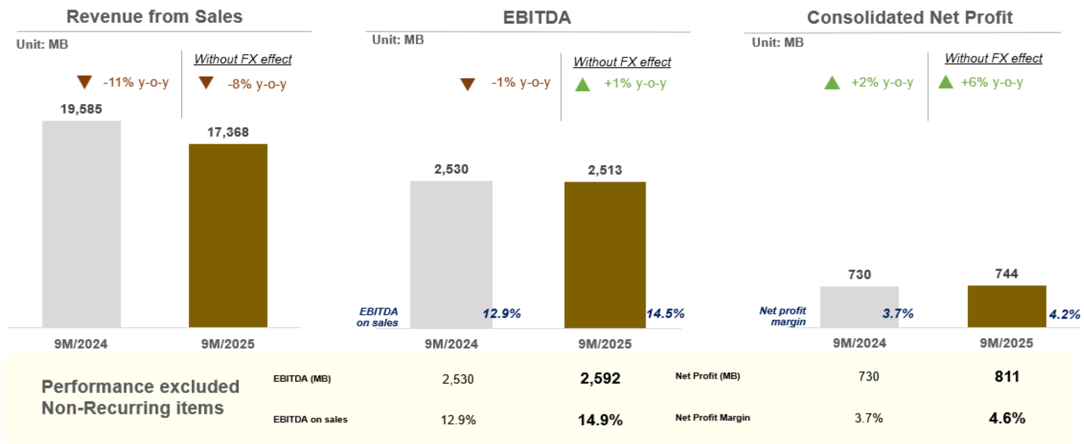
The Company demonstrated strong profitability in Q3/25

The Company's **Profit attributable to owners of The Company was 305 million baht**, an increase of +37% from the previous quarter and +61% from the same period last year. **EBITDA stood at 902 million baht**, up +12% from the previous quarter and +18% from the same period last year. Meanwhile, The Company's Revenue from Sales was 5,638 million baht, a decrease of -2% from the previous quarter and a decrease of -10% compared to the same period last year.

However, the performance was affected by the translation of foreign currencies in which The Company operates (Vietnam, the Philippines, and Indonesia) into Thai baht. Excluding the impact of the strong baht, which reflects the true performance of the businesses in those countries, Profit attributable to owners of The Company would have increased by +39% from the previous quarter and +69% from the same period last year. EBITDA would have increased by +15% from the previous quarter and +23% from the same period last year, while Revenue from Sales would have decreased by only -1% from the previous quarter and -6% from the same period last year.

Excluding the Q3/25's compensation for flood damage in the Philippines, The Company's Profit attributable to owners of The Company would be 289 million baht, an increase of +2% from the previous quarter and an increase of +53% from the previous year. EBITDA would be 877 million baht, stable from the previous quarter and an increase of +15% compared to the same period last year.

The operating result excluding Non-Recurring Items for the first 9 months of 2025 improved compared to the previous year



The Company's Profit attributable to owners of The Company was 744 million baht, an increase of +2%. **EBITDA was 2,513 million baht**, a decrease of -1%, and Revenue from Sales was 17,368 million baht, a decrease of -11%. However, excluding the impact of the strong baht, which reflected the true performance of the business in that country, the Profit attributable to owners of The Company would have increased by +6%, EBITDA would have increased by +1%, while Revenue from Sales would have decreased by only -8%.

Considering the operating results excluding the impact of non-recurring items, which include Business Restructuring expenses and compensation for flood damage in the Philippines, the Profit attributable to owners of The Company would be 811 million baht, an increase of +11%, and EBITDA would be 2,592 million baht, an increase of +2%.

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

Operating Result	unit	Q3		Q2	change		January - September		Change
		2025	2024	2025	% YoY	% QoQ	2025	2024	% YoY
Revenue from Sales	MB	5,638	6,235	5,770	-10%	-2%	17,368	19,585	-11%
Total Revenue	MB	5,769	6,365	5,867	-9%	-2%	17,717	20,016	-11%
EBITDA[(1)]	MB	902	766	803	18%	12%	2,513	2,530	-1%
Net Profit	MB	308	197	223	57%	38%	748	745	0%
Profit attributable to owners of the company	MB	305	189	222	61%	37%	744	730	2%

Operating Result excluding restructuring and Non-Recurring items	unit	Q3		Q2	change		January - September		Change
(Non-Recurring) [(2)]		2025	2024	2025	% YoY	% QoQ	2025	2024	% YoY
Revenue from Sales	MB	5,638	6,235	5,770	-10%	-2%	17,368	19,585	-11%
Total Revenue	MB	5,769	6,365	5,867	-9%	-2%	17,717	20,016	-11%
EBITDA	MB	877	766	879	15%	0%	2,592	2,530	2%
Net Profit	MB	292	197	284	48%	3%	815	745	9%
Profit attributable to owners of the company	MB	289	189	283	53%	2%	811	730	11%

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 were the Business restructuring expense in Q1 and Q2/25, and the Compensation from flooding damage in Q3/25

Profitability Ratios for Q3 and the first 9 Months of 2025

The Company's **EBITDA on Sales and Net Profit margin were 16% and 5.3% respectively**, the highest since IPO. This is due to efforts to reduce the cost of production bases in Thailand and regional countries, as well as continuous reductions in administrative expenses, and the launch of HVA and innovative products with good profitability. Considering EBITDA on Sales and Net Profit margin, excluding the compensation for flood damage in the Philippines, The Company's EBITDA on Sales and Net Profit margin would be 15.6% and 5.1% respectively.

For the first 9 months of 2025, The Company had **EBITDA on Sales of 14.5% and a Net Profit margin of 4.2%.** Meanwhile, excluding the impact of Non-Recurring items, The Company would have an EBITDA on Sales of 14.9% and a Net Profit margin of 4.6%.

Table 2 – Key Financial Ratios

Key Financial Ratio	unit	Q3		Q2	January - September	
		2025	2024	2025	2025	2024
EBITDA on Sales (1)	%	16.0%	12.3%	13.9%	14.5%	12.9%
EBITDA on Sales excluding Non-Recurring (2)	%	15.6%	12.3%	15.2%	14.9%	12.9%
Net Profit Margin (3)	%	5.3%	3.1%	3.8%	4.2%	3.7%
Net Profit Margin excluding Non-Recurring (4)	%	5.1%	3.1%	4.8%	4.6%	3.7%
Profit margin which attributable to owners of the company (5)	%	5.3%	3.0%	3.8%	4.2%	4.2%
Return on Equity (6)	%	4%	5%	4%	4%	5%
Return on Total Assets (7)	%	2%	2%	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) Profit margin which attributable to owners of The Company is calculated by Profit attributable to owners of The Company divided by total Revenue.

(6) 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.

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

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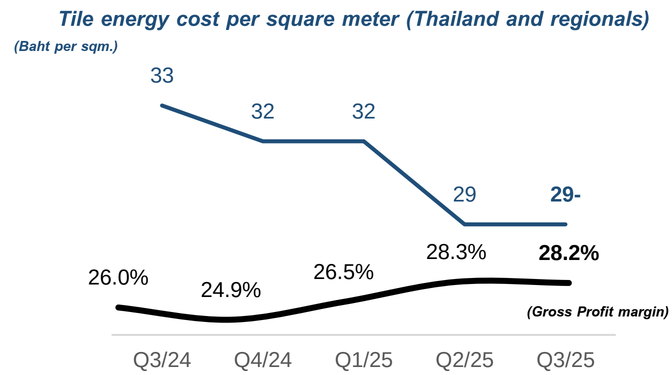
Reduced Overall Costs and Expenses Result in Improved Profitability



Gross profit margin in Q3/25 remained at a high level of 28.2%, compared to 28.3% in the previous quarter and 26% in the same period last year. This is due to a decrease in the cost of sales resulting from lower production volume and an increased proportion of biomass fuel and alternative energy usage. The cost of sales in Q3/25 was 4,046 million baht, a decrease of -92 million baht compared to the previous quarter and a decrease of -567 million baht compared to the same period last year.

The Company was able to maintain the Tile energy cost per square meter at a low level, close to the previous quarter at approximately 29 baht per square meter. This is due to the continuous implementation of cost saving projects in Thailand and regional countries, the decline in energy prices, and the impact of the strong baht, which affected the conversion of foreign currencies into baht.

In addition, **The Company had a total of 1,224 million baht in distribution costs and administrative expenses, a decrease from the previous quarter** and from the same period last year. This is due to the Business Restructuring in late 2024 and the first half of 2025, as well as an effort in distribution costs reduction.

Table 3 – Financial position

Financial Status	unit	Q3		Q2	change	
		2025	2024	2025	% YoY	% QoQ
Total Assets	MB	37,064	40,278	38,787	-8%	-4%
Total Liabilities	MB	17,379	19,745	18,806	-12%	-8%
Net Debt	MB	4,052	5,216	4,478	-22%	-10%
Total Shareholder's Equity	MB	19,685	20,533	19,981	-4%	-1%
Net Debt to Equity (1)	times	0.2	0.3	0.2		
Net Debt to EBITDA (2)	times	1.3	1.6	1.5		

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.

Total Assets

As of September 30, 2025, The Company had total assets of 37,064 million baht, a decrease from the previous quarter. This is due to a decrease in the cash and cash equivalents totaling 8,488 million baht, compared to 9,237 million baht in the previous quarter.

Total Liabilities and Shareholders' Equity

The Company has a strong financial position. As of September 30, 2025, The Company had total liabilities of 17,379 million baht, a decrease from the previous quarter due to debt repayment. This resulted in interest-bearing debt of 12,588 million baht, while shareholders' equity was 19,685 million baht.

The net debt to EBITDA ratio was 1.3x, a decrease from the previous quarter, and the net debt to equity ratio was 0.2x, unchanged from the previous quarter.

Key Operating Strategies in Q3/25

Sales Growth Strategies

1. **Targeting Vietnam as a key export hub** – PRIME has reduced tile production to be close to or lower than global players, creating greater competitiveness in exporting tiles manufactured from Vietnam. In Q3, The Company exported over 2.2 million square meters of tiles from PRIME, an increase of +47% compared to the same period last year and an increase of +5% compared to the previous quarter. This resulted in a higher proportion of sales from exports from Vietnam to SCGD's total sales.
2. **Increasing glazed porcelain capacity and sales in Vietnam** – Due to the increasing demand for glazed porcelain tiles, The Company has completed the expansion of glazed porcelain tile production capacity by 2.5 million square meters. Currently, PRIME has a total glazed porcelain tile production capacity of over 19 million square meters. In Q3/25, PRIME sold over 3.6 million square meters of glazed porcelain tiles.
3. **Accelerating the expansion of the new growth products in Thailand** – To create growing opportunities in complementary products sales beyond the core business, leveraging strong sourcing capabilities. In Q3, this grew by +50% compared to the same period last year.
4. **Growing the High Value-Added (HVA) product portfolio** – Meeting the diverse needs of customers by offering innovative products of superior quality compared to commodity products, allowing The Company to sell the high prices that appropriately reflect the quality. The Company has a proportion HVA Revenue from Sales of over 41% of total Revenue from Sales.

Profitability Enhancement Strategies:

1. **Continue with energy cost saving reduction projects** - By Q3/25, The Company continuously increased the proportion of solar energy and biomass fuel usage. The Company's proportion of electricity usage from solar cells was 13.6% of total electricity usage, an increase of 5.5 megawatts from the previous quarter, representing an additional cost reduction of 22 million baht per year. Additionally, The Company's proportion of biomass fuel usage was 23.5% of total heat energy usage in the production system, an increase of 1.5% from the previous quarter, representing an additional cost reduction of 15 million baht per year.

2. **Negotiate to Reduce Raw Material Costs and optimize production base** - The Company was able to reduce raw material costs by over 21 million baht and managed PRIME as a production base for exporting ceramic tiles and glaze porcelain products to other SCGD markets in the region and new export markets (Regional Optimization), with advantages from production efficiency and scale. For example, exporting tiles from PRIME to some areas of the Philippines, costs can be saved by 25% compared to the cost of tiles produced in the Philippines.

3. **Reduce Working Capital** - Able to reduce costs by 29 million baht per year.

4. **Reduce Financial Costs** - By entering into new loan agreements to repay existing loans, including partial debt repayment, the overall reduction in interest expenses is over 33 million baht per year.

Investment projects completed in Q3/25 to reduce costs and increase efficiency include:

Solar Floating in Thailand

Biomass Hot Air Generator

Production Efficiency Improvement Project:

1. Technology and machinery improvement project to expand the production capacity of glazed porcelain at the Pho Yen tile factory in northern Vietnam, Phase 2, with a production capacity of 2.5 million square meters per year. The project has an investment of 65.5 million baht.

Cost Reduction Projects:

1. Installation of a Biomass Hot Air Generator at the Nong Khae Industrial Estate (NKIE) factory in Saraburi Province, Thailand. The use of biomass fuel will result in a reduction in production cost of 15 million baht per year and can reduce greenhouse gas emissions by 7,680 tons per year. The project has an investment of approximately 63.2 million baht.
2. Solar energy project at the Nong Khae Industrial Estate factory with a capacity of 5.5 megawatts, which results in a total cost reduction of 22 million baht per year.

Company's Strategy and Progress on Doubling Growth by 2030

1. Growth of bathroom sales in ASEAN and increasing bathroom distributors abroad to support sales growth

- In the first 9 months of 2025, The Company expanded Revenue from Bathroom sales abroad to 372 million baht.
- There are a total of 181 regional Bathroom distributors, an increase from 162 in the same period last year.
- HVA product examples in the Bathroom segments are the DUACT – TAP & GO automatic sanitary ware, cater to everyone in the family, saving only 4.5 liters of water, using batteries instead of plugging in, and the Xquisia faucet from COTTO, with a luxurious design and modern functions. Both products won international awards for excellent product design.

2. **Building on the Strength of the Decorative Surface Business,** Expanding the Leadership of the Tile Brand to Present a Variety of Decorative Surface Products and Better Meet Customer Needs:

- After The Company started selling new decorative surface SPC (Stone Plastic Composite) from a production plant in Thailand to replace imports, The Company has a competitive advantage in total cost, including shipping costs, compared to importing products. In the first 9 months of 2025, The Company had sales volume of 876,000 square meters, an increase of +47% compared to the same period last year.
- Flowel Pure TECH by COTTO wall surfacing product, the "breathable wall," which adds innovation from Japan to absorb unpleasant odors, absorb harmful volatile organic compounds (VOCs), and balance the humidity in the air to an appropriate level with Microporous innovation that has the power to trap and absorb invisible molecules

3. **Growing Complementary products**

In the first 9 months of 2025, The Company had sales of complementary businesses of over 312 million baht, an increase of +17% compared to the same period last year. This was mainly due to sales of products such as tile adhesive and grout, kitchen countertop tops, and door and window panels.

Ongoing Sustainability (ESG) Operations

The Company is committed to achieving net-zero greenhouse gas emissions by 2050. It continues to invest in solar energy projects and improve production processes by increasing the proportion of biomass fuel used. As of Q3/25, The Company has increased its use of alternative energy from solar cells to 13.6% and increased the use of biomass fuel to 23.5%, against targets of 15% and 46% by 2030, respectively.

SCGD has been selected by the Stock Exchange of Thailand (SET) as one of the "SET ESG Ratings" sustainable stocks, rated A in the Real Estate and Construction (Propcon) business group, and the "SETESG Index," reflecting sustainable business operations in both Thailand and ASEAN. It can generate good long-term returns for investors while considering responsibility to all stakeholders and participating in environmental and social responsibility through good corporate governance (Environmental, Social, and Governance: ESG), in line with sustainable investment trends.

Market Outlook for Q4/25

Overseas markets are recovering, especially Vietnam, which is in the sales season. In addition, there is increasing demand for construction materials from both government and private sector projects. After the land law was approved and came into effect, it created legal clarity, resulting in faster building permit applications, as well as benefiting from trade taxes with the United States to help export to countries with high taxes. Meanwhile, Indonesia and the Philippines are entering the spending season. At the same time, energy prices are stable, and inflation and interest rates are low. Thailand expects the market to continue to slow down and is still awaiting positive factors, including economic stimulus measures from the government.

Updates on KIA case

Regarding the progress of KIA issue, in late 2023, KIA filed the administrative lawsuit against the relevant Indonesian government agencies, requesting for the alleged debt against KIA to be declared invalid and revoked; and, 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 2024, the Jakarta State Administrative Court and the State Administrative High Court of Jakarta ("High Court") dismissed the aforementioned lawsuits. Therefore, KIA and KKM proceeded with the cassation, for the Supreme Court to reconsider the Court of Appeal's decisions. In this 3rd quarter and early 4th quarter of 2025, the Supreme Court upheld the decision of the High Court. Presently, KIA and KKM are coordinating with the Indonesian ministries which are responsible for the economic affairs and Investment to find a resolution.

Appendix

Tile Market Situation in Q3/25

In overseas markets, the tile market was trending towards improvement compared to the same period last year, especially **in Vietnam**, where the real estate sector recovered due to the approval of the land law, resulting in the launch of more new projects. In addition, increased investment in government projects drove growth in demand for construction materials. **For Indonesia**, the tile market continued to grow, especially in terms of demand for construction materials for residential projects, coupled with Safeguard & Antidumping measures to protect domestic tile manufacturers. Meanwhile, in **the Philippines**, the market remained sluggish from the high inventory levels at distributors, and it was also affected by political issues, including anti-corruption protests, resulting in the suspension or postponement of many government projects. **Thailand** market was slow down in construction projects and the weakening household purchasing power. In addition, the conflict situation along the borders also affected the transportation of goods.

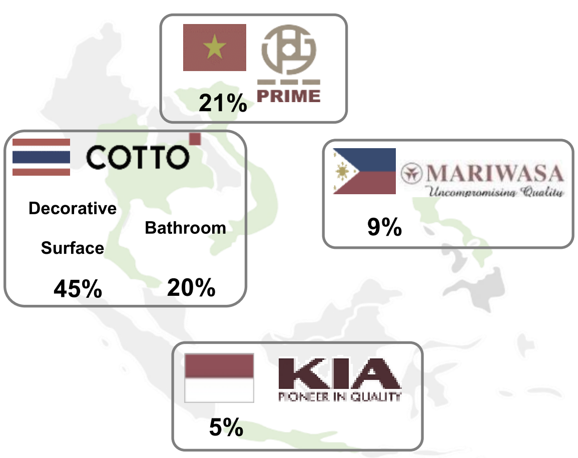
Table shows the Market Growth Rate for Ceramic Tiles

Countries	Q3/25	
	vs. Q3/24 (%)	*vs. Q2/25 (%)*
Thailand	-12	-2
Vietnam	+2	-12
Indonesia	+9	+14
The Philippines	+3	+5

Details and Analysis of Operating Results for Q3/25

The Company's total tile sales volume was 29.9 million square meters, a decrease compared to the same period last year. The increased proportion of tile sales volume in foreign countries offset the decrease in sales volume in Thailand.

The business performance in each country is as follows



The proportion of Revenue from Sales from the business in Thailand is 65%. The decorative surface business and other businesses[1] had Revenue from Sales of 2,614 million baht, a decrease of -2% from the previous quarter and a decrease of -11% from the same period last year, in line with the decrease in market demand. However, EBITDA was 436 million baht, an increase of +16% from the previous quarter and +18% from the same period last year. **The Bathroom business** had Revenue from Sales of 1,217 million baht, an

[1] Other Businesses mainly operated in industrial estate sector

increase of +6% from the previous quarter but a decrease of -7% from the same period last year, and EBITDA was 181 million baht, an increase of +20% from the previous quarter and +59% from the same period last year.

The proportion of revenue from the decorative surface business in Vietnam is 21%, with Revenue from Sales of 1,218 million baht, a decrease of -10% from the previous quarter due to the rainy season in the third quarter and a decrease of -8% from the same period last year, affected by the conversion of revenue in Vietnamese dong, which weakened compared to the Thai baht. However, **if considering Revenue in Vietnamese dong (before conversion to Thai baht), the business would have a decrease in Revenue from Sales of -6% compared to the previous quarter and an increase of +4% compared to the same period last year**, from the market recovery.

The business in Vietnam had EBITDA of 256 million baht, a decrease of -11% from the previous quarter but an increase of +2% compared to the same period last year. However, if considering the financial statements in Vietnamese dong, the business would have a decrease in EBITDA of only -7% from the previous quarter and an increase of +16% compared to the same period last year, due to the increased sales volume of Grace Porcelain tiles, which are becoming more popular and have a higher profit margin than general ceramic tiles.

The proportion of revenue from the Decorative Surface business in the Philippines is 9%, with Revenue from Sales of 498 million baht, an increase of +1% from the previous quarter and an increase of +1% from the same period last year. **If considering the financial statements in Philippine pesos before conversion to Thai baht, the business would have an increase in Revenue from Sales of +5% compared to the previous quarter and an increase of +9% compared to the same period last year.**

The business in the Philippines had EBITDA of 49 million baht, an increase of +156% from the previous quarter and a decrease of -35% from the same period last year. However, if considering the financial statements in Philippine pesos, the business would have an increase in EBITDA of +162% from the previous quarter and a decrease of only -31% from the same period last year.

The proportion of revenue from the Decorative Surface business in Indonesia is 5%, with Revenue from Sales of 297 million baht, a decrease of -8% from the previous quarter and a decrease of -14% from the same period last year. **If considering revenue in Indonesian rupiah (before conversion to Thai baht), the business would have a decrease in Revenue from Sales of -7% from the previous quarter and a decrease of -4% from the same period last year.** The business in Indonesia had EBITDA of 7 million baht, a decrease of -75% from the previous quarter and an increase of +250% from the same period last year. However, if considering the financial statements in Indonesian rupiah, the business would have a decrease in EBITDA of -76% from the previous quarter and an increase of +230% from the same period last year.