

Management Discussion and Analysis

Q2/2025 (Reviewed)



Overview of business operations, economic factors, and industry conditions that affect performance

During H1/2025, packaging demand in ASEAN continued to improve comparing to the same period of last year, particularly in segments related to daily consumer products. This growth was driven by domestic market and favorable exports in products such as food, footwear, and electronic parts, supported by inventory buildup during US tariff suspension.

In Q2/2025, packaging demand in ASEAN remained resilient despite global and regional market dynamics. This was supported by domestic consumption in consumer staples segment and continued improvement of export market, particularly in food, footwear, computer and electronic parts. Nonetheless, domestic demand in Thailand softened during national holidays. Consumer spending remained constrained due to persistently high household debt, which continued to affect demand for durable goods. In Europe, packaging demand experienced a recovery, attributed to increased outdoor activities although concerns over competition from Chinese suppliers in non-US markets persisted. Meanwhile, demand in China experienced a slowdown across sectors, including paper and board, garment, and textile.

On cost, raw materials particularly recovered paper (RCP) and energy costs have been declining, which benefited operating expenses, while freight rates remained stable. SCGP maintained operational excellence, ensured supply chain reliability, and reinforced cost competitiveness by leveraging its regional production network and integrated business model to effectively meet evolving customer demands.

Performance highlights

SCGP's H1/2025 performance highlights



Total revenue from sales was 63,766 MB (-6% YoY).

- YoY, revenue decreased primarily from weaker selling prices of integrated packaging business and fibrous business, consistent with regional market trends.

EBITDA reported at 8,489 MB (-13% YoY) with EBITDA margin of 13%.

Profit for the period was 1,910 MB (-40% YoY) with net profit margin of 3%.

- YoY, profitability declined in line with revenue, coupled with the impact of Thai baht appreciation.

SCGP's Q2/2025 performance highlights

Unit: MB



Total revenue from sales was 31,557 MB (-8% YoY and -2% QoQ).

- YoY and QoQ, revenue decreased primarily due to weaker selling prices in integrated packaging business and fibrous business, despite an increase in domestic sales volume, particularly in integrated packaging business, driven by favorable local demand.

EBITDA reported at 4,257 MB (-8% YoY and +1% QoQ) with EBITDA margin of 13%.

Profit for the period was 1,010 MB (-30% YoY and +12% QoQ) with net profit margin of 3%.

- YoY, profitability declined in tandem the revenue, while costs of raw materials, energy, and freight reduced.
- QoQ, profitability improved from effective recovered paper (RCP) sourcing management and continued energy cost savings.

Interim dividend payment

On 29 July 2025, the Board of Directors of SCGP has approved a H1/2025 interim dividend payment of 0.25 Baht/Share (1,073 MB), which is payable on 27 August 2025 (XD-date on 8 August 2025 and record date on 13 August 2025).

Table 1 - SCGP's Consolidated Financial Statements

Unit: MB

	Q2				Jan - Jun		
	2025	2024	%y-o-y	%q-o-q	2025	2024	%y-o-y
Operating Results from Consolidated Financial Statements							
Revenue from sales	31,557	34,234	-8%	-2%	63,766	68,182	-6%
Integrated packaging business	23,856	25,494	-6%	-1%	47,987	50,944	-6%
Fibrous business	5,926	6,606	-10%	-8%	12,367	13,175	-6%
Recycling business	1,775	2,134	-17%	8%	3,412	4,063	-16%
Cost of sales	25,820	28,114	-8%	-2%	52,231	55,260	-5%
Gross profit	5,737	6,120	-6%	-1%	11,535	12,922	-11%
<i>Gross profit margin (%)</i>	<i>18%</i>	<i>18%</i>			<i>18%</i>	<i>19%</i>	
Distribution cost & administrative expense	3,949	4,119	-4%	-2%	7,996	8,414	-5%
EBITDA	4,257	4,635	-8%	1%	8,489	9,786	-13%
<i>EBITDA margin (%)</i>	<i>13%</i>	<i>14%</i>			<i>13%</i>	<i>14%</i>	
Profit for the period	1,010	1,453	-30%	12%	1,910	3,178	-40%
<i>Net profit margin (%)</i>	<i>3%</i>	<i>4%</i>			<i>3%</i>	<i>5%</i>	
Earnings per share (Baht)	0.24	0.34			0.44	0.74	
Core Financials							
Core EBITDA	4,221	4,687	-10%	-1%	8,478	9,816	-14%
Core profit	993	1,479	-33%	8%	1,909	3,165	-40%

Note:

Revenue from sales by business = Revenue from sales after inter-segment elimination basis

EBITDA = Earnings before finance cost, tax, depreciation and amortization
(excluded dividend from associates and included FX gain/loss from loans)

In H1/2025 and H1/2024, Dividend from associates were 2 MB and 1 MB, respectively.

Profit for the period = Profit for the period attributable to owners of the Company

Table 2 - Non-operating Items Adjustment for Core profit and Core EBITDA

Unit: MB

	Core profit		Core EBITDA	
	Q2		Q2	
	2025	2024	2025	2024
	993	1,479	4,221	4,687
Key Items				
1) FX gain/(loss) from loans, derivatives and investments	45	(21)	64	(53)
2) Company restructurings	-	(5)	-	-
3) Changes to local regulations	-	-	-	-
4) Expenses related to M&Ps transactions	(28)	(5)	(28)	(5)
5) Others	-	5	-	6
Total	17	(26)	36	(52)
Profit for the period and EBITDA	1,010	1,453	4,257	4,635

Key analysis on Core profit and Core EBITDA

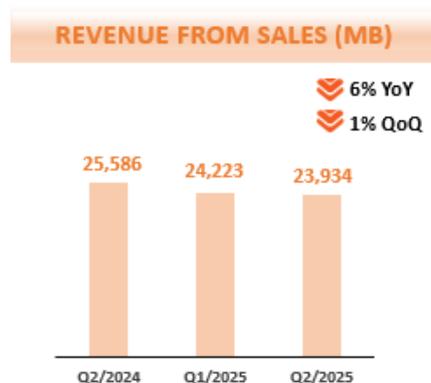
In Q2/2025, SCGP's Core EBITDA was at 4,221 MB (-10% YoY and -1% QoQ), and Core profit was 993 MB (-33% YoY and +8% QoQ). Key non-operating items for Q2/2025 came mainly from foreign exchange gain (loss) from loans, derivatives and investments.



Operating Results by Key Business Segments

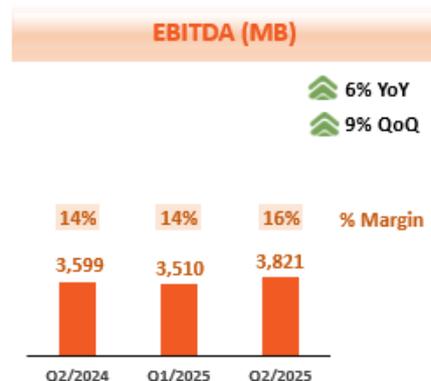
Integrated Packaging Business (IPB)

Q2/2025 performance (before inter-segment elimination)



Revenue from sales recorded at 23,934 MB.

- YoY, revenue decreased by 6% from weaker selling prices across all product categories.
- QoQ, revenue slightly declined. Consumer packaging revenue remained resilient primarily from polymer packaging, supported by domestic consumption of essential goods, particularly in Vietnam and Indonesia, while demand in Thailand softened due to seasonal factors during the holiday period. Packaging paper sales volume slightly decreased from reduced export as a result of the strategic diversification from China market. Selling price adjustments were limited amid softened regional market prices. Nonetheless, selling prices of packaging paper in Indonesia market showed improvement.



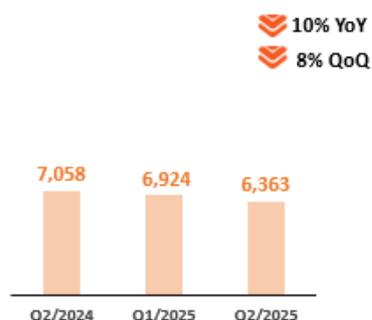
EBITDA recorded at 3,821 MB with EBITDA margin of 16%. Profit for the period amounted to 1,142 MB.

- YoY, EBITDA increased by 6% from cost reductions in raw materials, energy, and freight and higher contribution from domestic market. Profit for the period declined by 14% due to the impact of the additional shareholding stake in packaging paper operation in Indonesia.
- QoQ, EBITDA and profit for the period increased by 9% and 30%, respectively, driven by the recovery of packaging paper business in Indonesia and continued improvements in cost efficiency.

Fibrous Business (FB)

Q2/2025 performance (before inter-segment elimination)

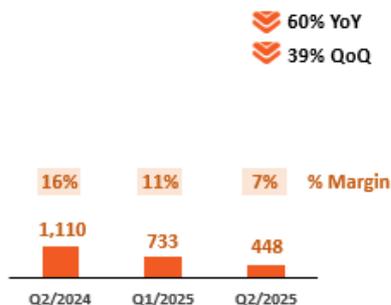
REVENUE FROM SALES (MB)



Revenue from sales recorded at 6,363 MB.

- YoY, revenue decreased by 10% from weaker selling prices and reduced sales volume in pulp and fine paper.
- QoQ, revenue declined by 8%. Revenue from foodservice packaging increased, boosted by promotional campaigns and improved demand in Europe driven by increased outdoor activities. In contrast, fine paper revenue dropped due to customer inventory control and limited vessel availability, while export volume of graphic and specialty paper to India showed improvement. Pulp revenue decreased from lower sales volume and weaker selling prices, particularly for dissolving pulp, which was impacted by subdued demand in garment and textile sectors.

EBITDA (MB)



EBITDA recorded at 448 MB with EBITDA margin of 7%. Loss for the period was 102 MB.

- YoY, EBITDA and profit for the period decreased by 60% and 124%, respectively, in line with revenue and the impact from Thai baht appreciation.
- QoQ, EBITDA and profit for the period dropped by 39% and 178%, respectively, due to lower sales volume of pulp and fine paper, currency effect, and price pressure in regional pulp markets.

Table 3 - Operating Results by Business Segment

Unit: MB

	Q2				Jan - Jun		
	2025	2024	%y-o-y	%q-o-q	2025	2024	%y-o-y
Revenue from sales							
Consolidated SCGP	31,557	34,234	-8%	-2%	63,766	68,182	-6%
Integrated Packaging Business	23,934	25,586	-6%	-1%	48,157	51,135	-6%
Fibrous Business	6,363	7,058	-10%	-8%	13,287	14,085	-6%
Recycling Business	2,091	2,327	-10%	4%	4,103	4,518	-9%
Intersegment Elimination	(831)	(737)	-13%	13%	(1,781)	(1,556)	-14%
	Q2				Jan - Jun		
EBITDA	2025	2024	%y-o-y	%q-o-q	2025	2024	%y-o-y
Consolidated SCGP	4,257	4,635	-8%	1%	8,489	9,786	-13%
Integrated Packaging Business	3,821	3,599	6%	9%	7,331	7,572	-3%
Fibrous Business	448	1,110	-60%	-39%	1,181	2,368	-50%
Recycling Business and Corporate	2,408	1,837	31%	56%	3,954	3,139	26%
Intersegment Elimination	(2,420)	(1,911)	-27%	-55%	(3,977)	(3,293)	-21%
	Q2				Jan - Jun		
EBITDA margin (%)	2025	2024			2025	2024	
Consolidated SCGP	13%	14%			13%	14%	
Integrated Packaging Business	16%	14%			15%	15%	
Fibrous Business	7%	16%			9%	17%	
	Q2				Jan - Jun		
Profit (loss) for the period	2025	2024	%y-o-y	%q-o-q	2025	2024	%y-o-y
Consolidated SCGP	1,010	1,453	-30%	12%	1,910	3,178	-40%
Integrated Packaging Business	1,142	1,321	-14%	30%	2,018	2,844	-29%
Fibrous Business	(102)	434	-124%	-178%	28	989	-97%
Recycling Business and Corporate	2,017	1,537	31%	76%	3,162	2,578	23%
Intersegment Elimination	(2,047)	(1,839)	-11%	-64%	(3,298)	(3,233)	-2%

Note:

EBITDA = Earnings before finance cost, tax, depreciation and amortization (excluded dividend from associates and included FX gain/loss from loans)

EBITDA margin = EBITDA / Revenue from sales

Profit (loss) for the period = Profit (loss) for the period attributable to owners of the Company

Consolidated SCGP's financial statement is presented after the intersegment elimination.

Cost of Sales

In H1/2025, SCGP's cost of sales was 52,231 MB (-5% YoY): integrated packaging business (IPB) accounted for 39,214 MB, fibrous business (FB) accounted for 11,731 MB, and recycling business (RB) accounted for 3,316 MB, with the details as follows:

Table 4 - Cost of Sales by Business Segment

	Unit: MB						
	Q2			Jan - Jun			
	2025	%	%y-o-y	%q-o-q	2025	%	%y-o-y
Integrated Packaging Business	19,342	75%	-9%	-3%	39,214	75%	-7%
Fibrous Business	5,727	22%	-1%	-5%	11,731	22%	3%
Recycling Business	1,730	7%	-11%	9%	3,316	6%	-8%
Intersegment Elimination	(979)	-4%	24%	-7%	(2,030)	-3%	19%
Consolidated SCGP	25,820	100%	-8%	-2%	52,231	100%	-5%

Raw material management: SCGP has strengthened its competitiveness through strategic sourcing network management, emphasizing operational optimization and diversification in recovered paper (RCP) procurement. In H1/2025, the company procured 64% of RCP domestically via 180 recycling stations, direct collection points, and local suppliers, complemented by 36% from international sources across the EU, US, Japan, and Oceania. SCGP continues to enhance import capabilities and reinforce supply chain through strategic sourcing arms, including Peute in the Netherlands and Jordan Trading in the US. By prioritizing primary source collection, SCGP ensures reliable access to RCP and maintains operational flexibility to seamlessly switch between domestic and imported sources, thereby enhancing operational efficiency during market fluctuations.

Energy management: SCGP strategically manages coal procurement through index-linked pricing and data analytics to optimize volume and cost, primarily sourcing from Indonesia. To improve competitiveness, the company utilizes biomass as an alternative fuel and deploys artificial intelligence (AI) to enhance energy efficiency, optimize production costs, and reduce greenhouse gas emissions. In H1/2025, the company recorded alternative fuel usage of 40.4% of total energy sources, highlighting progress in its sustainability initiatives.

Summary of Financial Positions as of 30 June 2025

Total assets were equal to 182,815 MB or a decrease of 5,765 MB (-3% from December 2024). The change was mainly due to a decrease in foreign exchange translation of 3,530 MB from Thai Baht appreciation, a net decrease in cash and short-term investments of 997 MB and a decrease in property, plant and equipment of 1,651 MB.

Total liabilities were equal to 90,529 MB or a decrease of 2,764 MB (-3% from December 2024). This was primarily due to a decrease of 995 MB from foreign exchange translation resulting from Thai Baht appreciation, and a net decrease of 3,101 MB in liabilities related to put options, mainly due to reversals from the acquisition of Duy Tan shares, with a net increase in loans of 1,636 MB.

Total shareholders' equity reported at 92,286 MB or a decrease of 3,001 MB (-3% from December 2024). The change was mainly due to a decrease in foreign exchange translation of 2,535 MB from Thai Baht appreciation.

Capital Structure

In H1/2025, total debt to equity ratio was at 1.0 times, which was unchanged from H1/2024. Net debt to EBITDA was at 3.7 times, which was higher than 1.7 times in H1/2024 due to the acquisition of additional shares in FAJAR in Indonesia and Duy Tan in Vietnam.

Table 5 - Summary of SCGP's Consolidated Statement of Financial Position

Unit: MB

	June	December	Change	
	2025	2024	MB	%
Total Assets	182,815	188,580	(5,765)	-3%
Current Assets	53,726	55,304	(1,578)	-3%
Cash and cash equivalents	7,114	9,849	(2,735)	-28%
Short-term investments	3,560	2,434	1,126	46%
Trade and other current receivables	24,130	23,551	579	2%
Inventories	18,504	19,027	(523)	-3%
Investments in associates	1,290	1,193	97	8%
Property, plant and equipment	87,735	91,014	(3,279)	-4%
Goodwill	27,636	28,242	(606)	-2%
Other intangible assets	8,772	9,098	(326)	-4%
Total Liabilities	90,529	93,293	(2,764)	-3%
Trade and other current payables	15,445	15,678	(233)	-1%
Loans	65,766	64,877	889	1%
Liabilities related to put options	386	3,487	(3,101)	-89%
Total Shareholders' Equity	92,286	95,287	(3,001)	-3%
Total equity attributable to owners of the Company	76,537	76,679	(142)	0%
Non-controlling interests	15,749	18,608	(2,859)	-15%

Table 6 - SCGP's Net Debt

	Unit: MB	
	June 2025	December 2024
Short-term Loans	26,289	24,493
Foreign	9,438	15,657
Baht	16,851	8,836
% of Total Loans	40%	38%
Long-term Loans	39,477	40,384
Foreign	10,003	8,085
Baht	29,474	32,299
% of Total Loans	60%	62%
Total Loans	65,766	64,877
Average cost of debt (%)	4.0%	4.3%
Cash and Cash Under Management	10,677	12,283
Cash and cash equivalents	7,114	9,849
Investments in debt instruments	3,563	2,434
Net Debt	55,089	52,594



Table 7 - Key Financial Ratio

			Jan - Jun	
			2025	2024
Profitability Ratio				
1	Gross Profit Margin	(%)	18.1	19.0
2	EBITDA Margin	(%)	13.3	14.4
3	Net Profit Margin	(%)	3.0	4.7
4	Core EBITDA Margin	(%)	13.3	14.4
5	Core Profit Margin	(%)	3.0	4.6
6	Return on Assets	(%)	1.4	2.8
7	Return on Equity	(%)	3.1	7.3
8	Return on Invested Capital	(%)	3.6	5.7
Liquidity Ratio				
9	Current Ratio	(times)	1.1	0.9
10	Quick Ratio	(times)	0.6	0.6
Activity Ratio				
11	Account Receivable Turnover	(times)	5.8	6.0
12	Account Payable Turnover	(times)	8.6	9.2
13	Cash Cycle	(days)	88	93
14	Total Asset Turnover	(times)	0.7	0.6
15	Inventory Turnover	(times)	5.4	5.0
Leverage Ratio				
16	Net Debt to EBITDA	(times)	3.7	1.7
17	Net Debt to Equity	(times)	0.6	0.3
18	Debt to Equity	(times)	1.0	1.0
19	Interest-bearing Debt to Equity	(times)	0.7	0.5

Note:

- 1) Gross profit margin is calculated by gross profit divided by revenue from sales
- 2) EBITDA margin is calculated by EBITDA divided by revenue from sales
- 3) Net profit margin is calculated by profit for the period attributable to owners of the parent divided by revenue from sales
- 4) Core EBITDA margin is calculated by core EBITDA divided by revenue from sales
- 5) Core profit margin is calculated by core profit divided by revenue from sales
- 6) Return on assets is calculated by profit for the period (LTM) divided by average total assets
- 7) Return on equity is calculated by profit for the period (LTM) divided by average shareholders' equity attributable to owners of the parent
- 8) Return on invested capital is calculated by profit from operations minus tax expense, divided by the sum of interest-bearing debt minus cash and shareholders' equity
- 9) Current ratio is calculated by current assets divided by current liabilities.
- 10) Quick ratio is calculated by sum of cash and cash equivalents plus short-term investment and trade and other receivables, divided by current liabilities
- 11) Account receivable turnover is calculated by revenue from sales divided by average trade receivables
- 12) Account payable turnover is calculated by cost of sales divided by average trade payables
- 13) Cash cycle is calculated by sum of average collection period plus inventory days minus accounts payable day
- 14) Total asset turnover is calculated by revenue from sales divided by average total assets
- 15) Inventory turnover is calculated by cost of sales divided by average inventory
Net debt is calculated by total debt (interest bearing), less cash and cash under management
- 16) Net debt to EBITDA is calculated by net debt divided by EBITDA (LTM)
- 17) Net debt to equity is calculated by net debt divided by equity
- 18) Debt to equity is calculated by total debt divided by total equity
- 19) Interest-bearing debt to equity is calculated by interest-bearing debt divided by total equity



Summary of Cash Flows Statement Ended 30 June 2025

In H1/2025, SCGP's net cash flows provided by operating activities amounted to 7,180 MB, including the operating cash flows of 8,110 MB and tax payment of 930 MB. Cash flows generated from operations were comprised of profit for the period adjusted by items such as depreciation and amortization, tax expense, and change in operating assets and liabilities.

Net cash flows used in investing activities amounted to 3,630 MB, primarily due to capital expenditure of 2,371 MB and short-term investments amounted to 1,337 MB.

Net cash flows used in financing activities amounted to 5,927 MB, primarily due to the acquisition of Duy Tan shares totaling 3,579 MB, dividend payment of 2,154 MB, and interest payment of 1,402 MB, while there were net proceeds from borrowings of 1,203 MB.

Table 8 - Summary of SCGP's Consolidated Statement of Cash Flows

Unit: MB

	Jan - Jun		Change
	2025	2024	
Cash flows from operating activities	7,180	6,507	673
Cash flows from investing activities	(3,630)	1,265	(4,895)
Cash flows from financing activities	(5,927)	2,912	(8,839)
Net increase (decrease) in cash and cash equivalents	(2,377)	10,684	(13,061)
Free cash flows	4,809	3,598	1,211

Major business update



SCGP acquired the remaining 30% stake in Duy Tan Plastics Manufacturing Corporation (Duy Tan) in Vietnam with total transaction amount of 3,727 MB. After the transaction, SCGP's ownership in Duy Tan has increased to 100%, from 70% previously. This acquisition aligns with the strategy to accelerate growth in consumer packaging business, with Vietnam as a high-potential market. SCGP can leverage Duy Tan's competitive advantage including proprietary brand, manufacturing capabilities, and diverse customer base to drive growth in rigid packaging, enhance synergies, and expand integrated solutions.

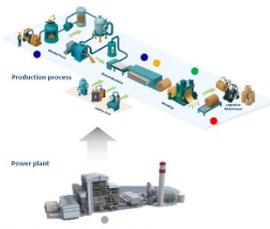
Innovation, ESG, and sustainability developments



SCGP has achieved the Platinum level in the EcoVadis ESG assessment for two consecutive years (2024–2025), placing in the 99th percentile in the category of Manufacturer of corrugated paper and paperboard and of containers of paper and paperboard.



SCGP has achieved Carbon Footprint Products (CFP) coverage for over 50% of total portfolio (169 products and 16 processes), including all paper packaging products, with the full coverage planned by Q4/2025 to demonstrate environmental commitment and unlock new opportunities.



SCGP has developed AI initiative solutions and machine learning applications across the value chain to enhance organizational competitiveness in safety, cost reduction, quality improvement, data management, plant reliability through advanced predictive analytics, and energy efficiency with value release of 120 MB in H1/2025.

Key factors that may affect future operations and growth

Looking ahead to H2/2025, global economic growth is expected to continue at a slow pace, weighed down by the impact of US reciprocal tariffs and ongoing geopolitical conflicts. These factors have led to trade tensions and disruptions in global supply chain. Nevertheless, ASEAN region is projected to demonstrate resilience, supported by robust domestic consumption and a strategic shift toward export diversification. Inflation remains under control across most ASEAN economies, with Vietnam and Indonesia standing out as key beneficiaries of defined tariff policies, which are expected to accelerate their integration into global supply chains. Meanwhile, China is anticipated to enhance its competitiveness, driven by government stimulus measures, which would reduce transshipment flows to ASEAN and alleviate oversupply pressures in the market.

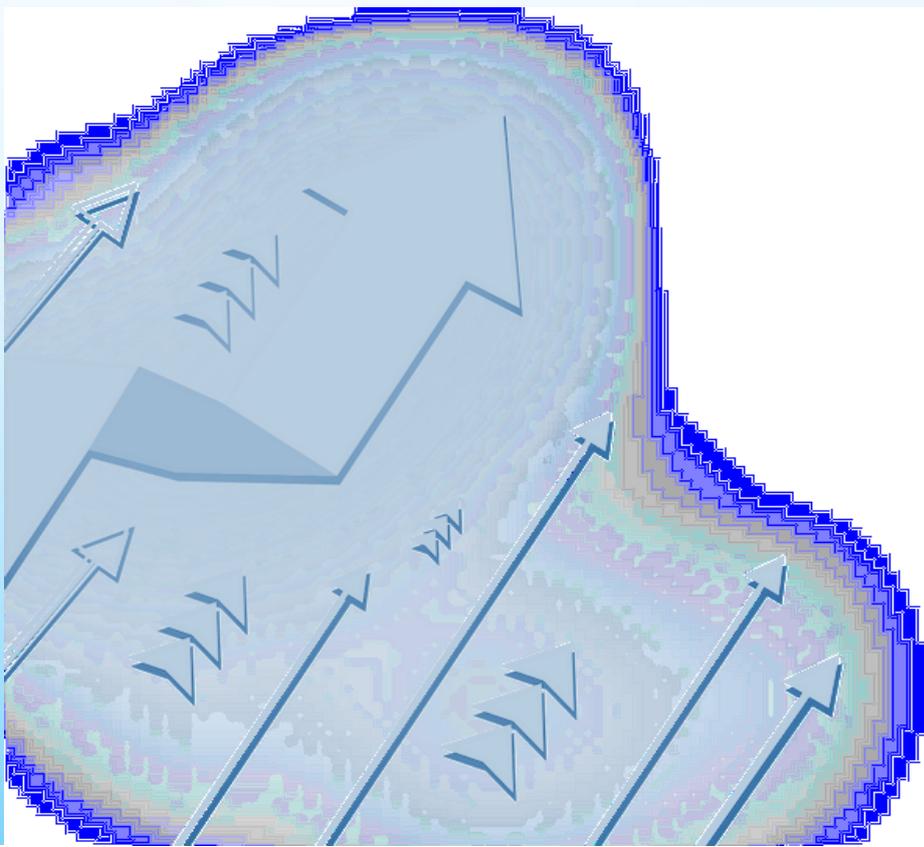
For packaging industry, demand in essential goods, such as food, beverages, and consumer products, is expected to continue its upward trajectory, benefitting from a rebound in service and tourism sectors along with year-end inventory replenishment. Raw material costs, particularly for recovered paper (RCP) and freight are projected to trend slightly upward due to regional demand improvement, while energy costs are expected to remain stable.

SCGP is pursuing growth by strengthening its market position across ASEAN, capturing domestic growth, and scaling consumer packaging business. To enhance agility and responsiveness, the company is decentralizing operations and fostering greater organizational trust through empowered regional management. Furthermore, SCGP is transitioning to strategic customer portfolio restructuring, aiming to help customers deliver more value to their customers and effectively meet evolving customer needs.

On the operational side, SCGP has focused on cost efficiency by increasing the use of alternative fuels and integrating AI technologies to optimize energy consumption and production processes. The company has expanded local RCP sourcing network across ASEAN and reinforced relationships with subsidiaries in Europe and US.

SCGP continues to advance its ESG commitments with clearly defined targets, including 25% reduction in greenhouse gas emissions by 2030 and achieving Net Zero by 2050. In H1/2025, the company achieved 40.4% alternative fuel usage, reflecting steady progress toward its sustainability goals. In addition, the company is actively working to ensure that all packaging is reusable, recyclable, or compostable by 2030 and reinforce the commitment to circular economy principles.

EVOLVING SUSTAINABLE PACKAGING SOLUTIONS



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