# Management Discussion and Analysis: MD&A

## The Operating Results of the 3rd Quarter and 9 Months of 2026

### SCG Decor Public Company Limited (SCGD)

SCG decor
CREATE YOUR LIFE PASSION



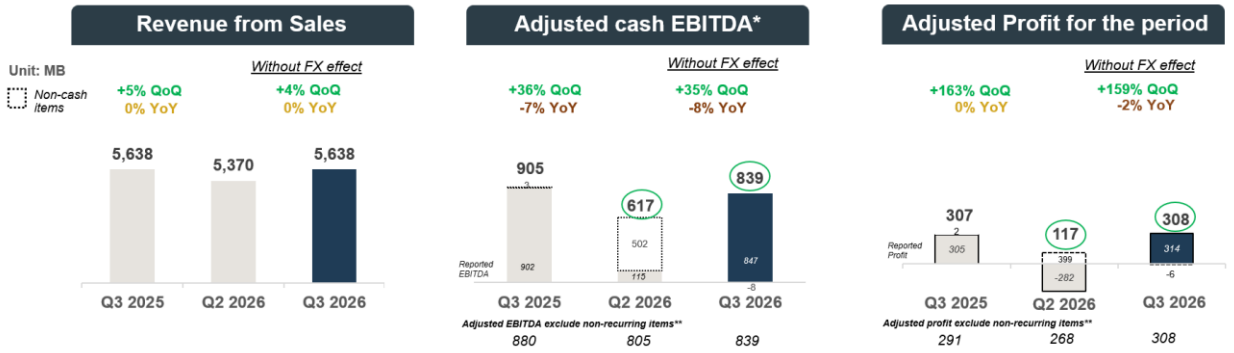
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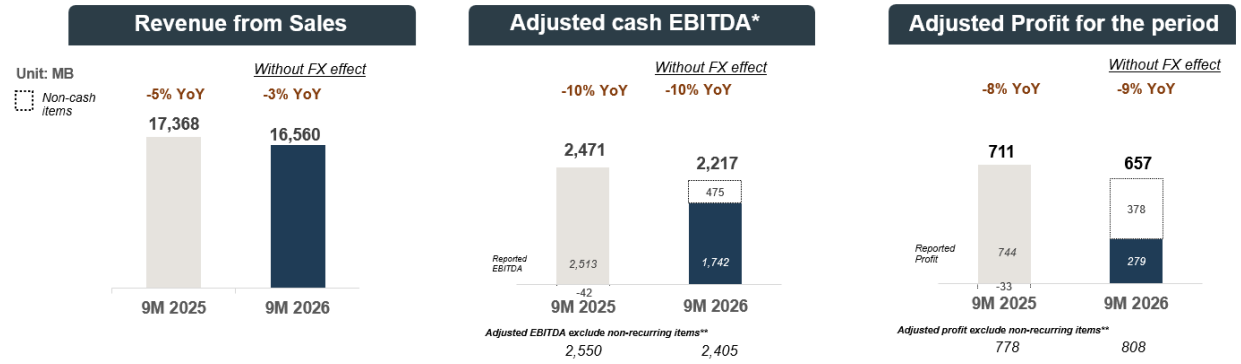
**Summary of Key Operating Results in Q3 2026 and 9M 2026**

1. In the third quarter of 2026, the Company recorded Adjusted Profit of 308 million Baht, **increasing by 163% from the previous quarter, and Adjusted Cash EBITDA of 839 million Baht, increasing by 36% from the previous quarter, driven by sales growth in regional markets where the Company has operations**, especially in Vietnam, as well as higher exports to the Philippines under the Company's Regional Optimization strategy. This enabled the Company to further leverage its competitive manufacturing base across the region, while demand in Thailand recovered to a level broadly comparable to the previous quarter.
2. **Sales in Vietnam increased by 20% from the same period of last year and by 5% from the previous quarter**, supported by continued demand growth for glazed porcelain (GP) tiles in the domestic market despite seasonal impacts from the rainy season, together with higher export sales from Vietnam.
3. In addition, **the Company lowered average cost of debt from 2.4% to 1.7%** as of the third quarter of 2026 through refinancing.
4. **The Company maintained a strong financial position**, with cash and cash equivalents of 8,345 million Baht and low leverage levels. This reflects the Company's financial flexibility and ability to support future growth opportunities.
5. **The Company continued to make progress on the key strategic initiatives**, including the Plant Consolidation, expansion into New Product Lines, as well as capacity expansion and growth opportunities in Vietnam.



## Operating results of Q3 and 9M of 2026




**Remarks**

* Adjusted Cash performance, as SCG's definitions, refers to performance measures excluding inventory adjustment, impairment, and non-recurring non-cash items.

** Adjusted EBITDA exclude non-recurring items and Adjusted Profit exclude non-recurring items, refer to Adjusted Cash performance excluding non-recurring cash items related to business restructuring expenses and asset write-offs.

### Quarter-on-quarter basis

**In the third quarter of 2026,** the Company recorded Adjusted Profit of 308 million Baht, **increasing by 163%,** and **Adjusted Cash EBITDA of 839 million Baht, increasing by 36%.** The increase was driven by sales growth from all countries where the Company has manufacturing operations, especially in Vietnam, supported by stronger domestic demand for glazed porcelain (GP) tiles, as well as higher export sales from Vietnam. Sales in Thailand also raised from the previous quarter. In addition, the Company continued to effectively manage costs, expenses, and financing costs, contributing to the increase in profit.

### Year-on-year basis

**In the third quarter of 2026,** the Company recorded Adjusted Profit at a level comparable to the same period of last year, while **Adjusted Cash EBITDA** decreased by 7% due to volatile energy prices, which continued to pressure profitability despite the Company's pricing adjustments implemented since the second quarter of 2026 to reflect higher costs.

## Operating results of 9M 2026

**The Company recorded Adjusted Profit of 657 million Baht, decreasing by 8%, and Adjusted Cash EBITDA of 2,217 million Baht, decreasing by 10%, mainly due to weaker demand in Thailand compared with the same period of last year**. In addition, business restructuring and asset write-offs expenses related to the Plant Consolidation project were recognized in the second quarter of 2026. Excluding such items, the Company would have recorded Adjusted Profit of 808 million Baht and Adjusted EBITDA of 2,405 million Baht.

**Table 1 – Summary of Operating Performance (Adjusted cash basis) [1], Operating Performance Excluding Non-recurring Expenses [2] and Reported Operating Performance**

| Operating Results (Adjusted Cash) [1] | Unit | Q3 | | Q2 | Change | | January - September | | Change |
|---|---|---|---|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | % YoY | % QoQ | 2026 | 2025 | % YoY |
| Revenue from Sales | MB | 5,638 | 5,638 | 5,370 | 0% | 5% | 16,560 | 17,368 | -5% |
| Total Revenue | MB | 5,758 | 5,769 | 5,473 | 0% | 5% | 16,910 | 17,717 | -5% |
| Adjusted Cash EBITDA | MB | 839 | 905 | 617 | -7% | 36% | 2,217 | 2,471 | -10% |
| Profit Attributable to Owners of the Company (Adjusted Profit) | MB | 308 | 307 | 117 | 1% | 163% | 657 | 711 | -8% |

| Operating Results (Excl. Non-Recurring Items) [2] | Unit | Q3 | | Q2 | Change | | January - September | | Change |
|---|---|---|---|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | % YoY | % QoQ | 2026 | 2025 | % YoY |
| Adjusted EBITDA | MB | 839 | 880 | 805 | -5% | 4% | 2,405 | 2,550 | -6% |
| Profit Attributable to Owners of the Company | MB | 308 | 291 | 268 | 6% | 15% | 808 | 778 | 4% |

| Reported Operating Results | Unit | Q3 | | Q2 | Change | | January - September | | Change |
|---|---|---|---|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | % YoY | % QoQ | 2026 | 2025 | % YoY |
| Reported EBITDA [3] | MB | 847 | 902 | 115 | -6% | 640% | 1,742 | 2,513 | -31% |
| Profit Attributable to Owners of the Company | MB | 314 | 305 | (282) | 3% | 211% | 279 | 744 | -62% |

**Remark**

(1) Performance measures excluding inventory adjustment, impairment, and non-recurring non-cash items.

(2) Operating results exclude non-recurring items, refer to Adjusted Cash performance excluding non-recurring cash items related to business restructuring expenses and asset write-offs

(3) Reported 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.

## Profitability ratios of Q3 2026

**The Company recorded a net profit margin of 5.4%**, increasing from 2.1% in the previous quarter and 5.3% in the same period of last year. The increase was driven by stronger operating performance, supported by sales growth across all key markets, especially in Vietnam and export markets, together with continued cost and expense management. In addition, the Company reduced average cost of debt from 2.4% to 1.7% as of the third quarter of 2026 through refinancing initiative.

**Table 2 – Key Financial Ratios**

| Key Financial Ratio | Unit | Q3 | | Q2 | January - September | |
|---|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2026 | 2025 |
| Adjusted Cash EBITDA on Sales [1] | % | 14.9% | 16.1% | 11.5% | 13.4% | 14.2% |
| Profit margin which attributable to owners of the company [2] | % | 5.4% | 5.3% | 2.1% | 3.9% | 4.0% |
| Return on Equity [3] | % | 5.4% | 5.1% | 5.3% | 5.4% | 5.1% |
| Return on Total Assets [4] | % | 2.7% | 2.5% | 2.6% | 2.7% | 2.5% |

**Remark**

(1) Adjusted Cash EBITDA on Sales is calculated by dividing Adjusted Cash EBITDA by Revenue from Sales.

(2) Profit margin which attributable to owners of the company margin is calculated by Adjusted profit attributable to owners of the company divided by total Revenue

(3) Return on Equity (ROE) is calculated by annualizing the Profit attributable to Owners of the Company excluding non-recurring items for the latest 12 months and dividing by the average shareholders' equity for the latest 12 months.

(4) Return on Total Assets (ROA) is calculated by annualizing the Profit attributable to Owners of the Company excluding non-recurring items for the latest 12 months and dividing by the average total assets for the latest 12 months.

## Cost of Goods Sold and overall Expenses decreased

**Cost of sales in the third quarter of 2026 amounted to 4,053 million Baht**, increasing by 7 million Baht from the same period of last year and by 283 million Baht from the previous quarter, mainly in line with higher sales volume. In addition, higher energy and biomass fuel costs contributed to increased production costs during the period. Selling and administrative expenses totaled 1,228 million Baht, increasing by 4 million Baht from the same period of last year while decreasing by 738 million Baht from the previous quarter, mainly due to non-recurring items related to the Plant Consolidation project recorded as administrative expenses in the second quarter of 2026, the majority of which were non-cash items.

## Financial Position

### Total Assets

As of September 30, 2026, The Company's total assets amounted to 37,027 million Baht, including cash and cash equivalents of 8,345 million Baht.

### Total Liabilities and Shareholders' Equity

The Company maintained a strong financial position. As of 30 September 2026, the Company had total liabilities of 17,013 million Baht, including interest-bearing debt of 12,208 million Baht, while total shareholders' equity amounted to 20,014 million Baht.

The Net Debt to Adjusted EBITDA ratio was 1.2 times, and the Net Debt to Equity ratio remained stable at 0.2 times.

**Table 3 – Financial position**

| Summary of Financial Position | Unit | Q3 | | Q2 | Change | |
|---|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | % YoY | % QoQ |
| Total Assets | MB | 37,027 | 37,064 | 37,270 | 0% | -1% |
| Total Liabilities | MB | 17,013 | 17,379 | 17,563 | -2% | -3% |
| Net Debt | MB | 3,863 | 4,099 | 3,444 | -6% | 12% |
| Total Shareholder's Equity | MB | 20,014 | 19,685 | 19,707 | 2% | 2% |
| Net Debt to Equity (1) | times | 0.2 | 0.2 | 0.2 | | |
| Net Debt to Adjusted EBITDA (2) | times | 1.2 | 1.2 | 1.1 | | |

**Remark**

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

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

## Key strategies in Q3 2026

Given continued weakness in demand in Thailand, intensified competition from imported products, and ongoing volatility in energy prices, the Company has adjusted operating strategy to enhance profitability through the consolidation of ceramic tile production lines and expansion into New Product Lines. In addition, the Company is accelerating the expansion of glazed porcelain (GP) tile production capacity in Vietnam to capture growth opportunities in the rapidly growing Vietnamese market.

### Profitability from ASEAN consolidation

Progress on the Plant Consolidation project remains on track. The Company is currently preparing for the installation of key machinery and has completed the procurement of machinery for the glazed porcelain (GP) tile production line. In addition, the new production line will be capable of manufacturing large-size GP tiles, enhancing the Company's competitiveness against imported products. The project remains on schedule for completion by the third quarter of 2027.

### Expansion into New Product Lines

During the first nine months of 2026, revenue from New Product Lines increased by 29% from the same period of last year, while sales volume of Stone Plastic Composite (SPC) increased by 24%. As a result, the utilization rate reached 85% of the current production capacity. The Company has therefore approved an investment to expand SPC production capacity through the installation of a second production line, which will increase annual production capacity from 1.44 to 2.88 million square meters which is expected to be completed by the second quarter of 2027 to support continuously growing market demand.

Sales volume of Smart Products increased by 13% from the same period of last year. The Company has continued to expand product portfolio and strengthen sales of Smart Toilet products by introducing models that

cater to various customer segments, including the SENSIS C10287 and KLIRR Wall Hung Ultimate. These products are expected to further support sales growth of the Smart Products category.

In addition, the Company has made progress on joint venture project to manufacture and assemble smart sanitaryware products in Thailand. The joint venture company is currently in the registration process, while machinery procurement is being prepared. Commercial operations are expected to commence by the second quarter of 2027. Upon completion of the facility installation, the Company will be able to manufacture and assemble Smart Toilet products locally, which is expected to improve cost efficiency and strengthen the long-term competitiveness of the business.

**Capacity expansion and growth opportunities in Vietnam**

In the third quarter of 2026, sales volume in Vietnam increased by 15% from the same period of last year, supported by a more than 32% increase in demand for glazed porcelain (GP) tiles despite the rainy season. At the same time, exports from Vietnam grew by 70% from the same period of last year, primarily driven by higher exports to the Philippines under the Regional Optimization strategy, which aims to leverage cost-competitive and high-quality manufacturing bases to serve regional demand and enhance profitability. The Company also expanded exports to new markets, particularly South Korea, Mexico, Eastern Europe, and Malaysia.

In addition, the Ministry of Industry and Trade of Vietnam (MOIT) officially imposed anti-dumping duties on imports of GP floor and wall tiles from India on 7 September 2026 for a period of five years, with duty rates ranging from 5.55% to 45.30%. The Company expects this measure to support domestic manufacturers and contribute to PRIME's market share expansion in Vietnam going forward.

The expansion of GP tile production capacity at the Dai Loc plant continues to progress as planned and is expected to be completed by the fourth quarter of 2026. The project will add 6.6 million square meters of annual production capacity to support future growth in both domestic and export markets.

**Q4 2026’s market outlook**

**Thailand Market**

The Company expects energy costs to trend higher due to the situation in the Middle East. However, purchasing demand may improve from housing repair and renovation activities following recent flooding. In addition, the Company expects New Product Lines, particularly SPC products, to continue growing and contribute to an increase in the Company's market share to above 20%.

**Vietnam Market**

The Company expects sales to continue growing, supported by the peak selling season and accelerated government budget disbursement. At the same time, the expansion project at the Dai Loc plant, which will add approximately 6.6 million square meters of annual production capacity, is expected to support growing domestic demand. The project remains on track for completion by the fourth quarter of 2026.

**Indonesia and The Philippines Markets**

Demand in Indonesia is expected to be supported by project handovers and procurement activities toward the end of the year. However, the allocation of natural gas for industrial use remains volatile, requiring the Company to maintain flexibility in production planning to ensure operational continuity.

The Philippines market is expected to continue benefiting from government spending and investment activities during the year-end period. However, the recovery of the construction sector following the recent flooding is expected to be gradual, while exchange rate volatility remains a factor that requires close monitoring.

**Update on KIA Case**

In late 2023, KIA and KKM filed lawsuits against the relevant Indonesian government agencies, requesting the court to revoke claims asserted by the relevant authorities and requesting the court to demand the relevant authorities to unblock KIA's and KKM's access to Ministry of Law ("MOL", formerly known as Ministry of Law and Human Rights) system.

Subsequently, both the Jakarta State Administrative Court, the State Administrative High Court of Jakarta (at the appeal level), and recently, in late 2025, the Supreme Court (at the cassation level) dismissed the cases. Therefore, on December 18, 2025, KIA and KKM filed the case review, for the Supreme Court to reconsider the decisions. Simultaneously, coordination has been established with the Indonesian ministries overseeing economic and investment affairs to expedite the resolution of these issues. On July 30, 2026, the relevant Indonesian government authorities allowed KIA to proceed with filing the registration of the change of directors pursuant to the resolutions of KIA's latest shareholders' meeting.

## Appendix

**Table shows the Market Growth Rate for Ceramic Tiles in Q3 2026**

| Countries | Comparison with Past Performance | |
|---|---|---|
| | *Vs. Q3/25* | *Vs. Q2/26* |
| **Thailand** | ▼ | ▲ |
| **Vietnam** | ▲ | ▲ |
| **Indonesia** | ▲ | ▲ |
| **The Philippines** | ▲ | ▲ |

In the third quarter 2026, the tile market across the region showed continued signs of recovery, particularly in Vietnam, Indonesia, and the Philippines, all of which recorded growth from the same period of last year. Vietnam continued to grow both from the same period of last year and from the previous quarter, reflecting stronger domestic demand and improving construction activity. Meanwhile, demand in Indonesia and the Philippines remained resilient. In Thailand, the market showed signs of recovery from the previous quarter, although demand continued to be affected by weaker purchasing power and competition from imported products when compared with the same period of last year. As a result, the overall ASEAN tile market showed an improving trend, with overseas markets serving as the primary growth driver.

**Performance by country for Q3 2026**

**Revenue from operations in Thailand accounted for 61% of Revenue from sales. Decor surface business and other businesses**[1] amounted to 2,403 million Baht, representing a decrease of 8% from the same period last year and increasing of 3% from the previous quarter. Revenue from **Bathroom business** totaled 1,185 million Baht, decreasing by 3% from the same period last year and increasing of 5% from the previous quarter.

**Revenue from business in Vietnam accounted for 25% of Revenue from sales,** contributing 1,461 million Baht, increasing by 20% from the same period last year and 5% from the previous quarter, supported by strong domestic demand and increased export volumes.

**Revenue from business in the Philippines accounted for 9% of Revenue from sales**, contributing 518 million Baht, increasing by 4% from the same period last year and 2% from the previous quarter.

**Revenue from business in Indonesia accounted for 5% of Revenue from sales,** contributing 312 million Baht, increasing by 5% from the same period last year and 4% from the previous quarter.

[1] Other Businesses mainly operate in industrial estate sector