No. MAI 6902/001

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Subjec Management Discussion and Analysis of the Operating Results for the year ended 31 December 2025

To President

The Stock Exchange of Thailand

1. Business operation overview

The Company is engaged in the research, development, and distribution of skincare and cosmetic products under the brands “Skinsista” and “Dermie”. By utilizing an Original Equipment Manufacturer (OEM) model with international standards such as GMP and ISO 22716:2007, the Company delivers high-quality innovation at accessible prices, consistent with the slogan 'High quality skincare is not exclusive, It is for everyone'. The Company focuses on a comprehensive consumer reach strategy through three primary channels: 1) Modern Trade, including 7-11 convenience stores and leading beauty stores such as Watsons, Beautrium, EVEANDBOY, and found & found; 2) General Trade via retail stores nationwide; and 3) E-Commerce through popular online platforms such as Shopee, Lazada, and TikTok Shop. Currently, the Company possesses a diverse product portfolio covering five main categories: facial serums, sun protection, facial cleansers, facial creams, and color cosmetics such as foundation powder, blush, and lipstick, to address consumer needs in every dimension of skincare and beauty.

2. Summary of significant events and development

The year 2025 marked a significant period of structural and strategic transition for the Company, with key developments impacting medium-to-long-term growth potential as follows;

1) Listing on the Stock Exchange: On September 24, 2025, the Company was listed on the MAI Stock Market (mai) under the stock ticker symbol “SKIN”. The Company offered 44 million newly issued ordinary shares at an offering price of THB 1.20 per share, raising approximately THB 52.80 million in funds. The objectives of this capital increase were to working capital, support business expansion, and strengthen the Company’s financial structure.

2) Product Portfolio Expansion: The Company has continuously expanded its product portfolio into segments with high growth potential and optimized profit margins. In the fourth quarter, the Company conducted large-scale marketing for its new cosmeceutical brand, “Dermie”, and launched 10 new SKUs in the color cosmetics category under the “Make Up Care” concept. These initiatives serve as a new source of revenue growth (New S-Curve).

3) Expansion of Distribution Channels and Consumer Access: The Company expanded its distribution through leading retail partners, such as EVEANDBOY and found & found on a wholesale (outright sale) basis, as well as Beautrium on a consignment basis. Additionally, the Company maintained growth in its primary channels, including 7-11 and Watsons.

Overall, the significant events in 2025 have established a strong foundation to enhance competitiveness, strengthen the financial structure, and support the sustainable future growth of the Company

3. Summary of Operations for the Year 2025

Profit and Loss Statement	2025		2024		Change	
	THB million	%	THB million	%	THB million	%
Revenues from sales	176.73	100%	229.13	100%	(52.40)	(23%)
Cost of sales	(49.53)	(28%)	(57.50)	(25%)	(7.98)	(14%)
Gross Profit	**127.20**	**72%**	**171.63**	**75%**	**(44.42)**	**(26%)**
Other income*	2.23	1%	1.40	1%	0.82	59%
Profit before operating expense	**129.43**	**73%**	**173.03**	**76%**	**(43.60)**	**(25%)**
Distribution costs	(93.67)	(53%)	(130.35)	(57%)	36.68	(28%)
Administrative expenses	(30.02)	(17%)	(29.15)	(13%)	0.87	3%
Gain/(loss) from fair value measurement of other current financial assets	---	---	0.25	0%	(0.25)	n.a.
Profit before finance costs and tax	**5.74**	**3%**	**13.78**	**6%**	**(8.04)**	**(58%)**
Finance costs	(0.15)	(0%)	(0.25)	(0%)	(0.10)	(39%)
Profit before tax	**5.59**	**3%**	**13.53**	**6%**	**(7.94)**	**(59%)**
Tax income (expense)	(1.21)	(1%)	(2.86)	(1%)	(1.65)	(58%)
Net Profit for the period	**4.38**	**2%**	**10.67**	**5%**	**(6.29)**	**(59%)**

Note: * Other income includes interest income, gain on disposal of assets, online shipping fees collected from customers by platforms and subsequently remitted to the Company, marketing fees from online affiliate programs in collaboration with certain platforms, and revenue from the sale of welfare products to employees, among others.

Revenue from Sales

In 2025, the Company's revenue from sales amounted to THB 176.73 million, representing a 23% decrease compared to the previous year. This decline was primarily driven by intensifying competition and the relative obsolescence of current products compared to newer, high-innovation alternatives in the market. Consequently, the Company began phasing out older products across distribution channels starting from the end of the fourth quarter of 2025 to make way for new product launches. This transition resulted in lower sales of older SKUs with sales through 7-11 and Watsons declining by 36% and 68%, respectively.

Furthermore, the Company has actively prepared for shifting consumer behaviors as they move from offline channels toward digital platforms. In 2025, the Company was able to partially offset the aforementioned impacts through robust revenue base expansion in E-commerce channels. Notably, TikTok Shop experienced exponential growth of 290%, while Shopee grew steadily by 18%, becoming the Company's second-largest partner and replacing traditional offline retail groups. This success reflects the Company's effective strategic shift toward a full-scale digital market presence.

Cost of Sales and Gross Profit

In 2025, the Company's cost of sales amounted to THB 49.53 million, a decrease of 14% compared to the previous year. This decline was in line with the decrease in sales revenue. The cost of sales ratio stood at 28% of sales, representing a 3% increase. This increase was primarily due to the Company's strategic shift toward a higher proportion of finished goods procurement to enhance management flexibility; purchasing finished products carries a slightly higher cost compared to the previous practice of purchasing packaging for factory fill-in/assembly. Consequently, the gross profit margin was 72%, a decrease of 3% compared to the previous year.

Distribution Costs (Selling Expenses)

In 2025, Selling expenses amounted to THB 93.67 million, representing a 28% decrease compared to the previous year. This decline was in line with the decrease in sales revenue, primarily because the majority of these costs are variable. This includes commercial margins and sales promotions provided to trade partners, which decreased following the slowdown in sales volume across certain channels.

However, in the fourth quarter of 2025, the Company increased its marketing expenditure relative to sales due to the launch of several new products that required extensive brand awareness campaigns, which resulted in a decrease in the Company's profit during that period.

Administrative Expenses

In 2025, the Company's administrative expenses amounted to THB 30.02 million, an increase of THB 0.87 million or 3% compared to the previous year. The primary factors were the recognition of financial advisory and professional service fees related to the IPO and Listing on the Stock Exchange. This was further compounded by an increase in personnel-related expenses, following the organizational restructuring plan to support future growth.

Finance Costs

In 2025, The Company's finance costs amounted to THB 0.15 million, representing a 39% decrease compared to the previous year, or only 0.1% of sales revenue. These costs consist of interest expenses recognized in accordance with Thai Financial Reporting Standard No.16 (TFRS 16) regarding Leases, which declined following the periodic lease payments and the reduction in the present value of lease liabilities. Furthermore, the Company has no interest-bearing debt from borrowings.

Net Profit and Net Profit Margin

In 2025, the Company reported a net profit of THB 4.38 million, representing a 59% decrease compared to the previous year. The net profit margin stood at 2%. The primary factors affecting net profit were the slowdown in sales revenue from offline channels during the period when the Company reduced old stock to prepare for new product launches. Additionally, there was a slight decrease in the net gross profit margin resulting from the restructuring of finished goods procurement to enhance management flexibility as mention earlier.

Expenses related to business expansion and the Listing on mai Stock Exchange led to an increase in administrative expenses due to the recognition of financial advisory fees and professional service fees. These are considered one-time expenses incurred to prepare for the Listing, alongside investments in additional personnel to support the public company organizational structure.

Marketing expenses, which are part of selling expenses, increased as a proportion of sales revenue, particularly in the fourth quarter. This was due to the Company's launch of several new products, while sales are expected to grow progressively over time.

"The Company views 2025 as a year of Strategic Transition, particularly regarding the launch of new products to replace those becoming out-of-date, the strategic expansion of distribution channels into beauty stores—which involved expenditures to build brand awareness in new outlets—and the successful expansion of the customer base into E-commerce channels (notably TikTok Shop and Shopee), which saw significant growth. These elements will serve as the key drivers in restoring profitability and achieving sustainable growth in the future.

4. Summary of Financial Position as of December 31, 2025

Assets

Assets	31 December 2025		31 December 2024		Change	
	THB million	%	THB million	%	THB million	%
Cash and cash equivalents	72.36	59%	27.84	33%	44.52	160%
Trade and other current receivables	25.14	20%	29.09	34%	(3.95)	(14%)
Inventories	19.22	16%	19.28	23%	(0.06)	(0%)
Right to return assets	0.14	0%	---	---	0.14	n.a.
Total current assets	**116.86**	**95%**	**76.20**	**89%**	**40.66**	**53%**
Building and equipment improvements	1.06	1%	1.03	1%	0.04	3%
Right-of-use assets	1.33	1%	2.58	3%	(1.25)	(48%)
Other Intangible assets	0.30	0%	0.33	0%	(0.03)	(10%)
Deferred tax assets	3.61	3%	4.64	5%	(1.03)	(22%)
Other non-current assets	0.37	0%	0.37	0%	0.00	0%
Total non-current assets	**6.67**	**5%**	**8.94**	**11%**	**(2.28)**	**(25%)**
Total assets	**123.53**	**100%**	**85.15**	**100%**	**38.38**	**45%**

As of December 31, 2025, the Company's total assets amounted to THB 123.53 million, an increase of THB 38.38 million compared to the previous year. This was primarily due to;

- Cash and Cash Equivalents: Cash and cash equivalents increased significantly by THB 44.52 million. This growth was primarily supported by the net cash proceeds from the Initial Public Offering (IPO), which has provided the Company with a robust financial structure and sufficient excess liquidity for future business expansion, combined with the operating results th net profit of year 2025.
- Trade and Other Current Receivables: Total trade and other current receivables decreased by THB 3.95 million, which is consistent with the decline in sales revenue from offline channels. This was primarily due to payments received on schedule from major convenience store partners.
- Right-of-Use Assets: Right-of-use assets decreased by THB 1.25 million, representing a normal accounting reduction from the recognition of depreciation on office space leasehold rights. The asset value progressively declines in proportion to its utilization and the remaining lease term, in accordance with Thai Financial Reporting Standard No.16 (TFRS 16).

Liabilities and Shareholders' Equity

Liabilities and shareholders' equity	31 December 2025		31 December 2024		Change	
	THB million	%	THB million	%	THB million	%
Trade and other current payables	17.34	14%	15.21	18%	2.13	14%
Current portion of lease liabilities	1.33	1%	1.24	1%	0.09	7%
Corporate income tax payable	---	---	3.07	4%	(3.07)	n.a.
Provision for inventories returned	0.35	<1%	---	---	0.35	n.a.
Total current liabilities	**19.01**	**15%**	**19.52**	**23%**	**(0.50)**	**(3%)**
Lease liabilities	0.12	<1%	1.45	2%	(1.33)	(92%)
Non-current provisions for employee benefit	3.21	3%	2.50	3%	0.72	29%
Total non-current liabilities	**3.33**	**3%**	**3.94**	**5%**	**(0.61)**	**(16%)**
Total liabilities	**22.34**	**18%**	**23.46**	**28%**	**(1.12)**	**(5%)**
Share capital	72.00	58%	50.00	59%	22.00	44%
Share premium	28.17	23%	---	---	28.17	n.a.
Retained earnings - Legal reserve	1.00	1%	0.70	1%	0.30	43%
Retained earnings - Unappropriated	0.02	<1%	10.99	13%	(10.97)	(99%)
Total shareholders' equity	**101.19**	**82%**	**61.69**	**72%**	**39.50**	**64%**
Total liabilities and shareholders' equity	**123.53**	**100%**	**85.15**	**100%**	**38.38**	**45%**

Liabilities

As of December 31, 2025, the Company's total liabilities amounted to THB 22.34 million, representing 18% of total liabilities and shareholders' equity. This was a decrease of THB 1.12 million compared to the previous year, primarily due to;

- Trade and Other Current Payables: Increased by THB 2.13 million, primarily driven by higher accrued expenses and other current liabilities, mainly attributable to accrued marketing expenditure.
- Corporate Income Tax Payable: As of the end of 2025, the Company had no outstanding corporate income tax payable, a decrease of THB 3.07 million compared to the end of the previous year. This was due to efficient tax management through the advance payment of mid-year corporate income tax (P.N.D. 51)
- Lease Liabilities: Lease liabilities decreased of THB 1.33 million in line with the periodic lease payments made during the year, representing a reduction in obligations under Thai Financial Reporting Standard No.16 (TFRS 16).
- Provisions for Employee Benefits: Provisions for employee benefits increased of THB 0.72 million, which is consistent with the expansion of the manpower and the organizational structure.

Shareholders' Equity

As of December 31, 2025, the Company's shareholders' equity amounted to THB 101.19 million, representing 82% of total liabilities and shareholders' equity. This was an increase of THB 39.50 million compared to the previous year, primarily due to;

- Increase in Paid-up Capital and Share Premium: The Company's shareholders' equity increased significantly from the Initial Public Offering (IPO), with the issuance and payment of 44 million additional common shares at a par value of THB 0.50 per share. This resulted in an increase of THB 22.00 million in paid-up capital, as well as the recognition of share premium (net of IPO-related expenses).
- Retained Earnings: The increase in shareholders' equity was further supported by the recognition of net profit from operations for the year 2025, amounting to THB 4.38 million, and the dividend payment in year 2025.

5. Cash Flow Analysis

Cash flows (Unit: Million Baht)	Y2025 / 31 Dec 2025	Y2024 / 31 Dec 2024
Net cash generated from (used in) operating activities	12.46	4.61
Net cash from (used in) investing activities	(0.37)	4.35
Net cash provided by (used in) financing activities	32.43	(22.33)
Net increase (decrease) in cash and cash equivalents	**44.52**	**(13.37)**
Cash and Cash Equivalents - beginning	27.84	41.21
Cash and Cash Equivalents - ending	**72.36**	**27.84**

For the year ended December 31, 2025, the Company had a net increase in cash and cash equivalents of THB 44.52 million, which can be categorized by activity as follows:

- Cash Flows from Operating Activities: The Company generated net cash from operating activities of THB 12.46 million. This was primarily driven by operating profits during the year 2025 and efficient working capital management, particularly through the collection of trade and other current receivables during the period.
- Cash Flows from Investing Activities: The Company had net cash used in investing activities of THB 0.37 million. This was primarily for the acquisition of fixed and intangible assets, such as computer equipment (notebooks) for employees, among others.
- Cash Flows from Financing Activities: The Company generated net cash from financing activities of THB 32.43 million. The key factor was the proceeds from the issuance of additional common shares and the Initial Public Offering (IPO), together with dividend payments to shareholders during the year and the scheduled repayment of lease liabilities.

6. Significant financial ratios

Significant financial ratios	Y2025 / 31 Dec 2025	Y2024 / 31 Dec 2024
Current ratio (times)	6.15	3.90
Average Collection Period (days)	45	43
Average Inventory Turnover Period (days)	132	112
Cash Conversion Cycle (days)	111	89
Return on Equity (%)	5.38%	15.95%
Return on Assets (%)	4.20%	11.23%
Debt to Equity Ratio (times)	0.22	0.38
Interest coverage Ratio (times)/1	n.a	980.91
Debts Service Coverage Ratio (times)/2	n.a	n.a

Notes: /1 - Calculated based on interest-bearing debt only. In 2024, the Company had short-term borrowings from a related party amounting to THB 30.00 million with interest expenses of THB 16,393.44. In 2025, the Company had no interest-bearing debt.

/2 - As of December 31, 2025, and December 31, 2024, the Company had no outstanding interest-bearing debt from borrowings.

7. Factors Affecting the Company's Operations

Most products co-developed and distributed by the Company are in highly competitive segments, facing both existing players and new entrants due to low barriers to entry, coupled with rapid changes in consumer behavior. However, the Company maintains a broad customer base awaiting its newly developed products. In 2025, the Company gradually reduced inventory levels and accelerated the clearance of older models across distribution channels to prepare for the launch of new products, which was a primary reason for the revenue decline last year. Additionally, the Company initiated marketing activities to build awareness for new products launched during the fourth quarter. This impacted operating profit, alongside an increase in administrative expenses from financial advisory and professional service fees for IPO and Listing on mai Stock Market, which are considered as one-time expenses.

8. Sustainability Development

The Company operates with a strong commitment to sustainable development, integrating Environmental, Social, and Governance (ESG) principles into its core business. Since January 2025, the Company has phased out external plastic wrapping in favor of high-quality, durable, and recyclable paper boxes. Additionally, plastic labeling stickers have been replaced with direct-to-box printing to further reduce waste. Furthermore, the Company is currently studying the implementation of refillable packaging for upcoming products to minimize the use of non-biodegradable plastics.