

# Management Discussion and Analysis

## Analysis of Financial Position and Operating Results

### Overview of Business Operation

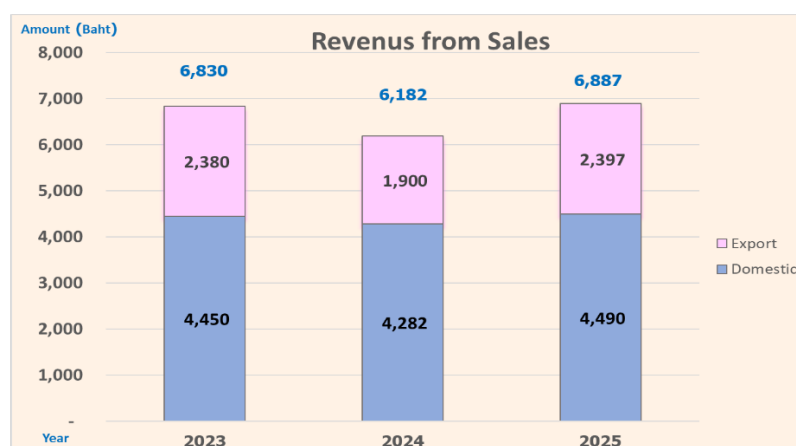
The past year 2025, marked a significant year of adaptation for S & J International Enterprises Public Company Limited amidst the dynamics of the global and Thai economies, which were full of challenges and new opportunities. Although the overall cosmetics and beauty industry continued to maintain its growth rate, the business of cosmetic manufacturing faced complex external factors that impacted strategic planning in multiple dimensions. At the macroeconomic level, the global economy in 2025 remains in a state of slowdown in many regions that are key export markets, particularly due to the impact of trade policies and tariff barriers between major economic powers, geopolitical conflicts and exchange rate fluctuations, which have also become pressures on production costs and the Company's profitability.

Regarding the Thai economy, despite positive factors from the recovery of the tourism sector and government economic stimulus, domestic consumer purchasing power remains cautious in spending. This has led to a shift in cosmetic purchasing behavior towards value for money and a greater preference for innovative products that meet the individual needs. Furthermore, the domestic market is still facing cosmetic manufacturers from China who are entering to intense price competition as well.

To address these conditions, the Company has implemented strategic management by sourcing raw materials from diverse suppliers (Strategic Sourcing) and enhancing production efficiency to maintain competitiveness. The Company has also focused on elevating the development of innovative products (Product Innovation), emphasizing high-performance products that are affordable and environmentally friendly (Clean & Green Beauty), a trend that continues to grow well even during economic slowdowns. Concurrently, the Company is accelerating its digital transformation to improve operational efficiency and support sustainable future growth.

### Financial performance and Financial position

#### Revenue from Sales



(Unit : Million Baht)

Consolidated	2023	2024	2025	Increase (Decrease)			
				2024/2023		2025/2024	
				Amount	%	Amount	%
Domestic sales	4,450	4,282	4,490	(168)	(3.8)	208	4.9
Export sales	2,380	1,900	2,397	(480)	(20.2)	497	26.2
Total	6,830	6,182	6,887	(648)	(9.5)	705	11.4

In 2025, the Company and its subsidiaries had revenue from sales of 6,887 million Baht, increased from last year of 705 million Baht or 11.4%. This growth was mainly due to higher sales in the cosmetics and cosmetic packaging segments. Domestic sales were increased by 208 million Baht (up 4.9%), while export sales were significantly increased of 497 million Baht or 26.2%, mainly due to the expansion of existing product lines to increase market share among current clients, included new products and continuous market expansion to new customers both local and overseas.

#### Gross profit

(Unit : Million Baht)

Consolidated	2023		2024		2025		Increase (Decrease)			
	2024/2023		2025/2024							
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue from sales	6,830	100.0	6,182	100.0	6,887	100.0	(648)	(9.5)	705	11.4
Cost of goods sold	4,802	70.3	4,297	69.5	4,868	70.7	(505)	(10.5)	571	13.3
Gross profit	2,028	29.7	1,885	30.5	2,019	29.3	(143)	(7.1)	134	7.1

In 2025, the company and its subsidiaries had gross profit at 29.3% of revenue from sales which was closed to prior year due to appropriate controlling their cost and expenses for continuing in their profitability whereas cost of raw material was higher than prior year.

Other income (included Dividend Income, Exchange Gains and Gain from fair value measurement on derivatives)

(Unit : Million Baht)

Consolidated	2023	2024	2025	Increase (Decrease)			
				2024/2023		2025/2024	
				Amount	%	Amount	%
Dividened income	20	21	20	1	5.0	(1)	(4.8)
Exchange Gains	23	0.9	-	(22)	(95.7)	(0.9)	(100)
Gain from a bargain purchase	-	-	10	-	-	10	100
Other income	92	146	119	54	58.7	(27)	(18.5)
Total	135	168	149	33	24.4	(19)	(11.3)

In 2025, the Company and its subsidiaries had other income of 149 million Baht, decreased the last year of 19 million Baht due to there was a gain on sales of land of the company in 2024. However, in 2025, the Company recorded a gain from a bargain purchase of 10 million Baht resulting from an additional investment in Osoth Inter Laboratories Co., Ltd., which reclassified its status from an associate to a subsidiary.

### Selling and distribution expenses

(Unit : Million Baht)

Consolidated	2023		2024		2025		Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2024/2023		2025/2024	
							Amount	%	Amount	%
Selling expenses	164	2.4	172	2.8	274	4.0	8	4.9	102	59.3
Administrative expenses	1,191	17.4	1,186	19.2	1,347	19.6	(5)	(0.4)	161	13.6
Expected credit losses (reversal)	(4)	(0.1)	120	1.9	(2)	(0.03)	124	(3,100)	(122)	(101.7)
Loss on exchange	-	-	-	-	7	0.1	-	-	7	100.0
Loss from measurement of derivatives	-	-	1	0.01	-	-	1	100.0	(0.9)	(100)
<b>Total</b>	<b>1,351</b>	<b>19.9</b>	<b>1,479</b>	<b>23.9</b>	<b>1,626</b>	<b>23.6</b>	<b>128</b>	<b>9.5</b>	<b>147</b>	<b>9.9</b>

In 2025, the Company and its subsidiaries had selling and administrative expenses of 1,626 million Baht, increased from the last year of 147 million Baht or 9.9% ,mainly due to increase in selling expenses which in line with the growth of revenue from sales. Meanwhile, increase in administrative expenses were mainly due to increase in employee expenses and depreciation.

### Profit attributable to equity holders of the parent



(Unit : Million Baht)

Consolidated	2023	2024	2025	Increase (Decrease)			
				2024/2023		2025/2024	
				Amount	%	Amount	%
Profit attributable to equity holders of the parent	717	476	442	(241)	(33.6)	(34)	(7.1)

In the 2025 consolidated financial statements, the profit attributable to the parent company was 442 million Baht, decreased from the last year of 34 million Baht or 7.1%. Although the Company and its subsidiaries had increase in gross profit driven by higher revenue from sales. Meanwhile decrease in other income and also the aforementioned increased in selling and administrative expenses.

### Return on Equity



In the 2025 consolidated financial statements, the Company had a Return on Equity (ROE) of 8.9%, decrease from the last year of 8.4% due to decrease in net profit for the year. The Company has a policy to pay dividend to shareholders at 20–80% of profit for the year of the separate financial statements (based on the cost method). However, any dividend payment is subject to economic conditions and the Company's overall performance.

In 2025, the Company had profit for the year of 442 million Baht. On February 26, 2026, the Board of Directors' Meeting No. 1/2026 resolved to propose for approval at the Annual General Meeting of Shareholders held on April 28, 2026, to pay dividend payment at 1.45 Baht per share, totaling 217.4 million Baht. This represents a dividend payout ratio of 68.9% of profit for the year of the separate financial statements. The scheduled payment date for the dividend is May 27, 2026.

## Financial position

(Unit : Million Baht)

Consolidated	2023	2024	2025	Increase (Decrease)			
				2024/2023		2025/2024	
				Amount	%	Amount	%
Current assets	3,257	3,251	3,523	(6)	(0.2)	272	8.4
Non current assets	3,563	3,705	4,060	142	4.0	355	9.6
<b>Total Assets</b>	<b>6,820</b>	<b>6,956</b>	<b>7,583</b>	<b>136</b>	<b>2.0</b>	<b>627</b>	<b>9.0</b>

**Total Assets** : In 2025, the company and its subsidiaries had total assets amounting to 7,583 Million Baht, increased from prior year of 627 Million Baht or 9.0% due to material changes as follows:

1. Decrease in Cash and cash equivalents of 256 Million Baht.
2. Increase in Trade and other receivables of 442 Million Baht due to incurred receivables from sales in the last quarter which had not yet due.
3. Decrease in Other current financial assets of 350 Million Baht due to redeem maturing Government bonds.
4. Increased in Property, Plant, and Equipment of 767 Million Baht, mainly due to construction in progress of the company's office building during the year. The increase also resulted from the recognition of assets from Osoth Inter Laboratories Co., Ltd., which had changed its status from an associate to a subsidiary.
5. Decreased in Other non-current financial assets of 190 Million Baht, mainly due to decline in the share price of Ratch Pathana Energy Public Company Limited.
6. Decreased in Investments in associates of 254 Million Baht, resulting from the change in status of Osoth Inter Laboratories Co., Ltd. from an associate (37.73%) to a subsidiary (51%) of S&J.

Furthermore, in 2025, the company made an additional investment in Osoth Inter Laboratories Co., Ltd., resulting in a change of status from an associate company to a subsidiary. Consequently, the assets of Osoth Inter Laboratories Co., Ltd., totaling 1,044.7 million Baht had been included in the consolidated financial statements.

(Unit : Million Baht)

Consolidated	2023	2024	2025	Increase (Decrease)			
				2024/2023		2025/2024	
				Amount	%	Amount	%
Current liabilities	1,000	990	1,082	(10)	(1)	92	9.3
Non current liabilities	531	573	590	42	7.9	17	3.0
<b>Total Liabilities</b>	<b>1,531</b>	<b>1,563</b>	<b>1,672</b>	<b>32</b>	<b>2.1</b>	<b>109</b>	<b>7.0</b>
<b>Shareholders' Equity</b>	<b>5,289</b>	<b>5,393</b>	<b>5,911</b>	<b>104</b>	<b>2.0</b>	<b>518</b>	<b>9.6</b>

**Total Liabilities** : In 2025, the company and its subsidiaries had total liabilities amounting to 1,672 Million Baht, increased from the last year of 109 Million Baht or 7% mainly due to increase in trade and other current payables.

**Shareholders' Equity** : In 2025, the company and its subsidiaries had shareholders' equity amounting to 5,911 Million Baht, increased from prior year of 518 Million Baht or 9.6% due to material changes as follows:

1. Total Comprehensive income for the year of 366 Million Baht.
2. Dividend payment of 225 Million Baht.
3. Acquisition of non-controlling interests through a business combination of 392 Million Baht and subsidiary's dividend payment for non-controlling interests totaling 15 million Baht.

#### Liquidity

1. Cash flows in 2025, the company and its subsidiaries had net increase in cash and cash equivalent of 256 Million Baht or 36.4% by separated activities as follows:

(Unit : Million Baht)

	2023	2024	2025
Cash Flows provided from Operating Activities	998	450	590
Cash Flows provided from (used in) Investing Activities	(757)	(64)	(68)
Cash Flows used in Financing Activities	(431)	(410)	(266)
Increase (decrease) in net foreign exchange difference	0.3	(0.7)	-
<b>Net Increase (Decrease) in cash and cash equivalents</b>	<b>(190)</b>	<b>(24)</b>	<b>256</b>
Cash and cash equivalents at beginning of the year	917	727	703
<b>Cash and cash equivalents at end of the year</b>	<b>727</b>	<b>703</b>	<b>959</b>

The material changes in cash flows are as follows:

- Cash flows from operating activities increased from the last year of 140 Million Baht , mainly due to received from cash collections from customers and inventory sales.
- Cash flows from investing activities increased from the last year of 4 Million Baht, mainly due to the acquisition of buildings and equipment.
- Cash flows from financing activities decreased from the last year of 144 Million Baht, mainly due to decrease in dividend payment.

## 2. Sufficiency of liquidity

(Unit : Million Baht)

	2023	2024	2025	
Current Ratio	3.26	3.28	3.25	Times
Quick Ratio	2.43	2.53	2.79	Times
Current Cash Flow Ratio	0.96	0.47	0.57	Times
Debt to Equity ratio	0.29	0.29	0.28	Times

In 2025, the Company and its subsidiaries maintained Current ratio similar to the last year. Whereas quick ratio were slightly increased ,Meanwhile the current cash flow ratio increased due to increase in cash flow from operating activities of the company and its subsidiaries.

### Sustainability Operations

The Company recognizes the importance of conducting business in conjunction with the sustainable development of the organization, where the impacts on the environmental aspects, social aspects, and corporate governance aspects are considered. In 2025, the Company carried out the following sustainability activities:

**Environmental aspect** The Company has set a goal to reduce greenhouse gas emissions from various activities by the amount of greenhouse gas emissions per each unit produced (Scope1+Scope2) was decreased at  $\geq 5\%$  with a long-term goal of Carbon Neutrality in 2040 and Carbon Net Zero in 2050 , in order to proactively adapt to challenges in climate changes. In 2025, the Company implemented the Carbon Footprint project at the corporate level and achieved certification, which led to setting long-term goals and plans to reduce greenhouse gas emissions. The environmental preservation, particularly the efficient use of natural resources, is a significant issue in driving the economy and social development toward sustainability. The Company has established policies and guidelines for conducting business throughout the supply chain, starting with the development and design of a formula, purchasing, procuring raw materials, producing, and delivering products that are environmentally friendly.

**Social aspect** The Company conducts its business under the philosophy of “good people,” which emphasizes the development based on basic human rights without discrimination. In 2025, The Company has key human resource Development Projects, such as High Potential and Succession Development Program, Organizational Leadership Development Program, Skills development Project, The online media development Project, On-the-job Training(OJT) and Sustainability knowledge development program(ESG DNA). In 2025, there were expenses to development personnel for amounted to Baht 4 million or 0.06% of total revenue.

Moreover, the Company encourages its employees to participate in the development of innovation within the organization to deliver products that are of high quality and environmentally friendly. In 2025, research and development expenses for technology and innovation amounted to Baht 157 million or 2.28% of total revenue. The Company focuses on developing innovation to serve the needs of its customers, whether they are innovative products and services, production processes, and business models that can generate tangible business benefits. For its

research and development planning, the Company has a strategy and portfolio that are aligned with its current and future goals.

Continuous research and development of innovation is an important factor that enhances the competitiveness of the business. The Company has adjusted its innovation strategy to create added value in products and services and emphasized adaptation to meet customers' needs that change rapidly to generate higher profits. In 2025, the Company has various innovation products to meet customers' needs totally 32 items.

**Corporate Governance aspect** The company conducts its business under the principles of corporate governance and promotes a work environment that is transparent, fair, and no discrimination by implementing risk management principles and business continuity planning to ensure the business can continue its operations appropriately. In addition, the Company has prepared a tax policy to guide its tax operations in a transparent manner. The Company and its subsidiaries paid income tax expenses to the government as follows:

Consolidated	2023	2024	2025
Accounting profit before tax (Million Baht)	914.5	621.0	603.6
Applicable tax rate	0-20%	0-20%	0-20%
Income tax expenses (Million Baht)	151.3	96.7	80.8
Effective tax Rate (%) *	16.5%	15.6%	13.4%
Corporate income tax paid (Million Baht)	146.7	120.6	117.6

\* Calculated from income tax expenses divided by profit before tax

In 2025, the Company and its subsidiaries had income tax expense according to the consolidated financial statements of 80.8 Million Baht, representing an effective income tax rate of 13.4%. However, the effective tax rate was lower than the applicable tax rate, main reason is that some companies have losses. In 2025, the Company and its subsidiaries paid income tax in the amount of Baht 117.6 Million.

## Factors or situations which may significantly impact Operating Results and Financial Status of the Company and its Subsidiaries in the Future

The Company and its subsidiaries are committed to Environmental, Social, and Governance principles (ESG) to mitigate impacts from rapid future changes, such as climate volatility, raw material shortages, and rising costs of materials included fuel, economic fluctuations, consumer purchasing power, consumer behaviors, and technological advancements, all of which influence our future financial position and operating result. By effectively adapting and controlling their costs, the Company and its subsidiaries continue to develop innovative products to meet customer needs and consumer behaviors. Therefore, the managements has provided short-term and long-term strategic plans, enabling us to capture new opportunities for existing and new customers, both domestic and overseas.