



NEO



Be Nice



fineline



D-nee



TROS



Evensense



Vivite



D&A



Smart

Neo Corporate Public Company Limited

Management Discussion and Analysis

(MD&A)

For Q2/2024 Operating Results



Executive Summary

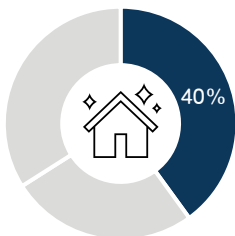
Results Overview	Q2/24	Q2/23	Q1/23	Change +/-		1H/24	1H/23	Change +/-
Unit: Million THB				%YoY	%QoQ			%YoY
Operating Revenue	2,494	2,295	2,472	8.7%	0.9%	4,966	4,573	8.6%
Gross Profit	1,168	982	1,136	18.9%	2.8%	2,304	1,870	23.2%
Selling and Administrative Expenses	827	783	780	5.6%	6.0%	1,608	1,437	11.9%
Net Profit	272	157	272	73.2%	0.0%	544	339	60.5%
Net Profit Attributable to the Parent Company	269	156	268	72.4%	0.4%	537	335	60.3%
Gross Profit Margin	46.8%	42.8%	46.0%			46.4%	40.9%	
Net Profit Margin	10.8%	6.8%	11.0%			10.9%	7.4%	
Net Profit Margin Attributable to the Parent Company	10.7%	6.8%	10.8%			10.8%	7.3%	

Notes: Values may differ by one decimal point due to rounding

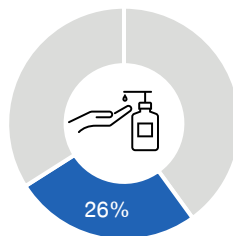
In Q2/2024, Neo Corporate Public Company Limited (the “Company” or “NEO”) reported operating revenue of THB 2,494 million, increased by THB 199 million or 8.7% from Q2/2023, mainly due to the increase in revenue across all product categories, especially from personal care and baby and kids product categories. In Q2/2024, the Company reported net profit attributable to the parent company of THB 269 million, increased by THB 113 million or 72.4%, due to the Company’s ability to effectively manage raw material and packaging costs, as well as the implementation of appropriate business strategies, including marketing activities, customer base expansion, and new product development.

During 2024, the Company projects continuous growth aligned with its strategic plan, driven by a comprehensive marketing strategy (360 degrees Marketing), the introduction of new products in the Premium Mass segment, the expansion of both domestic and international distribution channels, and actively adjusting strategy to ensure the Company achieves strong accelerated growth. These initiatives will enhance the Company’s competitive advantage and increase market share. Moreover, the Company will continue to develop new products and improve existing ones, while exploring new growth opportunities, reinforcing the Company’s position as a leading manufacturer and distributor of high-quality Fast-Moving Consumer Goods (FMCG) while maintaining its forecast at double-digit growth for 2024.

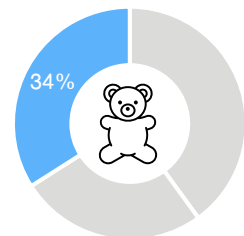
Operating Revenue Structure



Household Products



Personal Care Products



Baby and Kids Products

Total solutions for fabric care and home cleaning products that are effective and safe



Fabric Care

“Total Solutions For Your Beloved Clothes”



Fabric Care

“Anti bacterial Specialist”



Home Cleaning

“Home Cleaning Expert”

Extensive and distinctive personal care products to fulfill everyday needs of consumers



Fragrances & Deodorant

“Support Every Beauty Identity”



Body Care

“Entire Skincare Solution”



Fragrances & Deodorant/ Hair Care / Body Care

“Men’s Complete Grooming Products”



Fragrances & Deodorant Body Care

“Gentle for Your Skin and Nature”

High quality baby and kids products with gentleness proven by international standards



“Trusted Brand For Mildness That The Whole Family Will Enjoy”

- Laundry Care
- Utensil Wash
- Body Care
- Others

Q2/2024 Operating Results

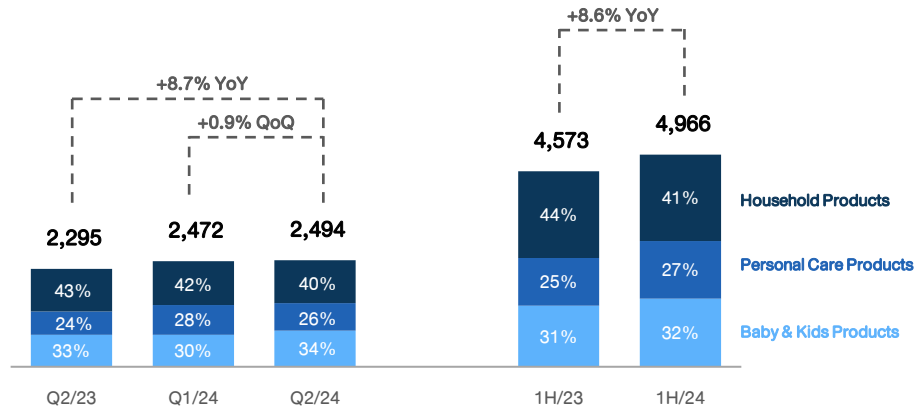
1. Revenue Breakdown by Product Category

Revenue Structure	Q2/24	Q2/23	Q1/24	Change +/-		1H/24	1H/23	Change +/-
Unit: Million THB				%YoY	%QoQ			%YoY
Household Products	1,004	1,002	1,024	0.2%	(2.0%)	2,028	2,029	(0.1%)
Personal Care Products	643	544	699	18.2%	(8.0%)	1,342	1,118	20.0%
Baby & Kids Products	847	749	749	13.1%	13.1%	1,596	1,426	11.9%
Total Revenue from Sales	2,494	2,295	2,472	8.7%	0.9%	4,966	4,573	8.6%

Notes: Values may differ by one decimal point due to rounding

Operating Revenue Breakdown by Product Category

Unit: Million THB, %



YoY: Q2/2024 vs Q2/2023

In Q2/2024, the Company reported operating revenue of THB 2,494 million, increased by THB 199 million or 8.7% from Q2/2023. This was driven by:

- Revenue from Household Products:** was THB 1,004 million, slightly increased by THB 2 million or 0.2%, mainly due to the growth of Finline and Tomi brands, as well as the premium mass segment from the introduction of new innovative products to meet the needs of pet owners, such as Finline Fabric Softener Concentrated Premium Soft, designed to reduce pet hair on fabrics, and Tomi Floor Cleaner For Pet, formulated from 100% natural ingredients, while growth in overseas markets slowed down. However, the Company focuses on expanding its distribution channels for household products to targeted countries through negotiations with key distributors to broaden customer reach and drive business growth.
- Revenue from Personal Care Products:** was THB 643 million, increased by THB 99 million or 18.2%, driven by strong performance across all brands under the personal care products category, including BeNice, Eversense, TROS, and Vivite resulted from the development of new products and improvements to existing products which were well-received by consumers, such as Eversense Intensive Bright Roll On with PHA features to exfoliate dead skin cells, addressing dull skin concerns, and is enriched with vitamins C, E, and B3 to enhance skin brightness and Eversense Intensive Protection Roll On, offering twice the sweat-control power with Duo Anti-Odor technology for long-lasting odor protection, featuring a lightweight, quick-drying, alcohol-free formula. Additionally, the collaboration between Vivite and BeNice to expand the popular English Pear & Freesia fragrance from BeNice Body Wash into Vivite Collagen Whitening Roll-on Green has generated consistent popularity.
- Revenue from Baby & Kids Products:** was THB 847 million, increased by THB 98 million or 13.1%, mainly due to the strategic expansion into new customer segments through the launch of the "D-nee Deluxe" under D-nee brand, including D-nee Deluxe Detergent, which offers innovative solutions for the entire family, particularly addressing the unique odor concerns of the elderly, making it a first-of-its-kind product in Thailand. In addition, D-nee Deluxe Lotion provides deep hydration, a pleasant fragrance, and advanced odor-neutralizing technology, specifically formulated for the delicate skin of the elderly. Moreover, the successful introduction of new products under the D-nee Organic Always Happy - Smile Booster Series, catering to the specific needs of mothers, such as liquid body and hair wash, baby lotion, laundry detergent, and fabric softener for babies, has contributed to this growth. These products feature EmotiTech fragrance technology, which promotes good moods in babies, stimulates development, and prepares them for new learning experiences daily, while being hypoallergenic tested to ensure they are gentle on the skin.

QoQ: Q2/2024 vs Q1/2024

In Q2/2024, the Company reported operating revenue of THB 2,494 million, increased by THB 22 million or 0.9% from Q1/2024. This was driven by:

- **Revenue from Household Products:** was THB 1,004 million, decreased by THB 20 million or 2.0%, mainly due to high competition in the fabric softener segment. However, this was partially offset by growth in fabric starch sales.
- **Revenue from Personal Care Products:** was THB 643 million, decreased by THB 56 million or 8.0%, mainly from personal care product category of shower cream due to the department stores and retailers make advanced purchases in Q1/2024, resulting in lower orders compared to the previous quarter. During the period, Eversense brand continues to demonstrate growth, driven by the introduction of new products and existing product enhancements with Eversense Made My Day Collection Perfume Mist, featuring three distinct fragrances that can be combined to create six unique scents. This has elevated the brand's premium positioning and meets the needs both teenage girls and working women, receiving positive consumer feedback.
- **Revenue from Baby & Kids Products:** was THB 847 million, increased by THB 98 million or 13.1%, mainly due to the strategic expansion into new customer segments through the launch of the "D-nee Deluxe", with 2 new products: D-nee Deluxe Laundry Detergent, which offers innovative solutions for the entire family, particularly addressing the unique odor concerns of the elderly, a first-to-market innovation in Thailand, and D-nee Deluxe Lotion offers a superior formula that effectively restores and moisturizes skin, providing long-lasting hydration and a pleasant fragrance. The product also incorporates gentle technology to neutralize odors commonly associated with aging skin, making it suitable for the delicate skin of the elderly. In addition, the Company has also been successful in new product launches, such as the D-nee Organic Always Happy – Smile Booster Series and D-nee Organic Sweet Dream For Newborn Baby Powder – Smile Booster Series, as they have effectively addressed consumer needs.

YoY: 1H/2024 vs 1H/2023

In 1H/2024, the Company reported operating revenue of THB 4,966 million, increased by THB 393 million or 8.6% from 1H/2023. This was driven by:

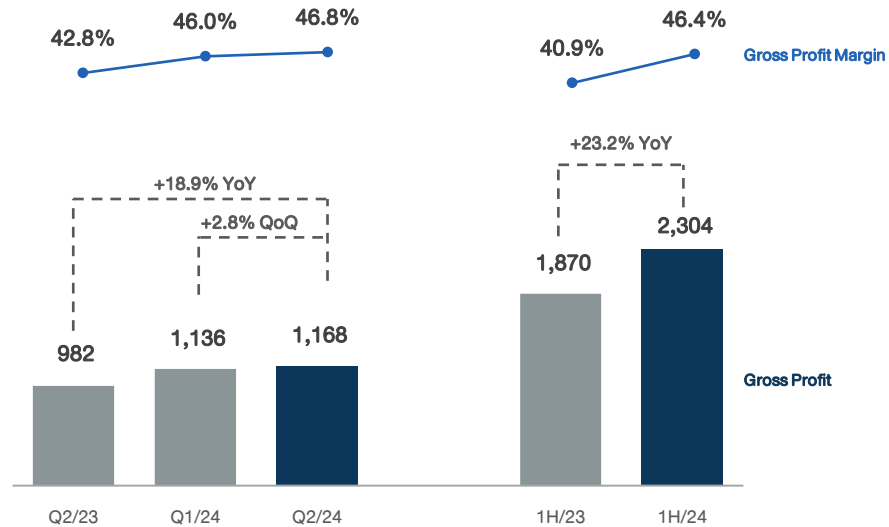
- **Revenue from Household Products:** was THB 2,028 million, slightly decreased by THB 1 million or 0.1%, mainly due to high competition in the fabric softener segment. However, this was partially offset by growth in liquid detergent sales and premium products under the Fineline and Tomi brands from the introduction of innovative products to meet the needs of pet owners, such as Fineline Fabric Softener Concentrated Premium Soft, designed to reduce pet hair on fabrics, and Tomi Floor Cleaner For Pet, formulated with 100% natural ingredients, while growth in overseas markets slowed down. However, the Company focuses on expanding its distribution channels for household products to targeted countries through negotiations with key distributors to broaden customer reach and drive business growth.
- **Revenue from Personal Care Products:** was THB 1,342 million, increased by THB 224 million or 20.0%, driven by strong performance across all brands under the personal care products category, including BeNice, Eversense, TROS, and Vivite resulting from the development of new products and improvements to existing products which were well-received by consumers across both mass and premium mass segments, such as BeNice Perfume Shower Gel featuring Blooming Bomb technology for long-lasting fragrance and collagen peptides for enhanced skin elasticity, BeNice Ultimate Hygiene Feminine Cleansing, gentle and safe formula free from 12 harmful substances and gynecologically tested, and Eversense Made My Day Collection Perfume Mist featuring three distinct fragrances that can be combined to create six unique scents, has elevated the brand's premium positioning and meets the needs both teenage girls and working women. Moreover, the collaboration between Vivite and BeNice to expand the popular English Pear & Freesia fragrance from BeNice Body Wash into Vivite Collagen Whitening Roll-on Green has generated consistent popularity. The Company also refreshed the TROS brand image through the introduction of a new brand ambassador, which significantly enhanced the brand's visibility and product appeal.
- **Revenue from Baby & Kids Products:** was THB 1,596 million, increased by THB 170 million or 11.9%, mainly due to the strategic expansion into new customer segments through the launch of the "D-nee Deluxe", with 2 new products: D-nee Deluxe Laundry Detergent, which offers innovative solutions for the entire family, particularly addressing the unique odor concerns of the elderly, making it a first-of-its-kind product in Thailand, and D-nee Deluxe Lotion offers a superior formula that effectively restores and moisturizes skin, providing long-lasting hydration and a pleasant fragrance. The product also incorporates gentle technology to neutralize odors commonly associated with aging skin, making it suitable for the delicate skin of the elderly. Moreover, the successful introduction of new products under the D-nee Organic Always Happy – Smile Booster Series, catering to the specific needs of mothers, such as liquid body and hair wash, baby lotion, laundry detergent, and fabric softener for babies, has contributed to this growth. These products feature EmotiTech fragrance technology, which promotes good moods in babies, stimulates development, and prepares them for new learning experiences daily, while being hypoallergenic tested to ensure they are gentle on the skin.

For product groups facing high competition, in order to deal with the challenges of competition and the Company's objectives to develop distribution channels more extensively, the Company has implemented its business strategy to align with growth targets and has begun operations since July 2023 to respond to the rapidly changing situation promptly. This adjustment is expected to help strengthen the business, enhance competitiveness, and expand market share in the second half of the year effectively.

2. Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit margin

Unit: Million THB, %



>>>>> YoY: Q2/2024 vs Q2/2023

Gross Profit: In Q2/2024, the Company reported gross profit of THB 1,168 million, increased by THB 186 million or 18.9% from Q2/2023, corresponding to the increase in operating revenue, especially from personal care products and baby and kids products, which have higher gross profit margins compared to household products (Product Mix). Moreover, sales of premium mass segment improved due to the successful implementation of the Premiumization strategy. In addition, the increase in cost of goods sold was lower than the increase in operating revenue, reflecting the Company's effective management of raw material and packaging costs. As a result, **Gross Profit Margin** in Q2/2024 was 46.8%, increased from 42.8% in Q2/2023.

>>>>> QoQ: Q2/2024 vs Q1/2024

Gross Profit: In Q2/2024, the Company reported gross profit of THB 1,168 million, increased by THB 32 million or 2.8% from Q1/2024, corresponding to the increase in operating revenue, especially from the baby and kids products, which have higher gross profit margins compared to the personal care products and household products (Product Mix). Moreover, sales from the premium mass segment improved due to the successful implementation of the Premiumization strategy, while the cost of goods sold decreased due to the effective management of raw material and packaging costs. As a result, **Gross Profit Margin** in Q2/2024 was 46.8%, increased from 46.0% in Q1/2024.

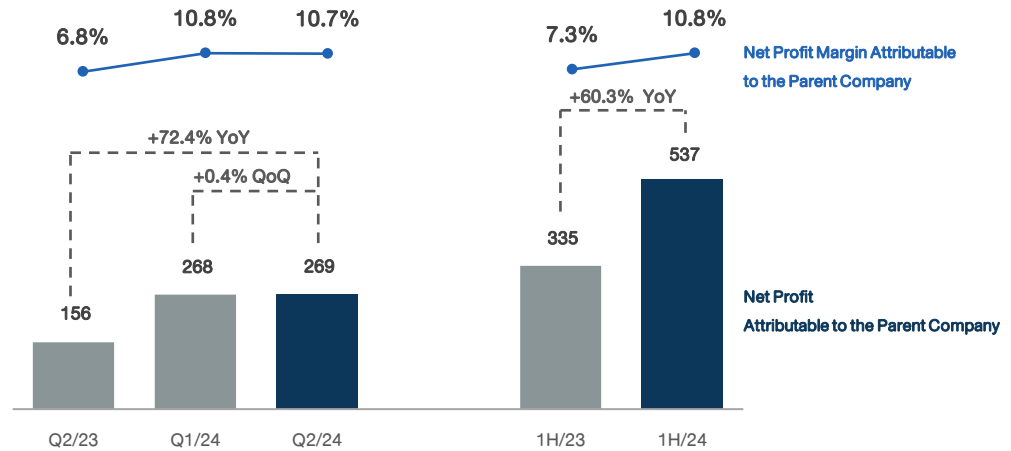
>>>>> YoY: 1H/2024 vs 1H/2023

Gross Profit: In 1H/2024, the Company reported gross profit of THB 2,304 million, increased by THB 434 million or 23.2% from 1H/2023, corresponding to the increase in operating revenue, especially from personal care products and baby and kids products, which have higher gross profit margins compared to household products (Product Mix). Moreover, sales from the premium mass segment improved due to the successful implementation of the Premiumization strategy, while the Company has shown effective management of raw material and packaging costs. As a result, **Gross Profit Margin** in 1H/2024 was 46.4%, increased from 40.9% in 1H/2023.

3. Net Profit and Net Profit Margin Attributable to the Parent Company

Net Profit and Net Profit Margin Attributable to the Parent Company

Unit: Million THB, %



YoY: Q2/2024 vs Q2/2023

Net Profit Attributable to the Parent Company: In Q2/2024, the Company reported net profit attributable to the parent company of THB 269 million, increased by THB 113 million or 72.4% from Q2/2023, driven by the increase in operating revenue and gross profit. However, the Company incurred higher selling and administrative expenses compared to the previous year, mainly due to increased employee compensation and depreciation expenses related to the expansion of the automated finished goods warehouse and the automated storage and retrieval system (ASRS) which COD in Q3/2023. In addition, the Company experienced an increase in marketing and promotional expenses to strengthen the Company's competitive position. The Company's marketing and promotional expenditures fluctuate based on factors such as the product's seasonality, market conditions, competition, and the timing of new product launches, resulting in fluctuations in quarterly spending. As a result, Those expenses are not fixed on a quarterly basis but are carefully managed and controlled to align with the annual expense-to-sales ratio. Selling and Administrative Expenses to Operating Revenue in Q2/2024 was 33.2%, improved from 34.1% in Q2/2023, resulting in **Net Profit Margin Attributable to the Parent Company** in Q2/2024 to be 10.7%, increased from 6.8% in Q2/2023.

QoQ: Q2/2024 vs Q1/2024

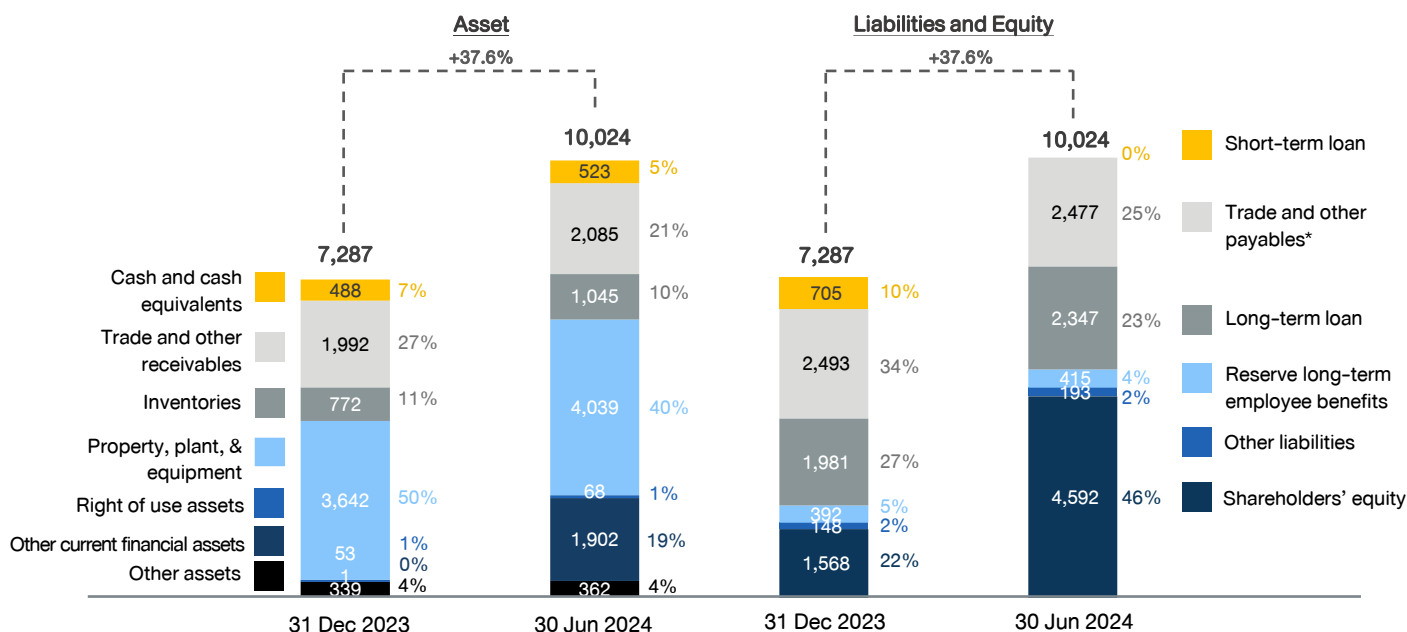
Net Profit Attributable to the Parent Company: In Q2/2024, the Company reported net profit attributable to the parent company of THB 269 million, slightly increased by THB 1 million or 0.4% from Q1/2024, driven by the increase in operating revenue and gross profit. However, the Company incurred higher selling and administrative expenses compared to the previous year, mainly due to increase in marketing and promotional activities to strengthen the Company's competitive position. The Company's marketing and promotional expenditures fluctuate based on factors such as the product's seasonality, market conditions, competition, and the timing of new product launches, resulting in fluctuations in quarterly spending. As a result, Those expenses are not fixed on a quarterly basis but are carefully managed and controlled to align with the annual expense-to-sales ratio. Selling and Administrative Expenses to Operating Revenue in Q2/2024 was 33.2%, increased from 31.6% in Q1/2024, resulting in **Net Profit Margin Attributable to the Parent Company** in Q2/2024 to be 10.7%, slightly decreased from 10.8% in Q1/2024.

YoY: 1H/2567 vs 1H/2566

Net Profit Attributable to the Parent Company: In 1H/2024, the Company reported net profit attributable to the parent company of THB 537 million, increased by THB 202 million or 60.3% from 1H/2023, driven by the increase in operating revenue and gross profit. However, the Company incurred higher selling and administrative expenses compared to the previous year, mainly due to increased employee compensation and depreciation expenses related to the expansion of the automated finished goods warehouse and the automated storage and retrieval system (ASRS) which commenced operations in Q3/2023. In addition, the Company experienced an increase in marketing and promotional expenses to strengthen the Company's competitive position. The Company's marketing and promotional expenditures fluctuate based on factors such as the product's seasonality, market conditions, competition, and the timing of new product launches, resulting in fluctuations in quarterly spending. As a result, Those expenses are not fixed on a quarterly basis but are carefully managed and controlled to align with the annual expense-to-sales ratio. Selling and Administrative Expenses to Operating Revenue in 1H/2024 was 32.4%, increased from 31.4% in 1H/2023, this increase was at a lower rate than the increase in gross profit margin, resulting in **Net Profit Margin Attributable to the Parent Company** in 1H/2024 to be 10.8%, increased from 7.3% in 1H/2023.

Statement of Financial Position

Unit: Million THB, %



*Note: Trade and other payables, including Department of Revenue payables

➤➤➤➤➤ Total Assets

As of 30 June 2024, the Total Assets of the Company was THB 10,024 million, increased by THB 2,737 million or 37.6% from 31 December 2023, driven by the following key changes:

- **Trade and other receivables:** was 2,085 million, increased by THB 93 million, corresponding to the growth in sales.
- **Inventories:** was THB 1,045 million, increased by THB 273 million, due to higher inventory to support anticipated sales growth in the upcoming quarter.
- **Property, plant, & equipment:** was THB 4,039 million, increased by THB 397 million, due to the investments for the expansion of production capacity for personal care products of both adult and baby.
- **Other current financial assets:** was THB 1,902 million, increased by THB 1,901 million due to the increase in fixed deposits with financial institutions of THB 1,400 million and temporary investments of THB 502 million. The majority of these funds were generated from the Initial Public Offering (IPO).

➤➤➤➤➤ Total Liabilities

As of 30 June 2024, the Total Liabilities of the Company was THB 5,432 million, decreased by THB 287 million or 5.0% from 31 December 2023, driven by the following key changes:

- **Short-term loans:** was THB 0 million, decreased by THB 705 million, mainly due to the repayment of loans to financial institutions in accordance to the purpose outlined during Initial Public Offering (IPO).
- **Long-term loans:** was THB 2,347 million, increased by THB 366 million, due to the investments for the expansion of production capacity for personal care products of both adult and baby.

➤➤➤➤➤ Total Shareholders' Equity

As of 30 June 2024, the Total Equity of the Company was THB 4,592 million, increased by THB 3,024 million or 192.9% from 31 December 2023, mainly due to the increase in the share capital of 78 million shares at a par value of THB 1 per share, totaling THB 78 million and share premium of THB 2,901 million resulting from the Initial Public Offering (IPO) on April 9, 2024.

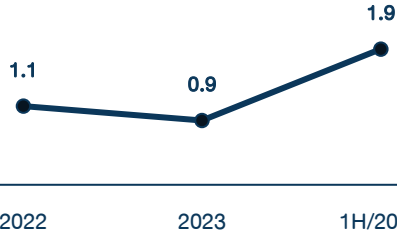
Key Financial Ratios

1. Liquidity Ratios

Current Ratio

Total current assets / Total current liabilities

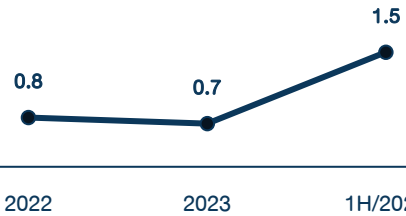
Unit: Times



Quick Ratio

(Cash and cash equivalents + Net trade receivables + Other current financial assets* / Total current liabilities

Unit: Times



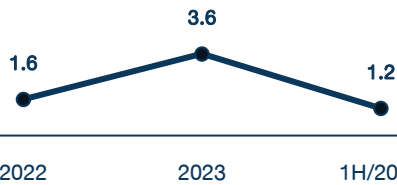
*Fixed deposits with a tenor of more than 3 months but less than 1 year, and investments in open-end fund-debt securities

2. Leverage Ratios

D/E Ratio

Total liabilities / Total equity

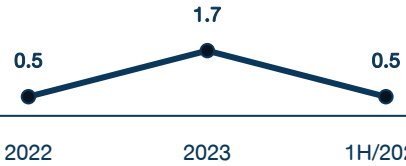
Unit: Times



Interest Bearing Debt to Equity Ratio

Total interest-bearing debt / Total equity

Unit: Times

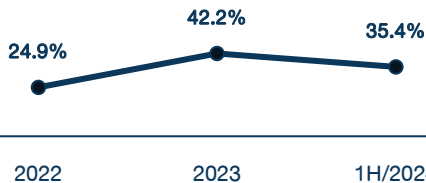


3. Profitability Ratios

ROE

Net income (annualized) / Average total equity

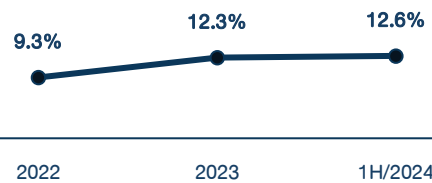
Unit: %



ROA

Net income (annualized) / Average total assets

Unit: %

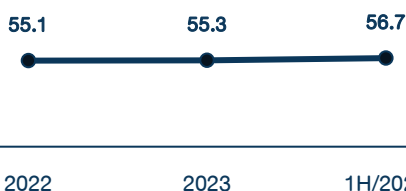


4. Assets Management Ratios

Cash Cycle

(Average sales period + Average collection period) – Average payment period

Unit: Days



Average Payment Period

365 / (Cost of goods sold (annualized) / Average trade payables (excluding other payables))

Unit: Days

