No. MAI 6911/001

12 November 2026

Subject Management Discussion and Analysis for the Operating Results for 9-month period ended 30 Sep 2026

To President

The Stock Exchange of Thailand

Skin Laboratory PCL ("the Company") would like to submit Management Discussion and Analysis of the Operating Results for 9-month period ended 30 Sep 2026, the details are as follows:

1. Business operation overview

The Company is engaged in the research, development, and distribution of skincare and cosmetic products, with plans to develop other health-related products in the future. Currently, the Company markets its products under the "Skinsista" and "Dermie" brands, using an original equipment manufacturer (OEM) model through partner manufacturers certified to international standards, including GMP and ISO 22716:2007, to deliver high-quality innovations at affordable prices. The Company focuses on a strategy to comprehensively reach consumers through three main channels: (1) Modern Trade, including convenience stores such as 7-Eleven and leading beauty stores such as Watsons, Beautrium, EVEANDBOY, and found & found, among others; (2) General Trade through local retail stores nationwide; and (3) Social Commerce and E-Commerce through popular online platforms such as Shopee, Lazada, and TikTok Shop. Currently, the Company classifies its products into 4 main categories: facial cleansers, facial skincare products, sun protection products, and cosmetics such as powder foundation, blush, and lipstick, as well as other products, to meet consumers' needs across all aspects of skincare and beauty.

2. Summary of significant events and development

For Quarter 3/2026 and 9-month period, the Company has rebranding image of Skinsista and adjusted its communication approach to better align with its current target customers. The Company also launched Skinsista Watery Sun Fluid, the first product under the new brand concept. At the same time, the Company implemented sales promotions to accelerate the sell-through of existing products across various distribution channels.

For the Dermie brand, the Company continued to build product awareness through various channels, with sales continuing to grow.

Key events during the quarter and the 9-month period are detailed below :

- **Decline in Modern Trade sales:** Throughout the first 9-months of 2026, the Company gradually launched new products, including a new facial cleansing gel formula, an anti-acne cushion foundation, a new range of cream products in sachets, and blush in sachets. These launches took place alongside efforts to clear certain existing products that were becoming outdated, particularly in the Modern Trade channel, in response to increasing competition. However, economic conditions and intense market competition caused the clearance of existing products to take longer than expected, contributing to lower sales through 7-Eleven and Watsons. Sales from new products have not yet been sufficient to offset this decline. Meanwhile, sales through online channels continued to grow.

- **Significant increase in online platform expenses:** Over the past two years, the Company has successfully shifted its distribution towards digital channels through platforms such as Shopee and TikTok, which previously offered lower selling expenses than other channels. As a result, the proportion of revenue generated through online channels increased, making online channels the Company's primary source of revenue, replacing traditional offline channels. However, over the past year, online platforms have continued to increase their platform fees and other service charges. In the third quarter of 2026, these expenses, including platform sales promotion expenses, accounted for approximately 30% of online sales, compared with approximately 20.57% in 2025. This increase affected the Company's profitability.
- **Marketing Expenses for Rebranding and Brand Image Communication:** The Company recorded a significant increase in marketing expenses during the third quarter to communicate Skinsista's new brand image and raise brand awareness among a broader consumer base. These expenses also covered the promotion of newly launched products under the new brand concept, including marketing activities through content creators and influencers. These activities were carried out alongside sales promotions for existing products. The increase in marketing expenses, combined with lower total revenue during the clearance of existing products, resulted in a higher selling expenses-to-revenue ratio in both the third quarter and the 9-month period compared with the same periods of the previous year.
  In addition, the Company continued to promote the Dermie brand through online media and influencers to strengthen brand awareness and expand its customer base among target consumer groups.
- **Expansion into leading beauty retailers**: During the first 9 months of 2026, the Company expanded its distribution to include Boots, in addition to existing channels such as Watsons, EVEANDBOY, and Beautrium. The Company also gradually introduced new products into these distribution channels to provide consumers with more opportunities to access and try its products. The Company expects the proportion of sales generated through beauty retailers to increase by the end of 2026.

3. Summary of Operating Results

Profit and Loss Statement	9M/2026		9M/2025		Change	
	THB million	%	THB million	%	THB million	%
Revenues from sales	97.89	100%	134.73	100%	(36.84)	(27%)
Cost of sales	(29.44)	(30%)	(37.38)	(28%)	(7.94)	(21%)
Gross Profit	**68.45**	**70%**	**97.35**	**72%**	**(28.90)**	**(30%)**
Other income*	1.25	1%	2.06	2%	(0.81)	(39%)
Profit before operating expense	**69.69**	**71%**	**99.41**	**74%**	**(29.71)**	**(30%)**
Distribution costs	(71.83)	(73%)	(66.80)	(50%)	5.03	8%
Administrative expenses	(20.55)	(21%)	(22.58)	(17%)	(2.03)	(9%)
Profit before finance costs and tax	**(22.68)**	**(23%)**	**10.03**	**7%**	**(32.72)**	**N.A.**
Finance costs	(0.05)	(<1%)	(0.12)	(<1%)	(0.07)	(56%)
Profit before tax	**(22.74)**	**(23%)**	**9.91**	**7%**	**(32.65)**	**N.A.**
Tax income (expense)	(0.58)	(1%)	(2.04)	(2%)	(1.46)	(71%)
Net Profit for the period	**(23.32)**	**(24%)**	**7.87**	**6%**	**(31.19)**	**N.A.**

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.

Operational Overview

For Quarter 3/2026 and 9-month period, the Company continued to adjust its product portfolio and develop its distribution channels to align with consumer behavior. The Company gradually introduced innovative new products to the market alongside the refresh of the Skinsista brand image to improve its reach among target customers. The decline in total revenue compared with the corresponding period of the previous year was mainly attributable to cream products in sachets, which faced intense competition. Meanwhile, sales of full-size products through online channels such as Shopee and TikTok Shop continued to grow and accounted for a larger share of the Company's revenue, reflecting opportunities to expand its customer base through digital channels. The Company remains focused on building awareness of new products while managing expenses to support long-term growth and profitability.

The increase in distribution costs was primarily attributable to two factors: higher online platform expenses throughout 2026 and marketing expenses incurred to promote Skinsista's refreshed brand image.

Revenue from Sales

For 9-month period of 2026, the Company recorded revenue from sales of goods of THB 97.89 million, a decrease of THB 36.84 million, or 27%, compared with the corresponding period of the previous year (YoY). Key factors were as follows:

- **Product transition and intense competition:** Amid increasing competition in the Modern Trade channel, the Company reduced the volume of existing products in preparation for the introduction of innovative new products. Sales through its traditional key channels, 7-Eleven and Watsons, declined by 51% and 67%, respectively.

- **Growth in online channels:** TikTok Shop sales grew by 161% to THB 15.38 million, accounting for 16% of total sales. Shopee sales increased by 5% to THB 28.94 million, accounting for 30% of total sales, making Shopee the Company's largest online sales channel.
- **Expansion of the customer base:** The Company began recognizing revenue from new distribution channels through additional beauty retailers.

Cost of Sales and Gross Profit

For the 9-month period of 2026, the Company recorded a cost of sales of THB 29.44 million, representing a decrease of 21% in line with the slowdown in sales. However, the cost of sales-to-revenue ratio increased from 28% to 30%, resulting in a decline in the gross profit margin from 72% to 70%.

The primary factors contributing to this decrease were a lower proportion of sales through consignment channels and a change in the Company's procurement approach. Specifically, the Company shifted from purchasing packaging materials separately to increasingly outsourcing the production of finished goods (Finished Goods) through an integrated manufacturing process. This approach aims to enhance operational flexibility and reduce the complexity of packaging management. Although the unit production cost is slightly higher than under the previous approach, it is expected to improve procurement efficiency and facilitate product distribution readiness in the long term.

Distribution Costs (Selling Expenses)

For the 9-month period of 2026, the Company recorded distribution expenses of THB 71.83 million, representing an increase of 8% year-on-year (YoY). The increase was primarily attributable to significantly higher marketing expenditures to support the launch of several new products, which required broader brand awareness-building efforts. In addition, fees and service charges associated with the expansion of distribution channels through Social Commerce and E-commerce platforms, particularly TikTok Shop, increased in line with the growth of these channels.

Certain marketing expenses were also related to product launch activities and brand image repositioning initiatives undertaken during the period. These investments placed short-term pressure on the Company's net profit, as the Company prioritized building long-term sales growth for its new products.

Administrative Expenses

For 9-month period of 2026, the Company recorded administrative expenses of THB 20.55 million, a decrease of 9% compared with the corresponding period of the previous year (YoY), while overall expenses remained at a broadly comparable level.

Finance Costs

For 9-month period of 2026, the Company recorded finance costs of THB 0.05 million, a decrease of 56% compared with the corresponding period of the previous year (YoY). These costs represent interest expense recognized under Thai Financial Reporting Standard 16 (TFRS 16), Leases, which decreased as scheduled lease payments were made and the present value of lease liabilities declined. The Company has no interest obligations arising from borrowings.

Net Profit and Net Profit Margin

For the 9-month period of 2026, the Company recorded a net loss of THB 23.32 million, representing a net profit margin of -24%, a decrease compared with the same period of the previous year. The key factors affecting the Company's operating performance were as follows:

- **Decline in Sales Revenue:** Primarily attributable to the reduction in the volume of existing products distributed through Modern Trade channels as part of the Company's strategic transition toward new product categories. This resulted in a slowdown in sales through its main offline distribution channels.
- **Decline in Gross Profit Margin:** The gross profit margin decreased to 70% from 72% in the previous year, primarily due to a lower proportion of revenue from consignment sales and a shift in the manufacturing arrangement toward finished goods (Finished Goods) to enhance flexibility in production management.
- **Increase in Distribution Expenses:** The Company's distribution expenses increased by 8% YoY, mainly due to higher marketing expenditures to build brand awareness for new products and service fees associated with expanding distribution channels through E-commerce platforms.

Overall, the Company remains focused on transitioning its product portfolio toward innovative products with stronger competitiveness and higher profitability potential. The Company is also reassessing the appropriate sales mix between online and offline channels to ensure that its operating performance is aligned with its strategic direction and long-term business plans.

4. Summary of Financial Position

Assets

Assets	30 Sep 2026		31 Dec 2025 (Restated)*		Change	
	THB million	%	THB million	%	THB million	%
Cash and cash equivalents	54.03	58%	72.36	59%	(18.33)	(25%)
Trade and other current receivables	14.08	15%	23.54*	19%	(9.45)	(40%)
Inventories	19.63	21%	19.22	16%	0.41	2%
Right to return Asset	0.09	<1%	0.14	<1%	(0.05)	(34%)
Total current assets	**87.83**	**95%**	**115.26**	**95%**	**(27.43)**	**(24%)**
Building and equipment improvements	0.77	1%	1.06	1%	(0.29)	(27%)
Right-of-use assets	0.40	<1%	1.33	1%	(0.93)	(70%)
Other intangible assets	0.27	<1%	0.30	<1%	(0.03)	(10%)
Deferred tax assets	3.03	3%	3.61	3%	(0.58)	(16%)
Other non-current assets	0.37	<1%	0.37	<1%	0.00	<1%
Total non-current assets	**4.83**	**5%**	**6.67**	**5%**	**(1.83)**	**(28%)**
Total assets	**92.67**	**100%**	**121.93**	**100%**	**(29.26)**	**(24%)**

Note : * The Company has restated its financial statements for the year ended 31 December 2025, specifically regarding the accounting treatment of a dividend refund amounting to THB 1.60 million. (For further details, please refer to Note 23 of the Notes to the Financial Statements for Q3/2026).

As of September 30, 2026, the Company's total assets amounted to THB 92.67 million, representing a decrease of THB 29.26 million, or 24%, compared with the end of 2025. The decrease was primarily attributable to the following factors:

- **Cash and Cash Equivalents:** Decreased by THB 18.33 million, or 25%, to THB 54.03 million. Despite the decline, cash and cash equivalents remained the Company's largest asset category, accounting for 58% of total assets. The decrease was primarily attributable to cash outflows from operating activities.
- **Trade and Other Current Receivables:** Decreased by THB 9.45 million, or 40%, in line with the 27% decline in sales revenue reported in the income statement. This reflected slower sales activity during the 9-month period of 2026.
- **Inventories:** As of September 30, 2026, inventories amounted to THB 19.63 million, representing an increase of THB 0.41 million, or 2%, compared with the end of 2025. Part of this increase was attributable to inventory preparation to support the launch of new products gradually introduced to the market during 2026, including: (1) Dermie sachet products to expand into convenience store channels. (2) Gel-to-Foam Cleanser, 45 g, to broaden the product portfolio. (3) Skinsista Soft Blurring Matte IRL Filter Cushion (4) Skinsista Lunar Glam Blush in sachet format. (5) Skinsista Watery Sun Fluid, launched in the third quarter of 2026.

The increase in inventories was in line with the Company's supply management plan to support the expansion of distribution channels and promotional activities in subsequent periods.

Liabilities and Shareholders' Equity

Liabilities and Shareholders' Equity	30 Sep 2026		31 Dec 2025 (Restated)*		Change	
	THB million	%	THB million	%	THB million	%
Trade and other current payables	10.37	11%	17.34	14%	(6.96)	(40%)
Current portion of lease liabilities	0.46	<1%	1.33	1%	(0.87)	(66%)
Provision for inventories returned	0.24	<1%	0.35	<1%	(0.11)	(32%)
Total current liabilities	**11.07**	**12%**	**19.01**	**16%**	**(7.95)**	**(42%)**
Lease liabilities	0.00	0%	0.12	<1%	(0.12)	(100%)
Non-current provisions for employee benefit	3.73	4%	3.21	3%	0.52	16%
Total non-current liabilities	**3.73**	**4%**	**3.33**	**3%**	**0.40**	**12%**
Total liabilities	**14.80**	**16%**	**22.34**	**18%**	**(7.54)**	**(34%)**
Share capital	72.00	78%	72.00	59%	0.00	0%
Share premium	28.17	30%	28.17	23%	0.00	0%
Retained earnings - Legal reserve	1.00	1%	1.00	1%	0.00	0%
Retained earnings - Unappropriated	(23.30)	(25%)	(1.58)*	(1%)	(21.72)	(1372%)
Total shareholders' equity	**77.87**	**84%**	**99.59**	**82%**	**(21.72)**	**(22%)**
Total liabilities and shareholders' equity	**92.67**	**100%**	**121.93**	**100%**	**(29.26)**	**(24%)**

Note : * The Company has restated its financial statements for the year ended 31 December 2025, specifically regarding the accounting treatment of a dividend refund amounting to THB 1.60 million. (For further details, please refer to Note 23 of the Notes to the Financial Statements for Q3/2026).

Liabilities

As of September 30, 2026, the Company's total liabilities amounted to THB 14.80 million, representing 16% of total liabilities and shareholders' equity. This represented a decrease of THB 7.54 million or 34% compared with the end of 2025, mainly due to the following factors:

- **Trade and Other Current Payables:** Decreased by THB 6.96 million or 40% compared with the end of 2025, mainly due to reduced purchases of products and raw materials to align with market conditions and slower sales of existing products as part of the Company's inventory management.
- **Lease Liabilities:** The non-current portion decreased by THB 0.12 million or 100%, consistent with scheduled lease payments made during the year. This reflected a reduction in lease obligations recognized under Thai Financial Reporting Standard 16 (TFRS 16), Leases.
- **Provisions for Employee Benefits:** Increased by THB 0.52 million or 16%, in line with the expansion of the workforce and organizational structure.

Shareholders' Equity

As of September 30, 2026, the Company's shareholders' equity amounted to THB 77.87 million, accounting for 84% of total liabilities and shareholders' equity. This represented a decrease of THB 21.72 million, or 22%, compared with the end of 2025. The decrease was primarily attributable to the operating loss recorded during the 9-month period of 2026, while the registered capital and share premium remained unchanged throughout the period.

5. Cash Flow Analysis

Cash flows (Unit: Million Baht)	9M/2026	9M/2025
Net cash generated from (used in) operating activities	(18.87)	16.79
Net cash from (used in) investing activities	(0.08)	(0.42)
Net cash provided by (used in) financing activities	0.61	32.75
Net increase (decrease) in cash and cash equivalents	**(18.33)**	**49.12**
Cash and Cash Equivalents - beginning	72.36	27.84
Cash and Cash Equivalents - ending	**54.03**	**76.96**

For the 9-month period of 2026, the Company's cash flow declined compared with the corresponding period of the previous year, mainly due to net cash used in operating activities of THB 18.87 million. This was attributable to the Company's strategic transition, which resulted in losses during the initial stages of introducing innovative new products and expanding into Social Commerce and E-Commerce, together with an increase in inventories to support new product launches. However, the Company maintained a cash balance of THB 54.03 million and had no outstanding borrowings from financial institutions, providing sufficient liquidity for normal business operations.

6. Significant financial ratios

Significant financial ratios	30 Sep 2026	31 Dec 2025
Current ratio (times)	7.94	6.06
Average Collection Period (days)	33	45
Average Inventory Turnover Period (days)	169	132
Cash Conversion Cycle (days)	145	111
Return on Equity (%)	(35.04%)	5.43%
Return on Assets (%)	(28.98%)	4.23%
Debt to Equity Ratio (times)	0.19	0.22

7. Factors Affecting the Company's Operations

Most products developed and distributed by the Company remain in highly competitive segments, facing competition from both existing competitors and new entrants that can enter the market easily, as well as rapidly changing consumer behavior toward greater use of digital platforms. However, the Company is undergoing a strategic transition, reducing the volume of existing products in Modern Trade channels in preparation for the introduction of innovative new products. This has resulted in slower revenue and will affect long-term revenue growth and net profitability. Meanwhile, online channels, including Social Commerce and E-Commerce, have grown significantly. In addition, the Company continues to invest in marketing to build awareness of new products being progressively launched, while managing its organizational structure to support long-term growth plans, in line with its established strategic direction.

8. Sustainability Development

The Company operates its business with a strong awareness of sustainable development, prioritizing Environmental, Social, and Governance (ESG) principles. The Company's initiatives include:

- We have begun phasing out external plastic shrink-wrap, transitioning instead to high-quality, durable, and recyclable paper boxes.
- We have discontinued the use of plastic label stickers on packaging, opting for direct screen printing on the product boxes to further reduce waste.
- Furthermore, the Company is currently conducting feasibility studies on refillable packaging formats for upcoming products. This initiative aims to minimize the consumption of plastic—a material that is difficult to decompose.