



Annual Report  
From 56-1  
One Report  
**2023**

# Message from the Chairman of the Board

In 2023, it is deemed a significant year for Bangkok Lab and Cosmetic Public Company Limited (BLC) as it embarked on becoming a listed company on the Stock Exchange of Thailand. This move reflects the growth trajectory of the pharmaceutical industry in the future. With this fundraising endeavor, the Company aims to continuously progress, innovating to produce health products of high quality for the community. The Company plans to construct a new pharmaceutical manufacturing facility to accommodate the production of both generic and new generic drugs in the future, increasing production capacity to meet the needs of an aging society and enhance access to quality health products. This initiative aligns with the aforementioned demands.

The Company is committed to adhering to good corporate governance principles, ensuring equal treatment of shareholders' rights, and conducting business with a focus on producing quality medicines and maintaining easily accessible distribution channels. This commitment goes hand in hand with societal development and environmental stewardship, aiming for sustainable growth from the present into the future. The Company is aware of the significance of stakeholders and endeavors to create positive operational outcomes to reciprocate the trust of shareholders and investors.

On behalf of the Board of Directors, I would like to express gratitude for the trust and confidence you have continuously placed in our Company. We remain steadfast in our commitment to conducting business with the intention of providing sustainable solutions for a healthy lifestyle and maintaining our position as a leading brand that is admired, trusted, and fosters confidence among the Thai people.



ผศ.ดร.วันชัย สุธะนันท์  
ประธานกรรมการบริษัท





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## Part 1

### Business Composition and Operational Results

#### 1. Company Structure and Operations

##### 1.1. Policies and Overview of the Company's Business Operations

Bangkok Lab and Cosmetic Public Company Limited (hereinafter referred to as the “Company” or “BLC”) was founded on September 30, 1992, by three pharmacists: Mr. Suvit Ngampoopun, Mr. Subhachai Saibour, and Mr. Somchai Phisphahutharn. The Company is engaged in the current pharmaceutical and health product manufacturing business, starting from the design and development of drug formulas based on pharmaceutical principles, the selection of raw materials and the control and inspection of the production process to ensure the production of safe and high-quality products that meet international standards.

In 2009, the management recognized the importance of herbal ingredients, which are readily available within the country, combined with the knowledge of modern pharmaceutical technology under the current drug quality management system. This recognition served as the starting point for the herbal product manufacturing industry, which has continued to evolve until today.

With the management's vision, the significance of research in the pharmaceutical industry to develop a stable business based on knowledge and innovation was acknowledged. Consequently, the BLC research center was established to foster innovation and technology for the Company's products. Additionally, it aimed to receive technological transfer from various research entities, both public and private.

The Company has been certified in various quality and management standards to instill confidence in its products for customers and consumers. These include GMP (Good Manufacturing Practice), a key criterion and good practice in pharmaceutical production quality assurance; ISO/IEC17025, an international standard for testing laboratories; ISO22000, a food safety management system; GHP (Good Hygiene Practices) for food safety standards; and HACCP (Hazard Analysis and Critical Point System) for production control to ensure the safety of the Company's products. Additionally, the Company places importance on environmental conservation and has been certified with ISO14001, an environmental management system standard.

Currently, the Company manufactures and distributes pharmaceutical products and other health-related products, which can be grouped as follows:

1. Pharmaceutical Products: these include modern pharmaceutical medicines, generic drugs and new generic drugs, herbal medicines, and animal medicines.



2. Other Health-Related Products: these include cosmetics, food supplements, and other products.

#### 1.1.1. Vision, Mission and Strategy

##### Vision

To be a leader in innovative thinking, fostering ethical business practices, integrating Thai wisdom and creating benefits for consumers.

##### Mission

- Promote innovation and implement standardized management systems in various areas to develop high-quality and safe products.
- Promote the use of technology in work processes to improve operating efficiency.
- Conduct business in compliance with legal requirements, customer needs, and social responsibilities, while minimizing environmental impact

##### Business Strategy

The Company's 2023 business plan approved by the Company's board of directors, set a goal for the Company to have an average annual revenue growth of at least 200 million Baht within a 5-year period between 2023-2027.

- The increased revenue will come mainly from new generic drugs. From 2023 onwards, the Company has emphasized the development of new products, specifically new generic drugs that comply with the requirements of the Food and Drug Administration (FDA). These drugs are considered essential and are supported to strengthen the country's economy and pharmaceutical security. This list also includes medicines on the Thai Innovation List registered with the National Science and Technology Development Agency (NSTDA), which utilizes innovations and knowledge in their research and production.
- The development of new generic drugs will focus on drug categories with high growth rates that can meet consumer demand. These include drugs for diseases with a high prevalence in the population, such as heart and vascular diseases, diabetes, cancer, liver diseases, and others. Additionally, there will be a focus on drugs that support the aging population, such as Alzheimer's disease.
- New generic drugs to be developed will have development and distribution plans set for immediate launch after the patents of the original drugs expire. This allows the Company to sell drugs with the same therapeutic properties as the original drugs at a lower price and achieve a high-profit margin, with an expected minimum profit of 70% in the first 3-5 years of sales, aligning with the Company's historical data and market research. The product life cycle of new generic





drugs varies from 4-5 years to over 10 years depending on drug type, market conditions, competition, availability of new drugs/treatments, and new treatment technologies. As a result, the Company plans continuous development and marketing with a target of launching at least two new drugs per year to maintain its revenue and profit growth.

- The Company will focus on increasing sales in the hospital channel by introducing its new generic medicines to customers in both government and private hospitals. Given the nature of the pharmaceutical industry, companies with specialized sales teams for government hospitals have a competitive advantage as distributing medicines in government hospitals often involves large and continuous orders. The Company possesses this advantage, and the sales team for hospital customers will be divided into two teams (one for Bangkok and one for other provinces), comprising a total of 68 sales representatives. This approach aligns with the Company's strategy to cover nationwide sales. The Company will present its products for acceptance in government hospitals, starting with teaching hospitals, to build confidence in the products. Additionally, the Company plans to expand its network among medical groups based on the types of diseases and treatments.
- Since January 2023, the Company has established the Sillic Pharma Group, a Company providing comprehensive healthcare services in product transportation, tracking and payment collection for customers in clinics and government and private hospitals. This initiative aims to enhance the efficiency of the Company's sales team, allowing them to focus on core business activities. This is in contrast to the past, where a significant amount of time had to be dedicated to tracking payments from hospitals.
- The Company has devised a strategy to increase the sales of high-profit products while reducing the sales of low-profit ones. Additionally, there is a plan to optimize the sales team size according to the product categories targeted for sales. For instance, adjustments may involve reducing the sales team for products that are no longer profitable and increasing the size of the sales team to adequately cover new products with a high-profit margin.
- The Company is focusing on portfolio management by expanding its product range to include herbal medicines, cosmeceuticals, dietary supplements, and medicine for livestock. This move is aimed at maintaining profitability in the long term.
- Additionally, the Company aims to achieve economies of scale by producing a larger quantity of products, which will result in a fixed sales cost and expenses per unit, contributing to a reduction in the cost ratio relative to revenue from sales.
- The Company aims to focus on the production of new generic medicines in its new pharmaceutical manufacturing facility, which is set to commence operations in 2026 (see additional details in Part 1, Section 1.1.3 Objectives for Expenditure). This new facility is equipped



with state-of-the-art and efficient production technologies that will contribute to cost reduction in manufacturing. Moreover, it is designed with production capabilities that can support the long-term business expansion goals of the corporate group.

- The Company has installed a 500-kilowatt solar roof on the roofs of the new pharmaceutical manufacturing facility. This initiative is expected to reduce electricity costs by approximately 2.6 million Baht per year.
- Efficient expense control in sales and continuous effective management will contribute to an improved net profit margin.
- The Company plans to allocate a portion of the funds received from the IPO to repay loans from financial institutions, resulting in a reduction in financial costs.
- The company received 2 investment promotion certificates (BOI) for drug production in the new modern medicine production building. This will result in the company's corporate income tax rate. Decreased from the normal rate of 20%.
- Additionally, the Company plans to expand its customer base for Original Equipment Manufacturer (OEM) products to leverage the production capacity of the new pharmaceutical manufacturing facility once it is completed. This expansion aims to provide additional revenue streams for the Company.
- The Company is undertaking the development of international distribution channels through various initiatives. This includes the establishment of an Own Sales Team abroad as a part of developing partnerships at the end of the distribution chain. The Company aims to set specific goals for joint business operations and collaboration in market development, such as co-marketing efforts for building international branding. This collaborative approach aims to create trade and market advantages through activities aimed at reducing costs for marketing or jointly establishing new markets in various formats. For instance, cost-sharing in public relations activities (co-marketing) is planned for target countries including Laos, Cambodia, Vietnam, Myanmar, Hong Kong, Indonesia, China and countries in the Middle Eastern region.
- The Company is focusing on developing distribution channels in modern trade, entering retail outlets that are adapting to the growing trends in the economy recovering from the impact of COVID-19. The emphasis is on products such as common household medicines and cosmetics.

Furthermore, the Company is expanding its presence in the E-Commerce channel, leveraging electronic devices as a new distribution platform for its products.

#### Production Process Strategy

Due to the Company's products being related to consumer health, the Company focuses on developing manufacturing processes that meet global standards, such as GMP, ISO9001, ISO/IEC17025,



ISO22000, GHP and HACCP. This is to assure customers that the Company's products are safe and of high quality. The Company incorporates state-of-the-art technology at every stage of production and quality control, including tools like High-Performance Liquid Chromatography (HPLC) for assessing ingredient quality, dissolution testing equipment, metal detection devices and more.

#### Human Resources Strategy

The Company places great importance on its human resources, considering them a vital asset. The focus is on developing employees in various aspects, including knowledge, abilities, skills, and attitudes. Both external and internal training programs, seminar participation, job shadowing, and initiatives promoting continuous professional development are emphasized. The Company also implements a human resources development plan tailored to align with business goals and plans that is regularly reviewed every year to stay agile and adapt to the rapid changes in the current business environment.

#### **1.1.2. Important Changes and Developments**

Year	Key Events
1990	<ul style="list-style-type: none"><li>Established Bangkok Drug Co., Ltd. (hereinafter referred to as "BDC") with a registered capital of 1,000,000 Baht to engage in the current pharmaceutical distribution business. The Company acquires pharmaceutical products from other manufacturers for distribution through pharmacy channels.</li></ul>
1992	<ul style="list-style-type: none"><li>Established Bangkok Lab and Cosmetic Co., Ltd. (hereinafter referred to as "BLC") with a registered capital of 1,000,000 Baht to engage in the pharmaceutical and cosmetics manufacturing business. BLC serves as a manufacturing facility for BDC.</li></ul>
1993	<ul style="list-style-type: none"><li>Increased the registered capital of BLC from 1,000,000 Baht to 5,000,000 Baht.</li></ul>
1994	<ul style="list-style-type: none"><li>Increased the registered capital of BLC from 5,000,000 Baht to 7,000,000 Baht.</li><li>The factory's construction has been completed. It has commenced the current pharmaceutical production operations and has obtained GMP certification from the Food and Drug Administration office.</li></ul>
1999	<ul style="list-style-type: none"><li>Increased the registered capital of BLC from 7,000,000 Baht to 10,000,000 Baht.</li></ul>





Year	Key Events
2000	<ul style="list-style-type: none"><li>● Increased the registered capital of BLC from 10,000,000 Baht to 20,000,000 Baht.</li><li>● Established PharmaLine Co., Ltd. (hereinafter referred to as “FLC”) with a registered capital of 1,000,000 Baht to conduct the distribution business of pharmaceutical products, including both existing generic drugs and new generic drugs primarily used in hospitals for diseases related to the digestive and respiratory systems. The founding group of BLC collectively holds 79% of the shares with Mr. Wiroj Phichitnitikorn, Mr. Sirawut Kunchamnan, Mr. Chalermchai Ananwijit and Mr. Pramote Santiboonlert, with shareholding proportions of 10%, 5%, 5% and 1% respectively. These co-founders bring significant experience and expertise in hospital customer sales, and pharmaceuticals particularly in the areas of gastrointestinal and respiratory medications. Since 2014, there have been adjustments in the shareholding structure of FLC. The founding group of BLC now holds a combined 60%, while Mr. Wiroj Phichitnitikorn, Mr. Sirawut Kunchamnan, and Mr. Chalermchai Ananwijit hold 30%, 5%, and 5% of the shares, respectively.</li><li>● Established BeRich (Thailand) Co., Ltd. (hereinafter referred to as “BRC”) with a registered capital of 1,000,000 Baht to engage in the business of distributing skincare cosmetics, primarily targeting pharmacies and modern retail outlets.</li></ul>
2001	<ul style="list-style-type: none"><li>● Obtained ISO 9001 certification, a globally recognized standard for quality management systems, to enhance internal quality management within the organization, elevate operational efficiency and stimulate continuous organizational development.</li></ul>
2003	<ul style="list-style-type: none"><li>● Increased the registered capital of BLC from 20,000,000 Baht to 30,000,000 Baht.</li></ul>
2004	<ul style="list-style-type: none"><li>● Increased the registered capital of BLC from 30,000,000 Baht to 60,000,000 Baht.</li></ul>
2005	<ul style="list-style-type: none"><li>● Obtained the ISO 14001 certification, which is an environmental management system standard.</li><li>● Obtained the OHSAS18001 certification, which is the occupational health safety system standard.</li></ul>
2007	<ul style="list-style-type: none"><li>● Obtained the TLS8001 certification, a Thai Labor-Standard: TLS 8001 that serves as a standard for labor responsibility and business welfare in Thailand.</li></ul>



Year	Key Events
2008	<ul style="list-style-type: none"><li>Established Bangkok Medica Co., Ltd. (hereinafter referred to as “BMC”) with a registered capital of 1,000,000 Baht to engage in the distribution of medicinal products for livestock.</li><li>Established Pharma Alliance Co., Ltd. (hereinafter referred to as “PAC”) with a registered capital of 1,000,000 Baht to provide services in warehouse management systems, order processing systems, accounting and finance systems, information technology systems and product transportation systems to the corporate group. Additionally, engaging in international partner sourcing and export activities.</li></ul>
2009	<ul style="list-style-type: none"><li>The management team of Bangkok Lab and Cosmetic Co., Ltd. signed an agreement to license the rights to “Chili Variety 80,” a petty patent from Khon Kaen University. This license allows for the promotion of cultivation and import of the entire produce into the manufacturing process for Capsicum Tincture, with a high and consistent concentration of the key substance Capsaicin, with the ability to reliably control the production of extracts. This extract is used as a primary ingredient in the production of herbal medicine products, specifically the “Chili Gel” group, aimed at relieving pain. The resulting products, made from chili, can be marketed both domestically and internationally, with the ability to use the term “This product comprises of Chili Variety 80, a research and development achievement of researchers at Khon Kaen University, as an ingredient” in promotional materials.</li></ul>
2011	<ul style="list-style-type: none"><li>Increased the registered capital of BLC from 60,000,000 Baht to 80,000,000 Baht.</li><li>Obtained the ISO/IEC 17025 standard, which is an international standard for testing laboratories and calibration laboratories, demonstrating that the laboratory has quality management systems, academic capabilities, and accurate test results.</li></ul>
2012	<ul style="list-style-type: none"><li>Established the BLC Research Center to innovate and develop technologies for the Company’s products, including receiving technology transfers from various research institutions, both public and private.</li><li>Increased the registered capital of BLC from 80,000,000 Baht to 100,000,000 Baht.</li></ul>
2013	<ul style="list-style-type: none"><li>Increased the registered capital of BLC from 100,000,000 Baht to 110,000,000 Baht.</li></ul>
2014	<ul style="list-style-type: none"><li>Increased the registered capital from 110,000,000 Baht to 120,000,000 Baht.</li></ul>



Year	Key Events
	<ul style="list-style-type: none"> <li>Obtained the ISO 22000 certification, a food safety management system developed by Codex. This standard aims to manage a food safety system throughout the food chain, providing a standardized global framework that encompasses all requirements related to the quality of food safety.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Increased the registered capital of BLC from 120,000,000 Baht to 130,000,000 Baht.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Herbal medicine products, particularly the Black Galangal extract, received the Prime Minister Herbal Awards from the Department of Thai Traditional and Alternative Medicine.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Herbal medicine products, specifically the Chilli Gel in lotion form, received the Prime Minister Herbal Awards from the Department of Thai Traditional and Alternative Medicine.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Received the FDA Quality Awards from the Food and Drug Administration (FDA) in the category of establishments producing hazardous substances used in households or public health for three consecutive years, and in the category of pharmaceutical and hazardous substance establishments for three or more consecutive years.</li> <li>The herbal medicine product, Black Galangal Extract for cell longevity, received a gold medal from the Geneva International Exhibition of Inventions and an award from the National Research Council of Thailand.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Constructed a solar power plant with a capacity of 1.4 megawatts for internal use within BLC.</li> <li>Obtained the HACCP certification, a standard for production control management, focusing on critical points that have been analyzed to be crucial or potential crisis points to prevent hazards from reaching consumers, ensuring food safety.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Increased the registered capital of BLC from 130,000,000 Baht to 180,000,000 Baht.</li> <li>Restructured the corporate group to prepare for listing on the Stock Exchange of Thailand.</li> <li>Obtained the ISO 45001 certification, a system for occupational health and safety management.</li> </ul>



Year	Key Events
	<ul style="list-style-type: none"><li>● Received the FDA Quality Awards from the Food and Drug Administration (FDA) in the categories of establishments related to food and cosmetics.</li></ul>
2021	<ul style="list-style-type: none"><li>● Increased the registered capital of BLC from 180,000,000 Baht to 200,000,000 Baht.</li><li>● Herbal medicine products, specifically the “Chili Gel and Chilli Variety 80 extract” received the second runner-up award in the economic category at the 7<sup>th</sup> Innovation Award 2021, organized by the CP All Business Group Innovation Center.</li></ul>
2022	<ul style="list-style-type: none"><li>● Increased the registered capital of BLC for the 1<sup>st</sup> time in 2022 from 200,000,000 Baht to 240,000,000 Baht.</li><li>● Increased the registered capital of BLC for the 2<sup>nd</sup> time in 2022 from 240,000,000 Baht to 300,000,000 Baht.</li><li>● Transformed the Company from a limited Company to a public Company.</li><li>● Herbal medicine product, specifically the Black Galangal extract, received the Creator Awards in the economic category at the 7<sup>th</sup> Innovation Award 2022, organized by the CP All Business Group Innovation Center.</li><li>● Signed an MOU regarding the development of knowledge and products from cannabis, hemp, and other related herbs for the formulation development. This collaboration aims to benefit both medical and commercial purposes between the Department of Thai Traditional and Alternative Medicine, the corporate group, and the growers’ enterprise group.</li><li>● The Company has entered into an agreement to appoint a distributor with Sillic Pharma Co., Ltd. for customers in the hospital and clinic group.</li></ul>



Year	Key Events
2023	<ul style="list-style-type: none"><li>● Received an honorary certificate for the Life Sciences Business Development project to sustainably enter the stock market.</li><li>● On June 21, the opening trading ceremony was launched for the first day of trading on the Stock Exchange of Thailand.</li><li>● Received an award honoring importers of high-quality health products from the Food and Drug Administration office.</li><li>● Received the Thailand Trust Mark (T mark) certification from the Department of International Trade Promotion (DITP), Ministry of Commerce.</li><li>● Received the CSR-DIX Continuous Award for the year 2023 from the Department of Industrial Works.</li></ul>

### 1.1.3. Objectives for Using Raised Capital

The Company aims to utilize the funds raised from this securities offering, approximately 1,260.00 million Baht (before deducting expenses related to the securities offering) or approximately 1,199.50 million Baht (after deducting such expenses), for specific purposes as outlined in the offering prospectus. These purposes include (1) investing in future projects amounting to 985.00 million Baht, (2) repaying outstanding loans from financial institutions totaling 100.00 million Baht, and (3) using funds as working capital amounting to 144.50 million Baht.

As of June 30, 2023, the Company has utilized the raised capital to repay a loan from a financial institution amounting to 69.00 million Baht and has also allocated 114.50 million Baht for working capital. This allocation has left a remaining balance for the specified purposes. However, considering the current situation, the Company has reconsidered and determined that an additional 100.00 million Baht of working capital can further benefit its business activities, contribute to the Company's and shareholders' interests by facilitating working capital rotation, and reduce overdrafts. The Company anticipates that this will result in reduced interest expenses in the latter half of 2023. The timeframe for utilizing this additional working capital remains unchanged, expected to be within June 30, 2024. Furthermore, the investment plan for future projects has not undergone any changes from the information disclosed in the securities offering.



As of December 31, 2023, the Company has summarized its use of additional capital as follows:

Objectives of Capital Utilization	Estimated Amount to be Used for the Objectives (Million Baht)	Amount Used Until June 30, 2023	Balance as of June 30, 2023	Balance After Modifying Capital Utilization Objectives	Amount Utilized Between July 1 and December 31, 2023	Balance as of December 31, 2023
1. To invest in future projects	985.00	0.01	984.99	884.99	9.49	875.50
2. To repay loans borrowed from financial institutions	100.00	69.00	31.00	31.00	31.00	-
3. To use as working capital	114.50	114.50	-	100.00	90.00	10.00
<b>Total</b>	<b>1,199.50</b>	<b>183.51</b>	<b>1,015.99</b>	<b>1,015.99</b>	<b>130.49</b>	<b>885.50</b>





#### 1.1.4. Agreement among major shareholders that may impact the issuance and offering of securities or the management of BLC and key information relevant to operations.

##### Shareholder Agreement

Contracting Parties	Mr. Suvit Ngampoopun, Mr. Somchai Phisphahutharn, and Mr. Subhachai Saibour
Agreement Date	June 19, 2020
Key Information	<p>The contracting parties agree that the management of BLC, BDC, PAC, BMC, BRC and FLC are as follows:</p> <ol style="list-style-type: none"><li>1. The contracting parties agree to undertake any operations in the same direction regarding the following matters:<ol style="list-style-type: none"><li>1.1.) Board Meetings<ul style="list-style-type: none"><li>• Policies for fundraising</li><li>• Research and development</li><li>• Appointment, removal, and compensation determination for Management</li><li>• Dividend consideration</li><li>• Capital increase/decrease</li><li>• Director compensation</li><li>• Any matters related to taxation</li></ul></li><li>1.2.) Shareholder Meetings<ul style="list-style-type: none"><li>• Dividends consideration</li><li>• Capital increase/decrease</li><li>• Director compensation</li><li>• Any matters approved by the Board of Directors' resolution</li><li>• Appointment of the Board of Directors</li></ul></li></ol></li><li>2. Grants the right to purchase shares intended for sale or transfer to the contracting party before external individuals.</li></ol>
Contract Termination	<p>The contract becomes effective from the date of signing and continues to be in force until the contract is terminated under one of the following circumstances:</p> <ol style="list-style-type: none"><li>1. Both parties agree to terminate the contract in writing.</li><li>2. In the event that either party goes bankrupt or is under an order for business rehabilitation, this contract will be terminated only for the contracting party that goes bankrupt or undergoes business rehabilitation.</li><li>3. In the event that any shareholder goes bankrupt or is under an order for business rehabilitation.</li></ol>
Applicable Laws	Thai Laws

- Note:
- The above-mentioned shareholders' agreement results in Mr. Suvit Ngampoopun, Mr. Somchai Phisphahutharn and Mr. Subhachai Saibour as well as related persons of all three, forming a Concert Party.
  - The three shareholders have agreed not to sell their shares for a period of 1 month from the first day of securities trading with KGI Securities (Thailand) Public Company Limited.



## 1.2. Nature of Business Operations

Manufacture and distribute various pharmaceutical products, including generic drugs and new generic drugs, herbal medicine products, medicine for livestock, cosmetics, nutritional supplements, and other products. The distribution is conducted through business-to-business (B2B) transactions with customers such as pharmacies, both public and private hospitals, private companies, retail stores, and through modern trade channels, including supermarkets and convenience stores. The products are distributed both domestically and internationally, and direct business sales to consumers (B2C) are also carried out through online channels.

### 1.2.1. Revenue Structure

The main revenue structure of the Company, categorized by product groups for the fiscal years ending December 31, 2021-2023, can be summarized as follows:

Revenue	2021		2022		2023	
	Million baht	%	Million baht	%	Million baht	%
<b>Revenue from sale</b>						
<b>Pharmaceuticals</b>						
1. Generic drugs and New Generic drugs	752.8	73%	922.2	74%	1,075.5	76%
2. Herbal Medicines	68.5	6%	91.3	7%	106.4	8%
3. Animal Medicines	19.7	2%	18.3	1%	7.6	1%
<b>Total Pharmaceuticals</b>	<b>841.0</b>	<b>81%</b>	<b>1,031.7</b>	<b>83%</b>	<b>1,189.5</b>	<b>85%</b>
<b>Other Health-Related Products</b>						
4. Cosmetics	144.8	14%	159.5	13%	148.8	11%
5. Food Supplement	28.0	3%	33.5	3%	49.1	3%
6. Other	13.9	1%	13.8	1%	18.8	1%
<b>Total Other Health-Related Products</b>	<b>186.6</b>	<b>18%</b>	<b>206.8</b>	<b>17%</b>	<b>216.7</b>	<b>15%</b>
<b>Total revenue</b>	<b>1,027.7</b>	<b>99%</b>	<b>1,238.5</b>	<b>100%</b>	<b>1,406.2</b>	<b>100%</b>
<b>Other</b>	<b>7.9</b>	<b>1%</b>	<b>3.5</b>	<b>0%</b>	<b>11</b>	<b>1%</b>



## 1.2.2. Products and Service Information

### 1. Nature of Products

The Company manufactures and distributes various pharmaceutical products, including generic drugs and new generic drugs, herbal medicine products, medicine for livestock, cosmetics, nutritional supplements, and other products. The distribution is conducted through business-to-business (B2B) transactions with customers such as pharmacies, both public and private hospitals, private companies, retail stores, and through modern trade channels, including hypermarkets and convenience stores. The products are distributed both domestically and internationally, and direct business sales to consumers (B2C) are also carried out through online channels. The Company's products can be classified into two main groups as follows:

#### 1.1. Pharmaceuticals

##### Generic Drugs and New Generic Drugs

The current pharmaceutical products produced and distributed by the Company consist of generic drugs and new generic drugs. These are medications that have the same active ingredients as the original or patented drugs whose patents have expired. The Company manufactures current generic products, including generic drugs and new generic drugs, under its trademark. These products have the same active ingredients as the original drugs and come in various forms such as tablets, capsules, powders, liquids, creams and gels. The current generic drugs of the Company cover various therapeutic groups, including those related to bones and joints, skin, digestive system, respiratory system, antimicrobials, pain relievers, blood and blood-forming organs, urinary system, nervous system and antipsychotic drugs, among others.

Examples of the Company's current pharmaceutical products, both generic drugs and new generic drugs, are as follows:





The Company focuses on manufacturing modern pharmaceutical products, specifically current generic drugs and new generic drugs, that meet international standards. This process begins with the careful selection of key active ingredients from reliable sources, and quality control that is maintained at every stage of production, including analysis and bioequivalence studies for new generic drugs. The overall research and development, registration, and approval process for generic and new generic drugs take approximately 3-4 years to ensure consumer confidence in their effectiveness compared to the original drugs. Furthermore, the current generic drugs and new generic drugs of the Company, with their diverse formulations, have been accepted for inclusion in hospital drug formularies across university hospitals. They are then expanded to various healthcare facilities, including leading hospitals, clinics and pharmacies nationwide. In this regard, new generic drugs will have a product life cycle ranging from approximately 4-5 years up to over 10 years, depending on the type of drug, market conditions, competition, the replacement of new drug types, and the emergence of new treatment technologies. New generic drugs entering the market for the first time will initially have lower prices than imported drugs but with similar efficacy. Therefore, in the initial phase of market entry, the profit margin for new generic drugs is relatively high. Subsequently, medium-sized and small-sized drug manufacturers will produce similar new generic drugs, but with different qualities to compete on price, leading to a decrease in the profit margin for those types of drugs. Both current generic drugs and new generic drugs play a crucial role in increasing patient access to medications, helping the government integrate drugs into the healthcare system in Thailand, saving budgetary expenses on medications and improving the quality of life for patients sustainably.

### Herbal Medicines

These are medicines produced by extracting substances from herbs that can be sourced within the country under the Company's trademark, such as chili, phlai, black galangal, aloe vera, and kariyat. The corporate group has accumulated knowledge to manufacture herbal medicines for consumers who use alternative medicine for treatment. The Company produces and distributes herbal medicine products in the form of tablets, capsules, powders, liquid medicine, creams, and gels. The herbal medicine products of the Company include those related to bones and joints, among others.



Examples of the Company's herbal medicine products are as follows:



The Company has established the BLC Research Center to incorporate modern technology and innovations, along with conducting research and development to enhance the value of its products. This includes current generic medicines, generic drug types, new generic medicines, Thai herbal medicine products, medicine for livestock, cosmetics, nutritional supplements, and other products. The focus of the research and development is to create herbal medicine products as alternative treatments, complementing the current generic medicines, generic drug types and new generic medicines. The important steps involved in this process are as follows:

1. Collaborate with universities and research development organizations in the country to study various types of Thai herbs, including their pharmacological properties.
2. Extract herbal plants into standardized extracts to ensure consistent levels of important active ingredients in all dosage forms, promoting efficacy and reliable safety.
3. Develop production processes adhering to current Good Manufacturing Practice (GMP PIC/S) standards and provide analytical results supporting the quality standards with a Certificate of Analysis (COA) for both raw materials and finished products.
4. Conduct clinical research studies to obtain evidence regarding the efficacy and safety of the products. The results published in medical journals will be considered for advancing innovative herbal products with diverse formats and properties that meet consumer needs.

### Animal Medicines

The Company's manufactured and distributed animal health products will focus on economic animals, such as pigs, poultry, cattle, and aquatic animals, under the Company's trademark. This is to address infectious diseases that may occur in livestock farms.

The Company focuses on producing high-quality products for safe use, starting with research and development to ensure efficient, effective, and safe products for people, animals and the



environment. The production of each product is registered with the Food and Drug Administration (FDA), and the manufacturing process complies with FDA standards. The Company carefully selects quality raw materials, conducts laboratory quality checks, and analyzes the products (Certificate of Analysis) to certify the quality standards of both raw materials and finished products. Additionally, the Company provides knowledge for proper veterinary use, and recommends appropriate withdrawal periods, ensuring the health of livestock is robust and free from residues in meat, milk, and eggs. Moreover, there is a commitment to fostering good relationships and collaboration with partners and customers to meet their needs, providing technical advice tailored to requirements, and leveraging expertise from past experiences to maximize benefits for customers and end consumers.

## 1.2. Other Health-Related Products

### Cosmetics

The Company manufactures and distributes cosmetics under the Company's trademark for facial and body care in various forms such as creams, beeswax, gels, etc. Additionally, the Company offers Original Equipment Manufacturer (OEM) services to other companies or business owners who want to create their own products. Approximately 83% of the cosmetic products sold by the Company are produced by external manufacturers, 16% are manufactured and distributed by the Company's subsidiary and 1% are produced on a contract basis for external individuals or entities.

Examples of the Company's cosmetic products include:







The Company emphasizes the development of products with key elements, as follows:

- Quality control of the products, starting from the importation of essential ingredients from reliable sources. Clinical studies are conducted to demonstrate the actual therapeutic or problem-solving benefits for consumers. Additionally, there is documentation certifying safety (MSDS). Products related to facial skincare undergo dermatological tests or hypoallergenic tests by dermatologists from reputable institutions. Furthermore, the label information complies with the standards of the ASEAN countries' harmonization regulations.

- Innovative Thinking for Beauty: Emphasis is placed on innovative research formulations and modern manufacturing processes, incorporating state-of-the-art machinery and diverse raw materials. This approach aligns with the preferences of contemporary consumers.

- Products with a Natural Ingredient Focus: The focus is on researching key substances derived from herbal plants and developing formulations. This involves employing modern and efficient extraction techniques to obtain high-quality extracts.

- Environmental Impact Consideration: The Company ensures that product components are not sources of microplastics and are friendly to coral reefs, etc.

- Packaging Tailored to Each Product: For instance, sunblock products require packaging with tubes that have a thickness of 5 layers instead of the usual 3 layers found in typical skincare packaging. This helps protect the cream or lotion from evaporating, ensuring the stability of the SPF value.



## Food Supplement

The Company produces and distributes dietary supplements under the Company's trademark, focusing on products related to joint care, muscles, bones and eye care. These supplements come in forms such as capsules, powders, etc.

Examples of the Company's dietary supplement products include:



The Company's dietary supplements are designed to be innovative, evidence-based, and safe for consumers. In the manufacturing process, quality control is implemented following the same standards as pharmaceutical production. This ensures that the products are of high quality, effective and safe. Ultimately, these supplements aim to efficiently repair and rejuvenate the body, contributing to the overall health of consumers.



## Other Products

The Company manufactures and distributes various other products, including lubricating gels, mosquito repellent sprays and more. Examples of other products from the Company include:



## 2. Marketing and Competition

### Competitive Strategy

#### Customer Acquisition Strategy

The Company is confident that consistently maintaining the quality of products, manufacturing processes, and continuous product development are key factors that instill confidence and trust in the quality of its products. The Company places importance on communicating product details to customers through experienced sales teams for each sales channel. Additionally, the Company focuses on regularly presenting products through various media, such as organizing medical seminars, participating in exhibition booths, conducting online marketing, etc.

#### Customer Relationship Management Strategy

As the main customers of the Company are currently businesses such as state and private hospitals, private companies, pharmacies, and retail stores, the Company emphasizes close care and support from its sales team. This is to ensure the ability to respond to the customers' needs and address any issues that may arise efficiently and swiftly.

#### Product Development Strategy

The Company has established the BLC Research Center to conduct research and develop new products that respond to emerging trends and demands, especially in the market for products catering to the elderly and those who prioritize health. The focus is on creating high-value products to replace imported goods. The Company has continuous investment plans to develop cutting-edge, safe and



efficient manufacturing technologies. Examples of product categories include current pharmaceuticals of bone and joint health products, neurological health products, and herbal remedies such as extracts from chili, phlai, black galangal, etc.

#### Pricing Strategy

The Company employs a Cost-Plus Pricing strategy, considering production costs and setting a gross profit margin to determine the Transfer Price for subsidiary companies. Subsidiaries are responsible for marketing the products and determining the selling price to external customers. Subsidiaries establish the selling price based on the cost of goods purchased from the Company plus the predetermined gross profit margin. The pricing of products set by subsidiaries depends on the competitive conditions in the market. In this regard, the Company reviews the production and sales plans, with subsidiaries strategizing to increase the sales of high-profit-margin products and decrease the sales of low-profit-margin products. This strategy is derived from customer demand and market competition data.

#### Customer Characteristics and Target Customer Groups

- Pharmaceutical Products

Pharmaceutical products are items that consumers must receive recommendations or prescriptions from a doctor or pharmacist before purchasing. The main customer groups for this type of product include doctors and pharmacists, who operate in various locations such as hospitals, and pharmacies, as well as owners of convenience stores, modern retail stores, and beauty clinics.

- Other Health Products

Other health products are items that consumers can purchase without the need for a prescription. The main customer group for this type of product includes consumers who are end-users of the products.

#### Distribution and Sales Channels

The Company has a total of 6 distribution channels, as follows:

1. Pharmacy Stores, including wholesalers, general retail pharmacies, and chain retail pharmacies such as drugstore chains (Health Up and Icare, for example), as well as pharmacies within convenience stores (7-Eleven).

2. Hospitals, including government hospitals such as those in universities and medical schools, clinical medical education hospitals, hospitals and medical centers in universities that are not medical production facilities, central hospitals, regional hospitals, and private hospitals both in Bangkok, its



vicinity and other provinces. These hospitals may include general medicine clinics, specialized medical clinics, and beauty clinics.

3. Modern trade, including stores located within shopping malls such as Boots, Watsons, Tsuruha and Matsumoto Kiyoshi.
4. Exporting through international distributors (Selling Agent).
5. Original equipment manufacturer (OEM)
6. Online media (E-Commerce) and others.

**Table showing the revenue distribution by distribution channel**

Distrubution	2022	2023
1. Pharmacy	51%	54%
2. Hospitals	34%	36%
3. Modern trade	2%	2%
4. Export	6%	7%
5.OEM	6%	1%
6.Other	1%	1%

## **Overview and Industry Trends**

### **Current Pharmaceutical Industry**

The competitiveness of the pharmaceutical industry in the country is intensifying due to: 1) the influx of low-priced imported pharmaceutical products from India and China, including the potential for local production of essential medicines, leading to a significant reliance on imported medicines; 2) the increasing presence of new foreign investors who use Thailand as a manufacturing base to cater to both domestic and export markets for generic drugs; 3) investments from conglomerates in other businesses; and 4) the rising costs for local drug manufacturers due to the increasing prices of imported raw materials. This is compounded by the expenses incurred in upgrading drug manufacturing facilities to meet the Good Manufacturing Practice – Pharmaceutical Inspection Co-Operation Scheme (GMP-PIC/S) standards, which is an international standard for pharmaceutical manufacturing facilities to ensure that the production processes adhere to quality and safety standards.

The pharmaceutical industry refers to current medications and healthcare products used for the diagnosis and treatment of various diseases. Modern medications are divided into two types:

- 1) Original Drugs or Patented Drugs: These are drugs that undergo extensive research and development, requiring a long period of study and involving high investment costs. Manufacturers of original drugs are granted exclusive patent rights for a period of 20 years. Once the patent protection expires, other manufacturers are allowed to produce and distribute the same drug.





- 2) Generic Drugs are produced as replicas of original drugs whose patent protection has expired. They are manufactured under trademarks that are not owned by the patent holders, but the active ingredients remain the same as the original drugs. Since the production of generic drugs utilizes raw materials with lower costs and avoids the expenses associated with researching the active ingredients, the production cost of generic drugs is, therefore, significantly lower than that of original drugs.

The pharmaceutical industry is an industry that requires high investment in continuous research and development of new raw materials and drugs. As a result, the main pharmaceutical and healthcare production bases in the world, especially patented drugs or original drugs, are concentrated in developed countries such as the United States, Europe and Japan. These countries have significant potential in terms of personnel, knowledge, and advanced manufacturing technology. They can produce pharmaceutical products for export to meet the global market demands (as shown in Figure 1), while many developing countries are still only importers of original drugs.

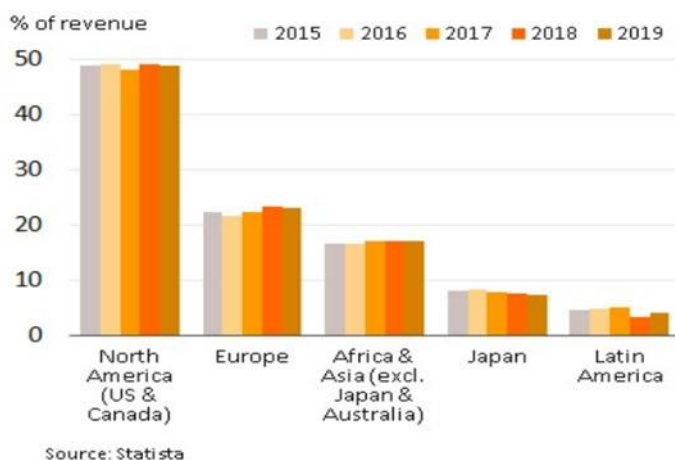


Figure 1 Distribution of Global Pharmaceutical Market Revenue by Region

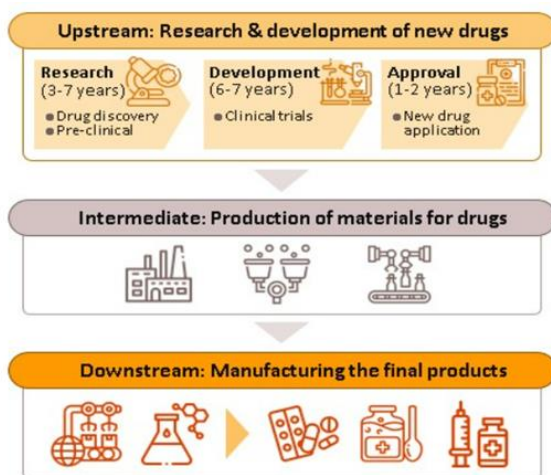
The current pharmaceutical industry structure is divided according to the production process (as illustrated in Figure 2):

1. Initial Stage: Involves research, exploration, and the development of new drugs.
2. Intermediate Stage: Encompasses the production of drug raw materials used in the manufacturing of finished pharmaceutical products. This includes active ingredients and inert substances that facilitate the production reaction. In this stage, existing drugs are manufactured, and specific production techniques are developed or molecular structures are modified to obtain the desired drug. This production stage requires advanced technology and significant capital investment.
3. Final Stage: Involves the production of finished pharmaceutical products by developing drug formulations. This includes importing essential active ingredients from different countries, blending





them, and manufacturing them into various forms of finished pharmaceutical products such as tablets, liquid medicines, capsules, creams, powders, and injections.



Source : Compiled by Krungsri Research

Figure 2 Stages of Pharmaceuticals Production

The current pharmaceutical industry in Thailand is predominantly in the final stage, focusing on the production of finished pharmaceutical products. The produced drugs in the country are mostly generic drugs, and manufacturers import essential active ingredients from abroad to blend and produce finished pharmaceutical products in various forms. Thailand imports a significant proportion, approximately 90%, of the raw materials used in the production of all finished pharmaceutical products. The highest production value belongs to the group of pain relievers/fever reducers.

The Food and Drug Administration (FDA) states that Thailand has 151 pharmaceutical manufacturing facilities currently certified with Good Manufacturing Practice (GMP) standards (information as of December 2021). Among these, not more than 8% are capable of producing active ingredients on their own. The corporate group is not within this category (such as those producing aluminum hydroxide, aspirin, sodium bicarbonate and deferiprone). The active ingredients produced are primarily utilized in the manufacturing of finished pharmaceutical products within their respective facilities. As for research and development of new drugs in Thailand, there is a focus on vaccine development, including HIV vaccines, vaccines for avian influenza/influenza, etc.

In this regard, entrepreneurs in the pharmaceutical industry are divided into two groups (as illustrated in Figure 3) as follows:

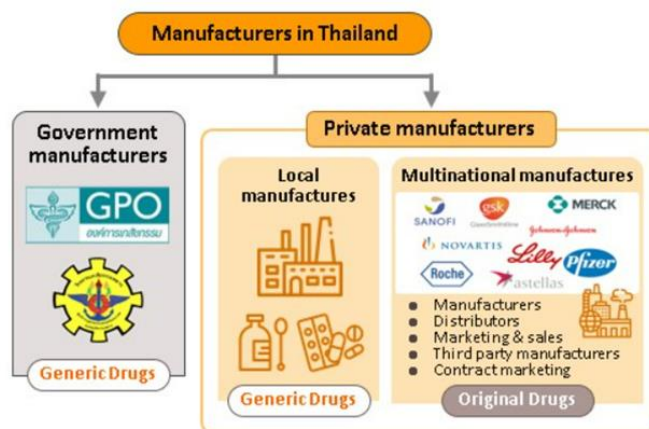
#### Group 1: Government Agencies

This includes the Government Pharmaceutical Organization (GPO), which serves as both a primary pharmaceutical manufacturer and an importer of certain types of drugs (especially those for

chronic non-communicable diseases, such as lipid-lowering drugs and antidiabetic medications) to be distributed at affordable prices. Additionally, there are military pharmaceutical factories that focus on producing generic drugs for domestic distribution, serving as substitutes for imported drugs. Under the Government Procurement and Supplies Management Act of 2017, the GPO is classified as a business entity similar to private sector counterparts in the same industry. This classification eliminates the obligation for government agencies to primarily purchase drugs from the GPO (previously, drugs had to be purchased from the GPO for no less than 60-80% of the budget). This has led to increased competition in the market between the GPO and private sector entrepreneurs, including international entities producing and selling low-cost drugs, such as those from India and China.

### Group 2: Private Pharmaceutical Companies

- (1) Thai-Owned Pharmaceutical Companies: these are companies with majority Thai ownership, primarily engaged in the production of general generic drugs, contract manufacturing of drugs, and offering products at competitive prices.
- (2) Multinational Companies (MNCs): these companies are predominantly owned by foreign entities. They act as importers of original drugs or patented drugs, distributing them at relatively higher prices. Some of these companies have established manufacturing facilities for finished pharmaceutical products within Thailand.



Source: Government Pharmaceutical Organization (GPO)

Figure 3 Pharmaceutical Manufacturers in Thailand

In Thailand, there are two main laws governing the pharmaceutical industry. The first is the Patent Act of 2522 B.E. (1979), which protects the rights of those who invent drugs. The Department of Intellectual Property is the agency responsible for registering drug patents. The second is the Drug Act of 2510 B.E. (1967) and its subsequent amendments, which regulate the manufacturing, import, and



sale of drugs within the country. The Food and Drug Administration (FDA) is the overseeing agency responsible for issuing licenses and registering drugs for distribution within the country.

Currently, private drug manufacturers in the country face pressures from various factors. (1) Increased competition from low-cost drugs imported from India and China, where production costs are lower than in Thailand. This includes the potential to manufacture essential drugs, leading to a significant dependence on imported medicines. (2) Private sector manufacturers are relatively disadvantaged compared to Government Pharmaceutical Organizations, both in terms of production costs and distribution channel access. (3) The government's centralized pricing of medicines by the Ministry of Public Health and the Comptroller General's Department for cost control and to enable state hospitals to purchase drugs at reasonable prices. This poses limitations on adjusting prices for certain types of drugs. (4) The costs for manufacturers increase due to compliance with the GMP-PIC/S standards, as Thailand is a member of the European Union for Drug Evaluation.

Approximately 90% of the drugs manufactured in the country are consumed domestically, while the remaining 10% are produced for export. In terms of consumer spending, drug-related expenses account for 29.0% of the overall healthcare expenditure (as shown in Figure 4). Furthermore, with the progress of Thailand's Universal Health Coverage (UHC) system, Thai citizens have increased access to healthcare, leading to higher consumption of medicines.

In 2002, Thailand declared the implementation of the Universal Health Coverage (UHC) system through the National Health Security Act. Currently, the coverage extends to 99.57% of the population entitled to the country's health insurance system. This initiative plays a crucial role in the production and consumption of medicines in the country. As a result, government agencies have become the largest consumers of medicines. Thai citizens can access medical and public health services through the state health insurance system, which is supported by 3 main funds as follows:

1. The National Health Security Fund (UCS): This is also known as the Gold Card or the 30 Baht Scheme: The UCS is the largest health fund that provides healthcare rights to the general public. The government is responsible for delivering medical services through state hospitals and private healthcare facilities that participate as partners in the program. As of October 2022, the Thai population covered by the National Health Security Fund numbered approximately 47.0 million people, accounting for around 69.8% of the total population.
2. The Social Security Scheme (SSS): Established in 1990, the SSS is the second-largest health fund after the National Health Security Fund. As of October 2022, there were approximately 12.8 million people eligible for social security coverage, constituting 19.0% of the total population. Funding for the scheme comes from contributions made by three parties: insured individuals, employers, and the government. Members can access medical services at both public and private healthcare facilities participating in the program.



3. The Civil Servant Medical Benefit Scheme (CSMBS): Established in 1963, as of October 2022, there were approximately 5.3 million individuals eligible for civil servant/ state enterprise employee benefits. This constitutes 7.8% of the total population. Civil servants and their families can receive medical treatment without any co-payment at both public and private healthcare facilities participating in the scheme. (Source: National Health Security Office [www.ucinfo.nhso.go.th/ucinfo](http://www.ucinfo.nhso.go.th/ucinfo))

The distribution channels for the pharmaceutical industry in Thailand (as illustrated in Figure 4) are as follows:

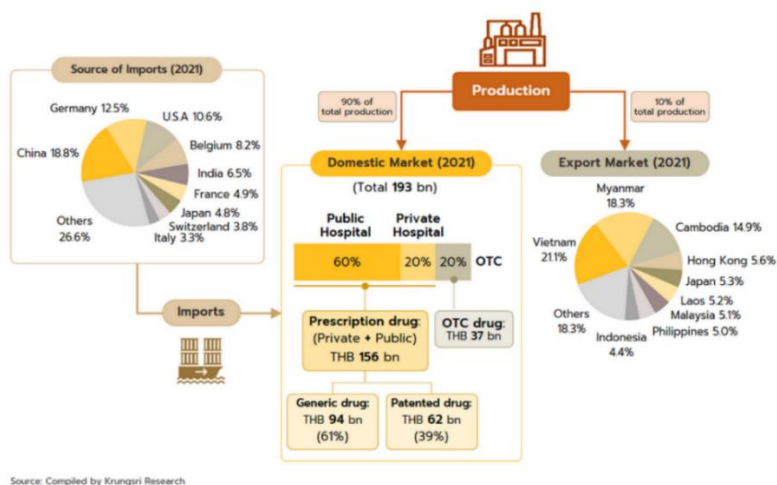


Figure 4 Shows the distribution channels of the pharmaceutical industry in Thailand.

#### Distribution Through Hospitals:

The state's public healthcare welfare system covers both civil servants and the majority of the general population. Consequently, the value of drug distribution through hospitals accounts for up to 80% of the overall pharmaceutical market. This is further broken down into state hospitals comprising 60% of the total drug market value and private hospitals contributing 20% to the total drug market value. Medications distributed through hospitals are prescription drugs, meaning they require a doctor's prescription. This category is divided into (1) Generic Drugs, representing 61% of the total value of drugs distributed through hospitals, and (2) Patented Drugs, constituting 39%. However, there is a higher growth rate for patented drugs, driven by demand in the non-communicable diseases (NCDs) category, such as hypertension medications, diabetes drugs, and heart disease treatments.

#### Distribution through pharmacies (Over-The-Counter: OTC):

While the state's healthcare insurance system has influenced some patients to seek treatment at hospitals instead of purchasing medications from pharmacies, pharmacies remain a popular choice for the public when experiencing minor illnesses or when self-care is possible without the need to see



a doctor. The value of drug distribution through pharmacies (OTC drugs) accounts for 20% of the total pharmaceutical market. Currently, there are a total of 24,677 pharmacies nationwide (data from the Food and Drug Administration, October 2022), with 20.4% located in the Bangkok metropolitan area and 79.6% in other provinces. These pharmacies are divided into (1) Stand-Alone pharmacies, where the majority are small and medium-sized enterprises (SMEs) comprising over 80% of all current pharmacies and (2) Chain store pharmacies, mainly operated by large-scale entrepreneurs who invest and expand their businesses through franchises, such as Fascino and Save Drug (affiliated with Bangkok Hospital Group). Moreover, there is a group of modern trade retailers, such as discount stores, supermarkets, convenience stores, and specialty stores in the health products category. They expand their business by increasing the retail space for the distribution of pharmaceutical products, enabling them to reach a wide range of consumers in the export market. The average annual growth of Thailand's pharmaceutical exports is approximately 5.1% (2014-2020). However, it represents only 0.2% of the total export value because the exported drugs are generally common drugs with low value. The main export markets are neighboring countries, including Myanmar, Vietnam, Cambodia, and Laos, accounting for a combined 60% of the total export value. On the other hand, the majority of imported drugs are those that cannot be produced domestically and have higher prices, such as erythropoietin, antibiotics, and cholesterol-lowering drugs. The main sources of imports are Germany, the United States and France. This trade imbalance has led to Thailand's pharmaceutical industry facing challenges throughout. Nevertheless, there has been an increase in the import of drugs from India (averaging 8.4% per year of the total import value, up from 5.9% in 2013). These are mostly low-cost generic drugs, as India has benefited from compulsory licensing (CL) measures, allowing the production of generic drugs from patented drug formulas, resulting in lower production costs.

### **Trends in the Pharmaceutical Industry**

Between the years 2023-2025, Krungsri Research expects average growth of 5.0-6.0% per year in the sales value of pharmaceuticals (as shown in Figure 5). This projection aligns with the gradual economic recovery, while the population places increasing importance on healthcare to protect themselves from infections. This shift in consumer behavior is anticipated to drive higher demand for pharmaceutical consumption. The sales of pharmaceuticals through hospitals are expected to grow by 6.3% per year, and over-the-counter (OTC) sales are projected to grow at an average rate of 5.0% per year. Supporting factors for this growth include:

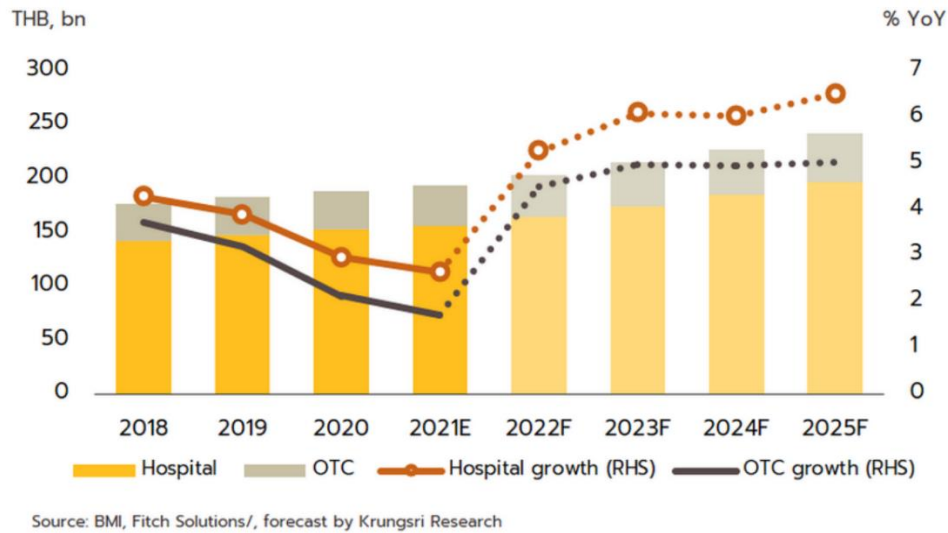


Figure 5 Domestic Pharmaceutical Sales by Seller

1. Illness trends are on the rise, both in infectious and non-communicable diseases (NCDs). Among the major infectious diseases with the highest incidence, diarrhea tops the list, followed by pneumonia and dengue fever. As for non-communicable diseases (NCDs), hypertension has the highest new case rate, followed by diabetes, chronic obstructive pulmonary disease (COPD), and cardiovascular diseases. This is partly due to the aging population, with individuals aged 60 and above constituting more than 10% of the total population. Their proportion is expected to increase to over 20% and 28% of the population in 2023 and 2024, respectively. The elderly often suffer from non-communicable diseases, leading to increased healthcare expenses for this demographic, reaching 230 billion baht (2.8% of GDP) in 2023, compared to 63 billion baht in 2010 (2.1% of GDP) (according to the National Health Development Plan volume 12, 2017-2021). In contrast, working-age individuals in urban societies, facing stress, pollution and limited time for self-care, are at greater risk of NCDs, indicating a trend of rising pharmaceutical consumption in the country, particularly for patented drugs/original drugs used to treat complex diseases.

2. Thai citizens have better access to healthcare services under the Universal Health Coverage (UHC) system, with 71% utilizing treatment through the health insurance card (gold card), 18% through social security and 8% through the civil servant medical benefit scheme. Various rights under these schemes have expanded avenues for accessing medication through pharmacies, such as those participating in the “Blue Flag Pharmacy” program, contributing to increased pharmaceutical sales through this channel. Additionally, the growing trend of health insurance with private companies is another factor influencing increased pharmaceutical consumption. Krungsri Research Center predicts that healthcare expenditures (including medication and treatment costs) will grow by an average of 7.6% per year from 2023 to 2025, compared to 7.0% in 2023. The public sector is expected to grow





by 8.1% per year, while the private sector is anticipated to grow by 5.7%, diverging from the growth rates of 7.5% and 5.3% in 2023, respectively.

3. The number of international patients is trending towards an increase. Krungsri Research Center estimates that the number of foreign tourists will return to pre-COVID-19 levels by 2025, with the majority coming from East Asia, Europe, and the Middle East. Some tourist groups plan to seek medical treatment in Thailand because the country is a leading destination for medical tourism globally. Thailand stands out for its quality healthcare, service standards, treatment protocols, and lower costs compared to competitor countries. This trend is expected to further drive the demand for pharmaceuticals.

4. The health-conscious trend among the Thai population is on the rise following the severe outbreak of the COVID-19 virus. It is anticipated that consumers will adjust their daily self-care behaviors to prevent various health hazards. As hospitals and other businesses strategize to enhance their healthcare services, there is an expectation of increased consumer demand for pharmaceutical products, especially immune-boosting supplements, and preventive medications, such as vitamins, herbal remedies, nutritional supplements, and health drinks. This is likely to result in pharmaceutical industry players trending towards the production or distribution of products catering to this growing market. This aligns with Euromonitor's estimation that the global health-related product market will grow by an average of 5.7% during the period from 2020 to 2024, surpassing the 3.4% average of the previous five years.

5. The trend of advancing 5G technology contributes to improved consumer access to medications. This is evident in facilitating telepharmacy services and the development of online platforms, addressing convenience, reducing travel, minimizing wait times, and enabling patients to access medications and treatments quickly before their conditions worsen.

6. The government's policies supporting investments in the pharmaceutical industry include (1) investments under the BOI promotion, providing an eight-year corporate income tax exemption for manufacturers of active pharmaceutical ingredients (APIs) and (2) the production of listed drugs announced by the Ministry of Public Health., which aims to stimulate investments by offering an eight-year corporate income tax exemption for current and traditional drug production, excluding 5 years for corporate income tax. This is aimed at fostering investments in the medical business, including pharmaceuticals.

Regarding investment in manufacturing machinery for the new production facility, the Company has applied for BOI tax privileges for two versions of new generic drug products. The first version, targeting tablets and capsules for general generic drugs, has received BOI approval. The Company will benefit from a five-year corporate income tax exemption, commencing with the commencement of drug production expected in 2026. The second version, focusing on tablets and capsules for targeted



generic drugs, is in the process of being reviewed by the BOI and the Company is awaiting results. Nevertheless, the Company anticipates an eight-year corporate income tax exemption, starting from the production commencement of said drugs in 2026. The Company also expects an exemption from import duties on machinery. (2) Pharmaceutical production is one of the targeted investments aligned with the New S-Curve target industries in the Eastern Economic Corridor (EEC), intending to advance research and development in drug production, making domestically produced drugs more cost-effective, especially those utilizing advanced technologies. The government will support research budgets and provide tax benefits. (3) Measures to promote the pharmaceutical industry in the country for the years 2023-2027, are aimed at increasing the pharmaceutical production value to over 100 billion Baht and expanding the export market to 13 billion Baht to ensure pharmaceutical self-sufficiency in the country (4). The strategic plan to drive Thailand forward with the BCG economic model (Bio-Circular-Green Economy) for the years 2021-2027 will contribute to advancing medical and health products from biodiversity. This plan aims to create added value in the pharmaceutical and vaccine markets while reducing imports, and allowing the population to access more affordable medications.

(Source: Narin Tanpaiboon, Krungsri Research, Business/Industry Trends 2023-2025 Pharmaceutical Industry, December 2022. Retrieved on February 21, 2023 from [https://www.krungsri.com/getmedia/d22d61a6-5b98-494b-a13b-a98ee09e355b/IO\\_Pharmaceuticals\\_221204\\_TH\\_EX.pdf.aspx](https://www.krungsri.com/getmedia/d22d61a6-5b98-494b-a13b-a98ee09e355b/IO_Pharmaceuticals_221204_TH_EX.pdf.aspx))

## Herbal Industry

The herbal medicine business is considered highly promising for Thailand at present due to its positive growth trend, expanding in line with the current health and beauty trends among consumers. This has led to a significant increase in the demand for products derived from nature and herbs, driven by the preference for alternative medical care that is relatively safe and cost-effective compared to mainstream medical treatments. Thai herbal products are popular not only among Thai people but also among foreigners, including those from China, Germany, Japan and more. The government has also formulated policies to further support the Thai herbal market, aimed at elevating Thai medicinal plants into a new economic crop that drives the Thailand 4.0 model, such as the concept of Herb 4.0. This is one of the ideas that will transform the Thai economy into a value-based economy, focusing on developing Thai herbal plants and adding value to herbal processed products. The goal is for Thailand to become a leader in the herbal market in the ASEAN region.

Nevertheless, the current situation of the herbal medicine business has shown relatively modest economic growth, despite Thailand being a country with a diverse range of beneficial medicinal plants suitable for natural medicine production. Natural medicines are considered purer and safer than synthetic ones currently prevalent in the pharmaceutical industry. However, the challenge lies in the fact that these herbal plants have not been sufficiently developed or promoted, lacking



support from various sectors. Additionally, the value of Thai herbs is not fully recognized by the Thai people themselves. To enhance the value of the Thai herbal medicine business, where Thailand holds advantages in terms of raw materials, knowledge, and the benefits of quality products that can be effectively communicated, there is a gap and an opportunity to further grow the herbal medicine industry.

The problems arising from the current situation of herbal medicine in Thailand are quite diverse. These include issues with herbal raw materials that cannot meet the demands of businesses in terms of types, quantities, and quality. The market system is not conducive due to a lack of connection with direct users of these products. Registration of patents and product registrations poses challenges. There are difficulties in enforcing laws to promote and develop herbal products. Additionally, market and product development for herbal medicines also present challenges in the current scenario.

(Source: Jirawan, Analysis of Strategies to Add Value to the Thai Herbal Medicine Industry; 2017)

### **Trends in the Herbal Industry**

With the rising trend of natural health care and consumers avoiding the use of chemicals, herbs have become one of the natural ingredients in the global health and wellness business. According to Statista, in 2020, businesses related to health and wellness that utilize herbs as ingredients in manufacturing, including cosmetics, pharmaceuticals and dietary supplements had a combined market value of around 91 billion U.S. dollars. This figure is expected to grow to approximately 166 billion U.S. dollars by 2029, with an average annual growth rate of 6.5%.

Thailand has an advantage in herbal raw materials with over 1,800 species that can be industrially utilized, coupled with promoting investments in target industries according to the Bioeconomy development plan, such as comprehensive medical services.

Agriculture and biotechnology may stimulate an increased demand for herbs for production. Additionally, the export market demand, especially in the first 9 months of 2020, amounted to approximately 12.05 million USD, showing a growth of 39.5% (YoY). However, to generate sustainable business development in the future to achieve its goals, there might be a need to accelerate the distribution of added value to upstream entrepreneurs and create differentiation for Thai herbal products.

Although the government is pushing for an increase in the value of herbal consumption, the returns for herb cultivators at the upstream level remain limited compared to midstream to downstream operators in the production chain. This is because there is still a focus on the production and sale of fresh herbs, or if processed, the innovations are not highly advanced, such as ground powder or tablet/capsule compression. The transformation of herbal processing to an industrial level, utilizing advanced innovations like extracts/precursors or products with herbal components, such as



cosmetics, medicine, and dietary supplements, is still confined to large-scale operators with sufficient capital and technology readiness. Currently, the average value of herbal plants sold by farmers at their farms is around 1.2 billion baht per year. However, if these herbs are further sold in the wholesale market in the form of B2B as fresh-dried-powdered products, to be continuously used as raw materials in the industry, the market value is expected to rise to 21.8 billion baht. Furthermore, if the development extends to downstream products, such as in the food and pharmaceutical groups, cosmetics, or spa products, and can enter the consumer market in a B2C selling format, the market value could potentially rise to 68.0 billion baht. This highlights the importance of elevating the quality of herbal production, as it can significantly increase returns. Shifting from an initial 1.2 billion baht per year to an estimated 91 billion baht per year, reflecting a 73-fold increase in added value. This is in comparison to competing countries that have abundant and renowned herbal resources for rare herbal products, such as India, China, or Vietnam. Dealing with potential declining demand in trading partner markets, especially in the group of herbal raw materials that can be grown in various areas without relying on regional uniqueness as a selling point (e.g., black galangal, initially cultivated only in Southeast Asia, now considered a Product Champion of Thai herbs that may be grown in other regions in the future). This shift is a result of advancements in production technology, such as plant factories, enabling certain herbs to be cultivated in closed systems. It also leads to increased quantities of active ingredients and more consistent production. Additionally, there may be competition with alternative products that offer similar benefits.

The aforementioned factors underscore that the sustainability of the growth of the Thai herbal business in the future necessitates elevating production to create more added value and differentiation, covering the entire system. This is especially crucial in increasing the distribution of added value to upstream entrepreneurs (agricultural groups). Key areas for primary development include: 1) Implementing production systems that yield high-quality and high-quantity outputs, such as organic herbal cultivation or plant factory cultivation, to create opportunities for selection as raw materials in advanced industries, both in the domestic and export markets. 2) Expanding sales opportunities by creating supportive markets for producers through collaboration with major entrepreneurs for researching and developing products or jointly planning marketing strategies. This ensures the access of products or distribution channels by a broader consumer market.

(Source: Kasikorn Research Center, Retrieved on February 21, 2023, from <https://www.kasikornresearch.com/th/analysis/k-social-media/Pages/Herb-FB-25-11-20.aspx>)

Data from the drug system in 2020 reports that Thailand has entered the aging society since 2005 and is progressing towards a complete-aged society in 2021. This indicates that the population aged 60 and above accounts for over 20% of the total population nationwide. The elderly often face health issues, especially problems related to bones and joints, as well as chronic diseases such as high



blood pressure and diabetes. They frequently seek herbal products for health care and the increasing number of elderly people will lead to a higher consumption of herbal products. Scholars, public health professionals and traditional Thai medicine practitioners are interested in researching and developing herbal medicines as an alternative or complementary option to current medications for elderly health care. Various studies have been conducted on different types of herbs, examining their pharmacological properties and conducting clinical research. For instance, herbs for osteoarthritis, such as jewel vine and hospital pharmacopeias with various formulas of poultices. In 2021, progress has been made, such as the registration of jewel vine extract-based drugs, which have been included in the National List of Essential Medicines. It is expected that in the future, the quantity and value of herbal medicine use will increase, especially for promoting health and preventing diseases or reducing the risk of emerging diseases.

### **Animal Medicine Industry**

The animal medicine industry is no different from the production of human pharmaceuticals, as it is regulated by the regulations of the Food and Drug Administration (FDA). All products must be registered, and the manufacturing process is strictly controlled to meet the standards set by the FDA. This stringent process significantly impacts production costs.

### **Trends in the Animal Medicine Industry**

The livestock industry has shown continuous development and growth in production over the past several years, driven by the increasing demand from consumers both domestically and internationally and accepted farming standards. There has also been improved monitoring and control of epidemic diseases, which has positively influenced consumer confidence, leading to an expansion of livestock production, particularly in sectors such as broilers, pork, chicken eggs, beef and raw milk. In 2016, there was a 2.8% expansion in the livestock sector compared to the previous year.

The correlation between the quantity of the population's meat consumption demand and economic growth has consistently been confirmed, showing a positive relationship. This is because the population seeks protein-rich food in high quantities with the rise of purchasing power, especially in developing countries. This, in turn, results in increased sales of animal medicine products, contributing to the overall health and well-being of livestock. The higher demand for animal products ensures the health and safety of animals, leading to safety for consumers of meat products and a healthier body.

The animal health business is a market related to health products that enhance the overall efficiency of animal husbandry. According to data from the Thai Animal Health Products Association and the Animal Health Business Group under Betagro Public Company Limited, between 2013-2017, the animal health business in Thailand showed an average market value growth of 2.48% per year. In



2018, it is expected that the animal health business will have a market value of approximately 34,582 million Baht, increasing by 2.48% compared to the previous year. The expansion of use in livestock production and feed mills contributes to the increased demand for animal health products. Approximately 65% of the total market value of animal health products is distributed in the livestock production and aquaculture sector.

In 2023, following the outbreak of African Swine Flu (ASF) in Thailand, there is a continuous positive trend in the pig industry. However, the pig population is still decreasing compared to before the outbreak due to increased costs in animal feed, energy and heightened biosafety systems. These factors impact the decision-making process of returning to pig farming. Companies may face challenges in the animal health industry due to intense price competition, the risk of reducing product quality to gain market share and the need for a specialized team in sales and debt management to cope with potentially significant amount of bad debt

### **Cosmetics Industry**

According to data from Statista, a market research Company, the global beauty and personal care market in 2023 is estimated to have a value of approximately 534.0 billion US dollars, and it is expected to reach around 670.4 billion US dollars by 2027, reflecting an annual growth rate of 5.9% (during the period from 2023 to 2027) divided as follows:

- Body care products, the largest market segment, had a value of approximately 274.2 billion US dollars in 2023, and it is expected to grow at a rate of 3.32% per year from 2023 to 2028.
- The total market revenue for skincare products was valued at 181.2 billion US dollars in 2023, and it is anticipated to grow at a rate of 3.06% per year from 2023 to 2028.
- The revenue in the cosmetics market was approximately 103.8 billion US dollars in 2023, and it is expected to grow at a rate of 4.43% per year from 2023 to 2028.
- Fragrance products generated revenue of about 58.27 billion US dollars in 2023, with an expected growth rate of 2.95% per year from 2023 to 2028.

(Source: [www.statista.com/outlook/cmo/beauty-personal-care/worldwide#revenue](https://www.statista.com/outlook/cmo/beauty-personal-care/worldwide#revenue))

As COVID-19 subsides, the cosmetics market is poised for a rapid recovery in line with consumer preferences seeking to enhance their appearance, considering beauty as a crucial element in building self-image and confidence. It cannot be denied that cosmetics have played a role in facilitating these aspects more easily and quickly, becoming an integral part of consumers' daily lives. Furthermore, the market offers diversity in terms of types, features, quality and prices, effectively catering to the needs of consumers. These factors collectively contribute to the cosmetics market having the potential to exhibit sustained growth trends in the future.

(Source: <https://thaipublica.org/2023/04/krungthai-compass51/>)



## Trends in the Cosmetics Industry

The Thai cosmetics market is projected to be valued at over 3.23 billion Baht in the year 2030, with an average annual growth rate of 5.0%. This represents a significant increase from the year 2023, approximately 1.5 times higher. The market is being driven by a resurgence in Thai consumers returning to normalcy, while purchases from international tourists are gradually returning as part of the recovery in the Thai tourism sector. Additionally, the export market, constituting about 25% of the total market value, has room to expand further. Currently, it holds a relatively small market share, accounting for only 1.5% of the total global cosmetics export value.

For the domestic consumer market, the majority consists of skincare products (46%), followed by haircare products (16%), cosmetics (16%), and fragrances (3%). In terms of export markets, the key product categories are haircare products (40%), bath and shower products (22%), oral care products (16%) and skincare products (13%). Thai cosmetic products that are popular are those incorporating Thai herbs, accounting for 90% of the Thai cosmetics industry. Notably, 90% of the cosmetics industry in Thailand is made up of Small and Medium-sized Enterprises (SMEs). (Source: based on data by Euromonitor 2019)

When considering the market structure of cosmetics in Thailand, it is found that 85% of cosmetics are produced domestically, while 15% are imported. Key import sources include the European Union, China, South Korea, the United States, and Japan. In terms of production, the majority of cosmetics (72% by production value) are sold domestically, with 28% being exported to important markets such as ASEAN, Japan, Australia, South Korea, and China. Among the product categories, skincare products have the highest market value, accounting for over 41% of the cosmetics market in the country, followed by hair care products and makeup products, which represent 16% and 12% of the domestic market value, respectively.

In the years 2019-2023, it is anticipated that consumer behavior and the beauty market will begin to shift towards a more organic approach to health and well-being. The cosmetics market with emerging trends gaining popularity includes:

- Organic Cosmetics: There is an increasing preference for organic cosmetics, not only using herbal ingredients but also focusing on sustainable packaging that can be reused.
- Beauty Innovations: Entrepreneurs are emphasizing research in formula development, modern production processes, diverse raw materials, quality control systems and responsiveness to the lifestyles of modern consumers. They aim to create brands that are internationally recognized.
- Thai Herbs: due to the global acceptance of Thai herbal ingredients.
- Internet of Things (IoT) Integration with Beauty: for example, the use of IoT to create applications that inform users about pollution levels affecting the skin, etc.





- Diversity in Skin Tones: global brands are giving increased importance to genetic diversity, leading to research and development of products tailored to meet the needs of specific consumer groups.
- Skin Protection from Pollutants: given that air pollution, particularly dust and smoke, is an unavoidable environmental issue, the development of cosmetics to protect the skin from pollution has become a significant advancement in addressing consumer needs.
- Product Fragrance: the current trend involves various beauty brands incorporating different fragrances to inspire product development. This aims to evoke specific emotions and provide consumers with added benefits, such as a sense of freshness or relaxation.

### **Nutritional Supplements Industry**

The nutritional supplements industry in Thailand has a market value of approximately 87,000 million baht in the year 2023 (data from Euromonitor). According to a survey conducted by the Department of Health Service Support, Ministry of Public Health, over 70% of the population believes that nutritional supplements are essential and should be consumed regularly.

The health-oriented nutritional supplements market is poised for a bright future with a growth rate surpassing other industries, especially after Thailand has navigated through the challenges of COVID-19. This shift is influenced by changing consumer behaviors towards a new lifestyle, known as the “New Normal”. People are now more attentive to their health, contributing to a significant leap in the market value of nutritional supplements. The business in this sector not only remained resilient in the face of the COVID-19 pandemic but also thrived due to the evolving consumer patterns supporting its growth.

The significant factors propelling the rapid growth of the nutritional supplements market are rooted in the heightened awareness of health among Thai consumers. This has led to an increased popularity of nutritional supplements and vitamins. The global spread of COVID-19 has profoundly impacted people’s lives worldwide, prompting nearly every country to implement stringent measures to quickly curb the spread of the virus. Thailand, like other nations, has adopted strict measures to maintain economic and societal stability. These circumstances have forcefully changed various behaviors within society in adapting to the crisis, creating a new normal in terms of health consciousness among the Thai population. Even as the situation with COVID-19 improves and vaccines are administered, the experiences of the pandemic have made people globally more conscious of the dangers of viral outbreaks. As a result, people are now more committed to maintaining their overall health to ward off potential new and existing health threats, such as seasonal flu and diseases transmitted by mosquitoes. These diseases continuously evolve and will forever remain in society.



Therefore, people are now more attentive to their dietary habits, emphasizing cleanliness and hygiene, and the utmost health benefits in their food choices.

### **Trends in the Nutritional Supplements Industry**

EuroMonitor data reveals that the dietary supplement industry in Thailand has a total market value of approximately 87,000 million baht in 2023, with average costs of approximately 1,036 baht per month per person. While data from a survey of the Department of Health Service Support Ministry of Public Health It is stated that more than 70% of the people are of the opinion that dietary supplements are necessary to be taken regularly. The majority of these businesses were SMEs, commonly utilizing contract manufacturing and following the regulatory approval process. They distributed their products under their own brands, emphasizing advertising through social media, radio and television. Notably, influential individuals in society were often engaged to review their products. It is projected that the growth rate of the nutritional supplements market will decrease to 3-5%, with SMEs facing a significant negative impact. Consequently, entrepreneurs must uphold product quality standards and focus on product development and research to meet the evolving needs of consumers. This is particularly crucial for working-age and elderly consumers, who are expected to increase from 80% at present to 85% in 2028. The following are product categories in the nutritional supplements sector that are anticipated to gain more attention and expand further, categorized based on target consumer groups as follows:

- 1) Elderly Group: this group emphasizes overall health maintenance for physical strength. Products should be easy to consume or swallow, such as liquid or soft capsules. Products of interest for this group include general health supplements, addressing aspects like memory, digestive system, absorption, circulation, sleep quality, fatigue and eye, bone, muscle and dental care. Additionally, there is a focus on preventive and therapeutic products for common conditions in the elderly, such as diabetes, blood pressure, heart, cholesterol issues, etc.
- 2) Working Age Group: this group prioritizes health and beauty. Products should be easy to consume with uncomplicated processes, such as pill or capsule formats. Products of interest for this group include general health supplements, supporting brain and eye health due to screen usage, muscle maintenance, fiber for digestion, detoxification and beauty-related products like skincare, nail and hair care, weight loss, body toning, cellulite reduction, etc.



### 3. Procurement of products and services

#### Market Share of Pharmaceutical Companies in Thailand

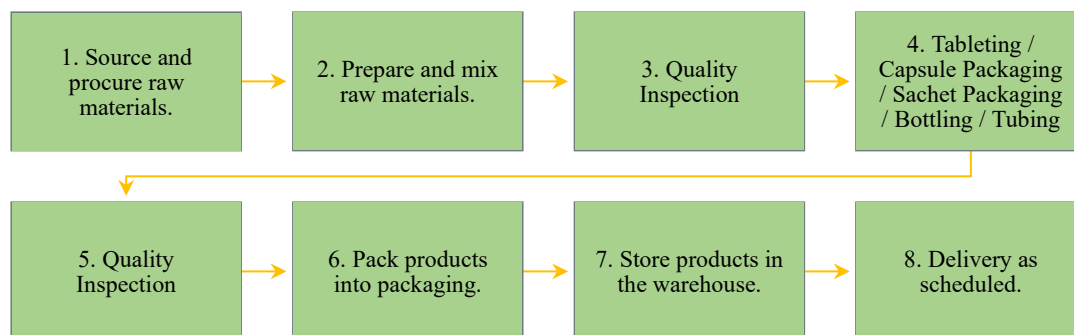
Industry	Unit (Million)	2021			2022			2023		
		Capacity	Max Capacity	%	Capacity	Max Capacity	%	Capacity	Max Capacity	%
Generic drug and New Generic Drugs	Tablet	284.88	468.54	61%	400.13	468.54	85%	433.70	480.00	90%
	Capsule	79.39	148.20	54%	94.28	148.20	64%	84.77	156.00	54%
	Powder Sachets	15.48	20.52	75%	18.86	23.85	79%	23.25	30	78%
	Tube	5.58	7.13	78%	8.67	9.86	88%	8.16	14.40	57%
	Plastic Jar	0.23	0.26	90%	0.34	0.44	79%	0.35	0.72	49%
	Bottle	2.00	2.28	88%	2.28	2.28	100%	2.31	2.58	90%
	Liquid Sachets	0.23	0.57	41%	0.34	0.57	59%	0.25	0.60	42%
Herbal Medicine	Tube	2.09	2.74	76%	2.25	2.74	82%	1.98	2.88	69%
	Bottle	0.08	0.40	19%	0.12	0.40	31%	0.08	0.42	19%
Animal Medicine	Tube	0.03	0.14	24%	0.03	0.14	22%	0.03	0.14	21%
Cosmetic	Tube*	0.56	0.80	70%	0.6	0.80	75%	0.34	0.84	40%
	Bottle	0.20	0.40	49%	0.01	0.40	3%	0.02	0.42	4%
Food Supplement	Tablet	3.08	5.47	56%	5.47	5.47	100%	3.71	5.76	55%
	Powder Sachets	1.68	2.05	82%	0.41	2.05	20%	1.66	2.16	77%

\* Note: In 2022, the production capacity for bottled cosmetics and sachet-type dietary supplements decreased compared to 2021. This reduction was due to the use of bottled cosmetics production capacity in 2021 for the manufacturing of alcohol hand gels and sprays amid the COVID-19 situation. In 2022, there was no production in this category. The sales of sachet-type dietary supplements also decreased in 2022.

#### Procurement and Production Processes

##### Raw Materials Sourcing and Procurement

##### Raw Materials Sourcing





The Company emphasizes the efficiency of suppliers and manufacturers as a crucial factor in ensuring the quality of its products. The Company conducts assessments, selects suppliers, and evaluates performance annually to classify and systematically develop suppliers and manufacturers. Collaborative responsibility is taken in managing the supply chain's efficiency, ensuring timely delivery of high-quality products according to specified requirements. This includes managing procurement costs through annual, quarterly, and monthly purchase planning based on necessity, aiming to maximize benefits.

#### Details of Raw Materials Procurement

The main raw materials used in the current pharmaceutical production are Active Pharmaceutical Ingredients (APIs) produced abroad. These are purchased through intermediaries in Thailand. The Company does not rely on any specific intermediary, as its products are widely distributed, utilizing different APIs and having numerous distributors. As for the primary raw materials used in traditional medicine production, they are sourced from the extraction of herbal plants within the country.

#### Steps in Raw Materials Procurement

The procurement department initiates the purchasing requirements from the material warehouse department, which are purchase requests in the integrated software system. They conduct market surveys from registered suppliers, including new suppliers if they offer better conditions. At least three suppliers are considered for comparison, taking into account specified criteria (being a registered and authorized production source). The evaluation includes delivery schedules, prices, and payment conditions in order of necessity. Once the comparison is approved, the procurement department can then create purchase orders and contracts for authorized signatories to sign. Before sending the purchase orders and contracts to the supplier, the quality control department, in collaboration with the quality assurance department, verifies the accuracy and quality of the products.

#### Raw Material Preparation

The production planning and customer service department creates monthly production plans based on the annual sales estimates. Monthly meetings are conducted in collaboration with the sales department.

The production planning and customer service department creates monthly production plans based on the annual sales estimates. Monthly meetings are conducted in collaboration with the sales department.



## **Blending Raw Materials and Manufacturing**

### **Production Process for Solid Products (Tablets, Capsules and Powders)**

The production department will verify the raw material list to ensure it complies with the manufacturing formula before starting the production process. The production process begins with blending raw materials, which can be either wet or dry, depending on the materials used. After blending, the mixture undergoes fine filtration, followed by drying, re-filtering and blending in a dry mixture. Subsequently, the quality assurance department randomly samples the mixture and sends it to the quality control department for analysis before proceeding with the specific form and strength of the medication, such as tablet compression, encapsulation or sachet filling (powder form). For coated tablets, the quality assurance department checks the weight, disintegration, friability, hardness, and thickness of the tablets before coating. After completing the production, the quality assurance department randomly samples the final product, sends it to the quality control department for analysis and finally, the product is packaged into blister packs according to the specified packaging sizes.

### **The production process of semi-solid products (creams and gels) and the production process of liquid products (liquid medications):**

The production department will verify the raw material list to ensure it complies with the manufacturing formula before starting the production process. The production process begins with blending raw materials. Afterward, the quality assurance department randomly samples the mixture and sends it to the quality control department for analysis before packaging it into the specified packaging sizes.

## **Inspection of Manufactured Products**

The quality assurance department inspects the quality of the product at every stage of the production process, from the blending stage, and intermediate stages during the manufacturing process, to the packaging stage, to ensure that the product meets the quality standards specified in the manufacturing formula.

## **Delivery of Products**

The delivery department staff will prepare finished products for delivery each day. They will check against the daily delivery documents and the set of tax invoice documents according to the product delivery plan. If customers are located in Bangkok, the Company will arrange for product delivery to the delivery department in Bangkok to distribute the products to customers. If customers are in other provinces, the Company will use transportation services from a logistics Company to handle the delivery of its products. Since 2023, the Company has started using services from a comprehensive health business service provider for transportation services, including tracking and



payment collection for customers in government hospitals, private hospitals, and clinics sector, aiming to facilitate product distribution and improve the Company's operational flexibility.

## Research, Development and Manufacturing of New Medicines

The Company conducts information gathering to research new products, such as market surveys related to the product, to gather data for research and brainstorming for designing new products that align with market needs. The Company collaborates with customers to inquire about information regarding products that have undergone research. This process helps formulate the annual research and development plan. Following this, the research department analyzes, researches and develops production formulas, conducts production experiments, checks various aspects of product quality and tests the bioequivalence in humans before registering the products.

## Manufacturing Standards that BLC has Obtained

GMP-PIC/S	GMP-PIC/S	GMP
GMP	ISO 9001:2015	ISO 14001:2015





ISO 22000:2018	ISO 45001:2018	ISO/IEC 17025:2017

## Environmental Impact Management

Recognizing the importance of environmental aspects, the Company has established management guidelines through policies and measures to reduce and prevent the release of pollutants or waste into the environment. This involves continuously improving business activities from the process of receiving goods to the delivery of products to ensure that the Company complies with environmental requirements and standards. Throughout its operation, the Company has never encountered disputes or issues related to environmental impact.

The Company selects high-quality machinery and tools for product manufacturing to reduce electricity consumption and production errors that may lead to waste. The Company has a policy of using alternative energy sources such as solar energy or solar cell systems to generate electricity for production. Additionally, there is continuous improvement in the logistics system, optimizing transportation routes to increase efficiency, reduce transportation costs, and minimize greenhouse gas emissions.





For wastewater and hazardous substance management, the Company treats wastewater and hazardous substances in compliance with legal requirements and international standards. Regarding the management of waste or excess materials from production, the Company sells scrap materials to licensed waste disposal facilities in accordance with the law. Additionally, the Company promotes tree planting campaigns around the factory area to increase green spaces for the community.

#### 4. Assets Used in Business Operations

As of December 31, 2023, BLC has the following main assets used in business operations:

##### 4.1. Land, Buildings, Equipment, and Intangible Assets:

List	Book Value As of Dec 31, 2023 (Million Baht)	Type of Ownership	Obligation
Land	79.31	Ownership Right	64.80
Buildings and Building Improvements	90.74		-
Electrical and Groundwater Systems	54.29		33.62
Machinery and Equipment	83.80		-
Installed Decoration and Office Equipment	14.80		-
Vehicles	1.04		-
Assets Under Construction and Decoration <sup>1</sup>	11.05		-
Intangible Assets	6.81		-
<b>Total</b>	<b>341.84</b>		<b>98.42</b>

<sup>1</sup> Assets under construction involve the renovation of the delivery building, the expansion of the waste storage building, the construction of a pilot plant, and the construction of a flammable material building.

#### 5. Undelivered Work

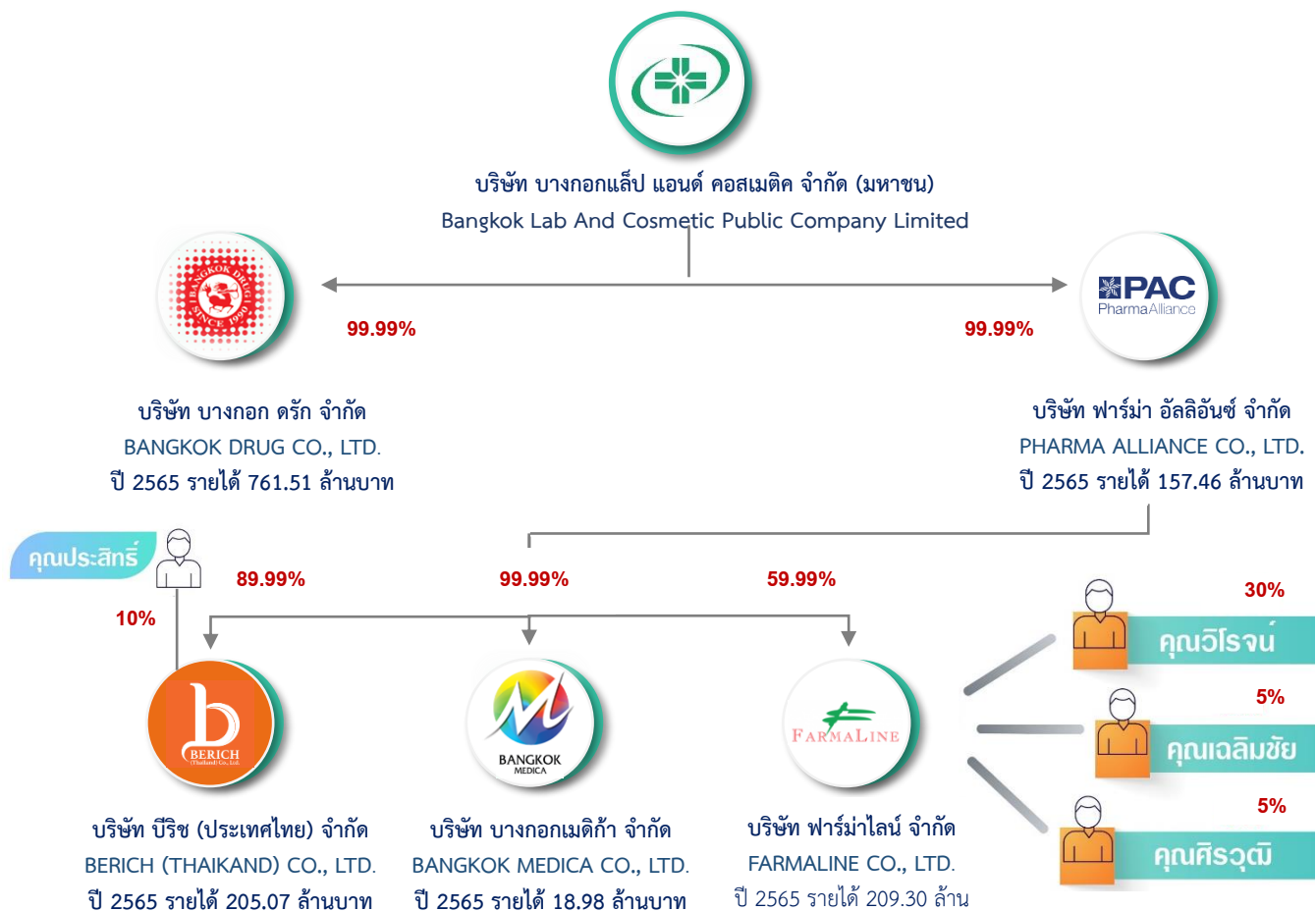
- None



### 1.3. Shareholding Structure of the Company Group

#### 1.3.1. Shareholding Structure and Voting Rights of the Company

BLC has subsidiary companies, including





The majority of the subsidiaries' revenue comes from sales to external parties outside the Company group.

Subsidiary Name	Shareholding Proportion	Nature of Business
1. BANGKOK DRUG CO., LTD. ("BDC")	BLC Shareholder 99.99%	Selling modern pharmaceutical products, including both generic and new generic drugs. The product categories emphasize pain relievers, musculoskeletal and joint medications, dermatological medications, etc. Additionally, it distributes herbal medicine products and nutritional supplements.
2. PHARMA ALLIANCE CO., LTD. ("PAC")	BLC Shareholder 99.99%	Engaging in business operations that provide services for inventory management, procurement systems, accounting and finance systems, information technology systems, and transportation systems to the Company group. It also conducts activities related to international partner sourcing and export.
3. BANGKOK MEDICA CO., LTD. ("BMC")	PAC Shareholder 99.99%	Conducting business in the sale of pharmaceutical products for animals.
4. BERICH (THAIKAND) CO., LTD. ("BRC")	PAC Shareholder 89.99% Mr. Prasit Chulputipong holds 10%	Conducting business in the sale of skincare and beauty products.
5. PHARMALINE CO., LTD. ("FLC")	PAC Shareholder 59.99% Mr. Wirot Pichitnitikorn holds 30% Mr. Sirawut Kunchamnan holds 5% Mr. Chalermchai Anantavijit holds 5%	Distributing modern pharmaceutical products, including both generic and new generic drugs, with a focus on medications for the digestive system, respiratory system, and infectious diseases.



### 1.3.2. Individuals Who May Pose Conflicts of Interest

- None. There are no other individuals holding shares in the subsidiaries who may pose conflicts of interest with BLC.

### 1.3.3. Relationship With the Business Group of Major Shareholders

- BLC has no significant relationship or involvement with the other businesses within the founding group.

### 1.3.4. Shareholders

The top 10 major shareholders of BLC as of December 28, 2023.

No.	Shareholder	Share	% Share
1	Mr.Suvit Ngampoopun*	131,961,600	21.99
2	Ms.Sunisa Mongkolareepong	94,500,000	15.75
3	Mr.Somchai Phisphahuthan*	90,000,000	15.00
4	Mr.Pongpan Porkaew	36,000,000	6.00
5	Mr.Ponlatape Saowkaew	22,500,000	3.75
6	Mr.Subhachai Saibour*	22,500,000	3.75
7	Mrs.Supa Lertwilaiwittaya	19,205,000	3.20
8	Mr.Thongchai Phantong	11,250,000	1.88
9	Mr.Pruchya Werachattawatchai	6,916,400	1.15
10	Thai NVDR Company Limited	5,812,796	0.97
Total		439,285,540	73.55

Note: Refers to the founding group of the Company and the agreements among major shareholders, as detailed in section 1.1.4, regarding agreements among major shareholders concerning the impact on the issuance and offering of securities or the management of BLC, and the key information relevant to its operations.



#### 1.4. Number of Registered Capital and Paid-up Capital

##### 1.4.1. Common Stock

The Company already registered 300,000,000 baht, divided into 600,000,000 common shares with a par value of 0.5 baht per share.

#### 1.5. Issuance of Other Securities

##### 1.5.1. Convertible Securities

- None

##### 1.5.2. Debt Instruments (Bond)

- None

#### 1.6. Dividend Payment Policy

The Company and its subsidiaries have a policy to distribute dividends to shareholders at a rate not less than 40% of net profits from the financial statements specific to business operations, after deducting corporate income tax and allocating reserves according to laws and regulations and the Company's and subsidiary's regulations. However, the distribution of such dividends may be subject to change. This will be evaluated based on operational performance, investment plans, financial status, liquidity, business expansion plans, the necessity of using working capital for management and the expansion of the Company's and subsidiaries' businesses. Additionally, economic conditions and other relevant considerations, including the future management of the Company and subsidiaries, will be taken into account.

In this regard, the payment of annual dividends must be approved at the shareholders' meeting, unless it is an interim dividend. In such cases, the Board of Directors has the authority to approve interim dividend payments on a temporary basis when it deems that the Company and its subsidiaries have sufficient profits to distribute without impacting their operations. Reports on such interim dividend payments will be presented at the next shareholders' meeting for acknowledgment.



In the years 2021–2023, BLC distributed dividends from Separate Financial operations as follows:

	Approval date	Dividend payment date	Dividend rate / share (baht)	Dividend amount (million baht)
Year 2021				
Interim dividend in the year 2021	30 Nov 2021	Dec 2021	20.0	36.0
Year 2022				
Annual dividend in the year 2021	28 Apr 2022	May 2022	7.5	15.0
Interim dividend in the year 2022	13 May 2022	May 2022	12.5	25.0
Interim dividend in the year 2022	14 Nov 2022	Nov 2022	0.1125	54.0
Total dividend in the year 2022				94.0
Year 2023				
Annual dividend in the year 2022	27 Mar 2023	Apr 2023	0.05	24.0
Interim dividend in the year 2023	14 Aug 2023	Sep 2023	0.03	18.0
Total dividend in the year 2023				42.0

## 2. Risk Management

### 2.1. Risk Management Policies and Plans

#### 2.1.1. Risk Management Policies

The Company is committed to creating value for the Company group and its stakeholders, aiming for sustainable growth and business expansion. However, in the current and future business operations, the group is constantly exposed to risks. The Company acknowledges the importance and necessity of implementing an international standard risk management system within the Company group. Therefore, the Risk Management Policy was established and approved at the Board of Directors Meeting No. 2/2022 on February 28, 2022. The policy became effective on March 28, 2022, and has been annually reviewed and approved at the latest Board of Directors Meeting No. 6/2022 on October 19, 2022. Additionally, a risk management manual has been developed as a guideline for management and all employees, incorporating the principles of COSO ERM 2017 to assess risks. The risk assessment process is divided into three main steps: (1) Preliminary Assessment: This involves evaluating the nature of the business by analyzing data from the business model. (2) Business Unit Assessment: This step assesses the operational practices to determine if there are control processes in key steps to prevent risks. The results are summarized to identify the risk areas, categorized as high, significant, moderate, or low risk. (3) Post-Implementation Assessment: the assessment is conducted after measures have been implemented to reduce risk levels.





In this regard, the Board of Directors emphasizes the importance of risk management in conjunction with strategic planning. A Risk Management Committee has been appointed to establish frameworks, and assess, approve, and monitor risk management plans. Simultaneously, the Audit Committee is tasked with controlling, overseeing, and ensuring appropriate risk management. This is to ensure that risk management systems are being effectively implemented throughout the organization. The Risk Management Committee and the Audit Committee should communicate with each other to understand significant risks and their connection to internal controls. Both committees are required to regularly report to the Board of Directors every quarter.

To ensure the Company's confidence that it has an adequate and appropriate internal control system for risk management, the Company has adopted the Three Lines of Defense Model to assess risk management practices. The model designates the first line as the risk owners, the second line as the risk management function or supervisory team overseeing risk management, and the third line as the internal audit.

The risk management policies can be summarized as follows:

1. The Company group conducts its business within acceptable risk levels to achieve the objectives of the Company group and respond to the expectations of stakeholders. Risk management is an integral part of business operations, with regular reviews conducted annually. This includes managing operations, decision-making processes, and various project management processes. Identifying and managing risks that impact the achievement of the Company group's objectives will be systematically handled to maintain them within acceptable levels and prevent any losses to the business operations. Continuous monitoring is also implemented.
2. All executives and employees bear responsibility for risk management, and they must adhere to the roles, duties, and responsibilities outlined in the risk management manual of the Company group.
3. Executives and employees are required to report risks, assess their significance based on the guidelines provided in the Company group's risk management manual, and specify the risk management procedures and the individuals responsible for addressing them. This report should be presented to the respective authorities in the hierarchical order for acknowledgment.
4. All executives and employees must integrate risk management and risk management plans into their daily operations at various levels of the organization, including the organizational, departmental, unit, division, and process levels.



5. Upon identifying or becoming aware of any potential risks or risks within the Company group that have not been addressed and may impact the Company group, executives and employees are required to report such risks to the respective authorities for acknowledgment.
6. All executives and employees bear the responsibility for the Company's risk, which involves identifying, assessing, and determining appropriate measures to manage risks, including regular reviews of risk management practices and updates to risk management procedures.
7. The Company group promotes and communicates the integration of risk management into the organizational culture. This includes raising awareness among executives and all employees about the significance of risk management.

The Board of Directors regularly reviews the Company group's risk management policies on a yearly basis.

### **2.1.2. Risk Management Plans**

Risk management plans encompass a minimum of four aspects, as follows:

- 1) Strategic Risk – Risks arising from the formulation and implementation of strategic plans, including inadequate alignment with policies, strategic objectives, the structure of the Company group, competitive landscape, resources, and the environment. These factors may impact the Company group's objectives or targets.
- 2) Operational Risk – Risks associated with operational processes at every stage, stemming from poor business supervision or inadequate internal controls. This includes aspects related to current processes, equipment, information technology, personnel in operational roles, and asset security.
- 3) Financial Report Risk – Risks related to financial flexibility, profit-making capability, and financial reporting.
- 4) Compliance Risk – Risks arising from non-compliance with laws, regulations, and rules.

## **2.2. Risk Factors for the Company's Business Operations**

### **Strategic Risk**

#### **2.2.1. Risk of New Product Development Research Not Meeting the Market Launch Deadline**

The success of introducing a new product into the market within the specified time frame involves various interconnected factors. These include the ability to research and develop an effective formula with proven efficacy and the safety of the new product. Additionally, it encompasses the development of inspection methods to control the quality of the new product to meet various standards and the preparation of documentation for regulatory registration. Finally, it involves obtaining approval from the relevant government regulatory agencies.



In the event of delays occurring in the processes mentioned, whether from the research and development phase, development of inspection methods, potential delays in regulatory registration, or failure to obtain approval for the new product, it would restrict the ability to introduce new products within the designated time frame. This limitation would result in the company group being unable to generate returns from the investment in research and development, and the marketing efforts may not align with the expectations. This, in turn, would lead to cost implications, including opportunity costs, and could impact market share goals, operational performance, and financial status.

Nevertheless, the Company has recognized the aforementioned risks and has implemented preventive measures for the potential delay in launching new products. These measures include:

- a. Holding collaborative meetings among the marketing, sales, and research and development departments to select new products that are suitable and have growth potential for positive market impact and financial returns. Long-term plans are devised for new products slated for release from 2023 to 2027.
- b. Preparing a feasibility report and marketing plan for the selected new products, assessing their potential for positive market growth and financial returns in the future.
- c. Developing a detailed and clear timeline for research and development activities, the development of inspection methods, and the preparation of documentation for registration with relevant government agencies.
- d. Establishing adequate staffing levels to support tasks related to the new product's operations.

In the year 2023, the Company has conducted research and development for new products, such as new generic drugs for treating liver inflammation and a new generic drug for male pattern baldness. The progress of this research remains within the established timeline, indicating that the risk of a delay in launching new products is manageable.

## **Operational Risk**

### **2.2.2. High Competition Risk as Products from Competitors May Substitute for the Company's Products**

The pharmaceutical industry is highly competitive, and the current pharmaceutical products of the Company include both generic drugs and new generic drugs. This refers to drugs that have the same active ingredients as the original drugs, which are typically priced higher. During the period when the patent protection for these original drugs is about to expire, generic drug manufacturers conduct research and development to create formulations similar to the originals, ensuring comparable



effectiveness and treatment results. This preparation allows them to produce and distribute generic drugs when the patent protection for the original drugs expires. Generic drugs typically have lower prices. Currently, in Thailand, several other potential manufacturers have similar capabilities to produce generic drugs like the Company, such as:

- Private companies with majority Thai ownership.
- International pharmaceutical companies acting as importers of original or patented drugs for distribution at relatively high prices. Some of them have established manufacturing facilities for finished pharmaceutical products in Thailand.
- Government agencies, including the Government Pharmaceutical Organization, which acts as both a primary drug manufacturer and an importer for distribution at lower prices. Additionally, the Defense Pharmaceutical Factory focuses on producing generic drugs for domestic distribution as alternatives to imported drugs. The Government Procurement and Supplies Management Act B.E. 2560 (2017) designated the Government Pharmaceutical Organization as a business entity, similar to private sector entities in the same industry. This change eliminated the requirement for government agencies to predominantly purchase drugs from the Government Pharmaceutical Organization (previously, government agencies were mandated to procure no less than 60-80% of their budgeted drug expenses from the Government Pharmaceutical Organization). This has increased competition in the market between the Government Pharmaceutical Organization and private sector entities, including the importation of low-cost drugs from China and India.

In this regard, businesses capable of producing and distributing original drugs can sell them at high prices and achieve the highest profit margins. However, when the patents expire, manufacturers capable of producing drugs with similar properties to the expired-patent originals can sell these drugs at lower prices while maintaining high profit margins. Subsequently, medium and small-sized drug manufacturers will enter the market to produce similar drugs with varying quality, leading to price competition and a reduction in profit margins for those specific drugs. New generic drugs will have a product life cycle ranging from approximately 4-5 years to more than 10 years, depending on the type of drug, market conditions, competition, the introduction of new drug replacements and advancements in treatment technologies.

In 2002, Thailand implemented the Universal Health Coverage (UHC) system by enacting the National Health Security Act. Currently, 99.57% of the population is entitled to the country's health insurance system<sup>1</sup>. This initiative plays a crucial role in the production and consumption of drugs in the country, with government agencies becoming the largest consumers of pharmaceuticals. The

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<sup>1</sup> Source: National Health Security Office [www.ucinfo.nhso.go.th/ucinfo](http://www.ucinfo.nhso.go.th/ucinfo)



state's public welfare system, covering both civil servants and the majority of the population, has resulted in pharmaceutical sales through hospitals accounting for up to 80% of the total pharmaceutical market value. This is further divided into 60% for state hospitals and 20% for private hospitals<sup>2</sup>. If drug suppliers can increase sales to state hospitals, they can capture a larger share of the state hospital market, leading to increased revenue.

Currently, the Company's main revenue comes from the sales of both existing generic drugs and new generic drugs. The Company has plans to continuously research and develop new generic drugs with the same active ingredients and properties as the original drugs whose patents are expiring. The Company aims to introduce no fewer than 2 new products each year, contributing to a sustained increase in profitability.

Regarding cosmetic products, drugs for livestock, herbal products and nutritional supplements produced and distributed by the Company, there are other businesses engaged in similar or closely related product lines. Therefore, it can be said that the Company operates in a highly competitive industry with both major and small-scale operators. This provides consumers with options at similar price points, both in Thailand and in neighboring countries where the Company is expanding its market.

If the Company is unable to effectively manage and mitigate these risks to maintain them at a low level, it could impact the Company's ability to generate revenue and profit. Therefore, the success of the Company depends on its competitiveness in both marketing and efficient control of costs and expenses. The Company will not employ a strategy of reducing product prices but will focus on product quality and establishing a reputable brand.

The Company has risk reduction strategies as follows:

- a. Focus on selling products with high profit margins.
- b. The marketing team emphasizes communication with the target customer group, which includes personnel of trade partners, to help them understand the differentiation of the Company's products. This communication starts from the dissemination of research conducted by medical professionals, highlighting the beneficial aspects of the products in treating or alleviating specific conditions. It extends to sharing real user experiences and providing training to sales representatives to ensure accurate and comprehensive communication of the products to the target audience. If the product is backed by prior research, the results are incorporated into communication efforts, providing the target audience with informed decision-making information. The Company's products are of high quality, especially for current pharmaceutical products and medicines for livestock. The Company conducts research, development, and

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<sup>2</sup> Source: Krungsri Research Department



production of generic drugs with properties closely resembling the original drugs to the maximum extent. For cosmetics, herbal products and dietary supplements, the Company ensures that the ingredients are concentrated or contain active ingredients that provide higher efficacy compared to competitors at a similar price range.

- C. Establish good relationships and have a clear marketing plan for selling products to trading partners, including both major and minor distributors, such as state and private hospitals, medical schools, clinics, domestic companies, and foreign companies. The Company aims to provide access to its products without favoring any specific customer type, contributing to expanding its reach to consumers.
- D. Define competitive products and regularly prepare sales and raw materials cost reports to closely monitor performance.
- E. Implement a research, development, and distribution plan for current pharmaceutical products that the Company wants to emphasize. This includes medicines for prevalent diseases in Thailand, such as cardiovascular diseases, diabetes, and cancer, where market growth rates are high. Additionally, the focus is on diseases related to the digestive system, bones and joints, urinary tract diseases and sex hormones and the respiratory system, among others. The Company anticipates that this strategy will enhance competitiveness and increase revenue and profits for the corporate group.
- F. Investment in constructing new manufacturing facilities, including the use of state-of-the-art technology in producing drugs such as generic drugs, aims to enhance the Company's production capabilities and efficiency. This will contribute to increased competitiveness and potential profitability for the Company.
- G. Research and development are conducted by pharmacists and scientists with extensive knowledge, experience, and expertise. BLC has more than 100 pharmacists and scientists who understand the products being researched and developed, as well as the needs of consumers. BLC's products are supported by research, both conducted by BLC and in collaboration with other organizations.
- H. The founding team and management possess over 30 years of expertise and experience in the pharmaceutical market.
- I. The organizational culture encourages mid-level managers to access and share their opinions with top-level executives. They actively participate in business planning, problem-solving, improving production efficiency and initiating new plans.
- J. The current production scale results in economies of scale and operational efficiencies in various areas such as procurement, transportation, advertising, quality control, and more.





Additionally, the Company believes it can maintain a continuous customer base by:

- a. Emphasizing the importance of nurturing and developing good relationships with every customer. This involves continuously presenting new products to customers and planning joint sales.
- b. While the medications produced meet the specified properties and efficacy for treating diseases, aspects such as appearance, color, scent, taste, and texture are crucial, especially for cosmetics and dietary supplements. If the appearance, color, scent, taste or texture is not satisfactory, consumers may opt for the competitors' products. The sales and research teams at BLC work closely together to develop products that meet consumers' satisfaction at an acceptable price.

Furthermore, the Company has not restricted itself from expanding into new businesses such as ventures related to pets, for example, the production of probiotic products—microorganisms that reside in the bodies of animals. Currently, the Company is studying or expanding product distribution to foreign countries, starting with nearby nations, including Myanmar, Laos, Cambodia, Vietnam and Hong Kong, to increase market share.

In 2023, products in the skin disease group Group of diseases related to muscles and joints Nasal saline Groups of diseases related to the gastrointestinal system, etc., where the company is prominent in the market. and has a high income There is still an increased growth rate compared to 2022.

### **2.2.3. Risks from Difficulty in Adjusting Product Prices**

In the past 2-3 years, due to the COVID-19 situation and the Russia-Ukraine war, there have been significant impacts on the production and movement of all types of goods. The cost of oil and transportation has increased, leading to shortages and price hikes in raw materials and packaging, especially in the crucial active ingredients imported for production. Consequently, unavoidable cost increases have occurred. The original drugs protected by patents are sold at relatively high prices. When patent protection expires, other manufacturers will produce and sell new generic drugs that are similar to the original drugs. The product life cycle of these new generic drugs ranges from approximately 4-5 years to over 10 years, depending on the type of drug, market conditions, competition, the introduction of new drug replacements, and advancements in treatment technologies. For the new generic drugs entering the market initially, their prices are generally lower than the original or imported drugs, but they offer comparable effectiveness. Therefore, in the early stages of market entry, the profit margins for these new generic drugs can be relatively high. Subsequently, medium and small-sized drug manufacturers will enter the market to produce similar



drugs with varying quality, leading to price competition. This results in a gradual reduction in prices and profit margins for the mentioned new generic drugs as competition intensifies. As the price of generic drugs decreases to a level where it is no longer cost-effective to produce and sell them, manufacturers will gradually cease production and distribution of those drugs. Revenue from the state hospital channel is limited as purchases must be made at reference prices, preventing the companies from setting prices higher than the market average. For other products, such as cosmetics, herbal products, and nutritional supplements, in highly competitive markets, companies may find it challenging to adjust prices immediately, which can impact profit margins.

The Company has risk reduction strategies as follows:

- a. There is close monitoring of the distribution of products that are sensitive to raw material price adjustments. Regular assessments are made to determine the appropriateness of distributing such products, considering whether or not there will be price adjustments or discontinuation.
- b. There is close monitoring and vigilant observation of raw material prices, with regular reporting to the management.
- c. Estimates are prepared to analyze vulnerabilities and monitor the gross profit margin's impact.
- d. Plans for raw materials and packaging procurement are developed to place bulk orders for each procurement, allowing for the negotiation of prices with suppliers.
- e. In the future, the corporate group will distribute new generic drugs, focusing on those that have higher initial price levels and profit rates.

#### **2.2.4. Risk from Raw Material and Packaging Shortages**

Even though the COVID-19 situation is starting to ease, the Russia-Ukraine war has continued to impact raw materials and packaging prices in 2023, causing them to remain high compared to the beginning of 2022. This situation has prompted various operators, including the Company, to maintain product reserves in warehouses to accommodate production plans.

The Company has risk reduction strategies as follows:

- ก. The Company maintains a list of products that are sensitive to price adjustments and have high gross profit margins. These products must have an adequate supply of raw materials and packaging for continuous production. Close monitoring and weekly status reports to relevant departments are mandated.
- ข. Consider entering into forward purchase contracts for critical drugs, especially for products that are sensitive to price adjustments and have high gross profit margins. (Currently, there are no such contracts in place.)



- c. Considering entering into forward purchase contracts for raw materials with high demand. (Currently, there is only one forward purchase contract in place for phlai.)
- d. Hold weekly meetings involving all departments to review the appropriateness of inventory and procurement plans, and collaboratively identify suitable solutions to issues that may arise (if any).

#### 2.2.5. Inventory and Product Returns Management Risks

Due to the negative impact of expired or damaged inventory on the operations of the corporate group, regular meetings involving relevant departments have been organized to closely monitor the status of inventory, the remaining shelf life of products, and products with slow movement. The production planning department will consider this information in the production planning review to determine the appropriate level of inventory. The sales department will consider suitable strategies for the disposition of products approaching expiration.

The Company has a product return policy based on the invoice date (date of sale) and follows a 100% value return policy. This policy applies to products sold within the past 2 years from the calendar year of the sale date, starting from the year 2022 onwards. The purpose is to prevent the return of products near or past their expiration date back into the inventory, resulting from situations where customers order large quantities that cannot be sold before expiration. The average shelf life of the products ranges from 1.5 to 5 years, depending on the product type.

The Company has risk reduction strategies as follows:

- a. Communicate the product return policy to all customer groups.
- b. Control and monitor product returns for each transaction to strictly adhere to the return policy, not accepting returns for products sold more than 2 years ago from the calendar year.
- c. Review the customer's purchase history to identify trends in repeat orders, ensuring that orders are not exceeding the actual requirements and to reduce excess inventory in the customer's warehouse.
- d. Weekly meetings are held to monitor the product return situation.
- e. Annual targets for product returns are set. In 2022, the target for the value of product returns was set at not exceeding 8.8 million baht. In 2022, the actual value of product returns was 5.0 million baht, which met the target. The setting of the product return value is derived from the Key Performance Indicator (KPI) of the Company, which attempts to reduce the value of returns in the following year. The numerical values are mutually agreed upon. For 2023, the annual target for product returns has not been set, as the target for 2022 was achieved. The Company will continue to implement the above-mentioned risk reduction measures diligently in the future.



### 2.2.6. Cyber Threat Risk

The risk of cyber threats is crucial and represents one of the primary risks in the global business landscape, impacting the Company's operations, particularly various systems such as the network, financial and accounting systems, enterprise resource planning (ERP) systems, and Smart Pay. These systems contain personal and critical data owned by the Company. In the event of issues with the Company's information technology systems, unauthorized access to personal information can significantly impact the Company's operations and reputation.

The Company has recognized the aforementioned risk and has planned and invested in developing systems to accommodate new technologies. Measures to prevent the risk of cyber threats are outlined as follows:

- a. The Company has declared a policy for maintaining the security of information technology systems in accordance with international standards for information security management systems (ISO 27001).
- b. The Company has established user access rights for various information technology systems based on the classification of confidentiality levels and data management practices.
- c. Install firewall and regularly update it every day to prevent unauthorized access and alert against attacks on the network system.
- d. Regularly backup data according to importance of information security.
- e. Establish a network for data backup to cope with emergency situations, ensuring uninterrupted business operations. The ERP and Smart Pay are designated to have a Disaster Recovery (DR) site on the cloud system.
- f. Prepare the computer systems to be compatible with the planned upgrade of the ERP system in the year 2024.
- g. Submit cybersecurity audit and prevention reports to the Board of Directors every 6 months, except in cases of significant threats, where an immediate report is required.
- h. Conduct regular drills for the use of the Company's various information technology systems in emergency situations and ensure at least one business continuity plan per year.

### 2.2.7. Credit Risk from Account Receivables

As of December 31, 2022, and 2023, account receivables outstanding beyond the due date amounted to 48.4 million baht and 17.6 million baht, representing 15.9% and 5.0% of the total account receivables, respectively (before deducting the provision for expected credit losses).



Account receivables outstanding beyond the due date at the end of 2022 and 2023 are primarily attributed to the pharmaceutical retail group, accounting for approximately 47.6% and 48.3% of the overdue account receivables, respectively. The hospital group represents about 46.4% and 40.8% of the overdue account receivables, respectively. The delayed payments from the pharmaceutical retail group are a result of check receipt cycles that allow them to collect payments beyond the stipulated due date, extending the payment period by an additional 30 days. The majority of the accounts in pharmaceutical retail group with overdue payments will fall within the category of being overdue by 30 days. In contrast, delayed payments from the hospital group are associated with state-owned hospitals, which face the risk of delayed payments due to the need to wait for budget allocations, potentially leading to extended payment periods as deemed necessary.

As of the end of 2022, and 2023, the Company's average collection period is 81 days and 84 days, respectively. These durations fall within the credit terms provided to customers, which range from 30 to 180 days.

Recognizing the associated risks, the Company has implemented the following risk prevention measures:

- a. Monthly close monitoring of outstanding debts by the credit and accounts receivable departments. For accounts with prolonged overdue payments, there are criteria for follow-up, and additional sales may be suspended if it is deemed that the customer's financial condition is not favorable.
- b. The Company has appointed Zuellig Pharma, a comprehensive health business service provider, to handle transportation, including tracking and payment collection services for customers in the state-owned hospital, private hospital, and clinic sectors. This initiative aims to facilitate product distribution and improve the Company's liquidity. The service is scheduled to commence in January 2023. Zuellig Pharma is a sales and marketing service provider, as well as a large-scale logistics service provider for pharmaceutical and healthcare businesses in the Asia-Pacific region, with offices and operations in Thailand. With the network and management systems of Zuellig Pharma, the Company believes that utilizing its services will enhance the efficiency of debt collection and transportation management. However, it should be noted that overdue account receivables in 2023 still include a portion from state-owned hospital customer groups. As of December 31, 2022, and 2023, the total overdue account receivables from hospital customer groups amount to 22.5 million baht and 7.2 million baht, accounting for 7.4% and 2.1% of the total account receivables, respectively (before deducting the provision for estimated credit loss).



## 2.2.8. Risk from Relying on Personnel with Specialized Knowledge (Pharmacists, Scientists) at a High Proportion

The Company has over 100 personnel, including pharmacists and scientists, working in the BLC research center and various laboratory-related departments such as quality assurance, accuracy verification, quality control, and analytical method development. Additionally, there are teams involved in the production, legal registration, intellectual property and more.

The Company is not just a pharmaceutical manufacturer but also has a research center for exploring and developing new drugs. It possesses fully equipped laboratories. Therefore, personnel in the fields of pharmacy and science are considered crucial assets for the Company. Employees in these groups must have relevant educational qualifications, and the approximate number of staff can be summarized as follows:

Number of Personnel	2021	2022	2023
Pharmacists	32	34	33
Scientists	50	60	63
Total	82	94	96
Turnover Rate	17.8%	12.5%	8.45%

Note - The above table does not include approximately 8 executives who are pharmacists.

In 2021, the turnover rate was high due to the severe impact of COVID-19 and work in Ratchaburi Province was hindered for some due to travel difficulties. This led to resignations, resulting in a higher turnover rate than the previous year. In 2022, the turnover rate decreased as the COVID-19 situation eased. In 2023, the Company achieved a further reduction in the turnover rate by 4.05% as the situation in Thailand returned to normal. The Company was able to swiftly find skilled personnel to replace those who resigned and managed the workforce with efficiency.

As of December 31, 2023, there are 33 pharmacists in total, comprising 32 pharmacists and 1 Thai traditional pharmacist, along with 63 scientists who have been working with the Company for more than 3 years. If the Company is unable to retain or find replacements for the personnel who have resigned, it may have an impact on the quality and quantity of research and development work, as well as the overall quality of various product quality assurance and control measures.

The Company is aware of the mentioned risks and has implemented preventive measures against the personnel shortage risk, as follows:

- Establishing a selection process for pharmacists and scientists that aligns with job requirements.
- Implementing a mentoring system to train and guide new employees.
- Regularly developing recruitment plans, and selecting candidates with specialized knowledge and expertise matching the job positions and required qualifications.



- The Company has a policy for fair and appropriate employee compensation at all levels based on their work experience, job performance, and the Company's overall performance. The Company considers salary and benefits data from the labor market in Thailand when determining employee compensation. It also adheres to timely compensation payments as agreed upon and ensures that no unauthorized deductions are made beyond the employment contract or legal requirements. The employment contract undergoes legal scrutiny by a legal consultant to ensure compliance with relevant laws and regulations.
- The Company provides appropriate benefits to ensure employees have a good quality of life, including accident insurance, financial assistance for private rooms when sick, annual health check-ups and a provident fund, among others.
- The Company has received certification for the TLS 8001 (Thai Labor Standard), which is a standard for labor responsibility and business welfare in Thailand. This certification demonstrates the Company's commitment to fair labor practices and serves as a positive example for other businesses.

#### **2.2.9. Risk from Relying on Key Founding Executives Who Have Reached Retirement Age**

The three key executives, all of whom are Company founders, include Mr. Suvit Ngampoopun (CEO), Mr. Somchai Phisphahutharn (CFO), and Mr. Subhachai Saibour (COO). They are highly experienced individuals in the pharmaceutical industry, each with over 30 years of service, and have played pivotal roles that have propelled the Company into a leading pharmaceutical manufacturer whether in the fields of current pharmaceuticals, cosmetics, animal healthcare products, herbal medicines, or nutritional supplements. Despite having reached retirement age in June 2022, April 2020, and October 2018, respectively, all three executives continue to possess knowledge, expertise, experience, and robust health to maintain their executive positions and fulfill their designated roles. The Company has entered into employment contracts with each executive for three years (until December 31, 2025). This arrangement is aimed at ensuring the continued performance of key executive duties, including providing guidance and closely mentoring potential successors.

Additionally, the Company has developed a succession plan for all executive positions. The plan includes measures to train and prepare successors to become key executives in the future. This involves providing necessary soft skills training, implementing job shadowing, where successors closely follow executives in various meetings, both internal and external to the Company, and engaging with clients and important partners. Moreover, successors are given opportunities to temporarily take over managerial responsibilities with guidance and advice from executives. Throughout this process, the Company has fostered an organizational culture that encourages feedback and independence among executives and employees, ensuring optimal results under the annual business plan and strategic objectives. This approach aims to mitigate the risks associated with relying on any single executive.





#### **2.2.10. Risk of Founders Resigning from Positions as Directors, Executives and/or Selling Company Shares**

Due to the founders of the Company reaching the retirement age criteria, there may be a risk of founders resigning from their positions as directors, executives, and/or selling Company shares. This could potentially impact the credibility and continuity of the business, as well as the stock prices of the Company on the Stock Exchange of Thailand. However, all three founders have expressed their intention to continue managing the Company, and there are currently no plans to sell Company shares.

Moreover, in the future, if the founders resign from being directors and/or executives, they will propose candidates with suitable qualifications to serve as directors based on their shareholding proportions. Additionally, if the founders do not hold executive positions in the Company, which is not expected to happen in the near future, the Company has already prepared a succession plan, as explained earlier. Furthermore, the Company has a policy for organizing its management structure, with personnel possessing knowledge, experience, and clearly defined roles, responsibilities, and authorities. There is a transparent distribution of powers to the board of directors and executives, ensuring a balanced exercise of authority, which will enable the Company to operate efficiently and maintain effective governance in the future.

#### **2.2.11. Risk from Potential Damage Due to Product's Unsafe Conditions**

Given that the safety of the current product line, which includes current pharmaceuticals, cosmetics, animal health products, herbal products, and nutritional supplements, is a crucial factor, even minor errors, such as product contamination, containment of foreign substances, or expired goods, can significantly impact the overall credibility of the Company's products. Such incidents may affect the operational performance of the corporate group and/or lead to legal actions. It is noteworthy that the Company has not been subject to any complaints or legal actions related to product contamination, containment of foreign substances, or hazardous product attributes in the past.

The Company has therefore implemented risk reduction strategies by placing importance on research and development, raw material selection, and meticulous process design at every stage. With the BLC research center and laboratory facilities, various departments such as quality assurance, accuracy verification, quality control, and analytical method development, as well as production, procurement, and reserves work closely together. This collaboration ensures consumer confidence in the high quality and reliability of the Company's products. The Company adheres to numerous global



quality standards, including HACCP, PIC/S-GMP, GHP, ISO9001, ISO14001, ISO22000, ISO/IEC17025, and ISO45001.

### 2.2.12. Risks from the Situation of the COVID-19 Pandemic

The spread of the COVID-19 virus is a global pandemic that began in Thailand in the late first quarter of the year 2020. The number of infections increased rapidly in the years 2020-2021. Thailand was unable to control the spread of COVID-19, leading to severe economic downturn. This situation had a significantly negative impact on the operational performance of the corporate group, as sales revenue was delayed during the period between 2020-2021.

Starting from October 1, 2022, the government announced the declassification of COVID-19 as a dangerous contagious disease, categorizing it as a monitored infectious disease. Additionally, quarantine measures for individuals infected with COVID-19 were lifted due to the majority of the population being vaccinated, resulting in a lower risk of severe widespread harm and a low risk of a significant economic downturn, as experienced in the years 2020 and 2021. During the government's nationwide state of emergency, businesses, department stores, and various restaurants had to temporarily close. However, the Company currently remains diligent in implementing preventive measures to prevent the spread of the virus within its operational areas on a regular basis.

### Financial Reporting and Numbers Risk

#### 2.2.13. Liquidity Risk

As of December 31, 2022, and December 31, 2023, the Company has a current liquidity ratio of 1.1 times and 3.9 times, respectively. Additionally, the quick ratio is 0.5 times and 3.0 times, respectively.

Given the nature of the Company's business as of December 31, 2021, 2022, and 2023, the Company's cash conversion cycle is approximately 270 days, 245 days, and 246 days, respectively.

The summarized information is presented in the following table:

	2021	2022	2023
Average Collection Period (Days)	92	81	84
Average Sales Period (Days)	268	253	235
Average Payment Period (Days)	90	88	74
Cash Conversion Cycle (Days)	270	245	246



The Company has a relatively long cash conversion cycle due to the necessity to purchase raw materials in advance for production and manufacture products ahead of time to meet sales demands. This results in an average sales period of approximately 8 months, with an average collection period of about 3 months, offset by an average payment period of around 3 months. Consequently, the overall cash conversion cycle is approximately 8 months.

For the year 2023, the Company's cash conversion cycle remains unchanged from 2022. The average sales period has decreased from 253 days to 235 days, while the average payment period has improved from 88 days to 74 days. This improvement is attributed to the Company's enhanced liquidity position.

However, with future cash flows from operations and untapped credit facilities as of December 31, 2023, including an overdraft facility of 224.0 million baht, the Company maintains close weekly liquidity management. This assurance from management provides confidence that the Company will have sufficient working capital for current needs and the next 12 months. Additionally, the Company continues to receive ongoing loan support from banks. In 2023, the subsidiary company, Pharma Alliance (PAC), secured a credit facility from a bank to acquire land and office buildings (which constitute the space and existing building that PAC previously leased) in the amount of 14.6 million baht.

#### 2.2.14. Non-Compliance with Loan Agreements Risk

Currently, the Company has credit arrangements with two banks, which have specified significant financial conditions. These conditions can be summarized as follows:

	Kasikornbank (KBANK)	TMBThanachart Bank (TTB)	31 Dec 2022	31 Dec 2023
D/E Ratio	Not exceeding 4.0 times	Not exceeding 2.0 times	1.9 times	0.2 times
DSCR	Not less than 1.25 times	Not less than 1.20 times	2.8 times	3.2 times

Banks will evaluate based on the separate financial statement of the business at the audited date of December 31. If the Company fails to comply with these conditions, the banks have the right to call for the repayment of all outstanding loans. This situation could impact the liquidity of the Company group.



As of December 31, 2022, the Company's separate financial statement for its core business indicated a D/E Ratio of 1.9 times and a DSCR of 2.8 times,<sup>3</sup> aligning with the stipulations of both banks

As of December 31, 2023, the Company's separate financial statement for its core business showed a D/E Ratio of 0.2 times and a DSCR of 3.2 times, aligning with the stipulations of both banks.

Regarding other conditions set by multiple banks, such as maintaining the proportion of major shareholders, changes in directors or management, and restrictions on dividend payments, the Company has acknowledged and agreed to cancel these conditions. This agreement has been effective since the Company's registration on the Stock Exchange of Thailand onwards (Additional details can be found in Section 2.2, Subsection 2.2.1, under the heading "Loan Agreements)."

### 2.2.15. Interest Rate Change Risk

As of December 31, 2022, and December 31, 2023, the Company has total borrowings from financial institutions amounting to 480.0 million baht and 280.2 million baht, respectively. The majority of the interest rates on these borrowings are floating. An increase in interest rates would impact the cost of borrowings, leading to higher interest expenses and potentially reducing the Company's profit-making capability. In the year 2023, the Monetary Policy Committee (MPC) announced interest rate adjustments five times on January 25, March 29, May 31, August 2, and September 27, 2023, with policy rates set at 1.50%, 1.75%, 2.00%, 2.25%, and 2.50% per annum, respectively. This represents an increase of 1.25% from the interest rate at the end of 2022. The rate adjustments aim to ease the accommodative monetary policy stance as the country's economy shows signs of steady expansion. The continuous growth in tourism due to the country's reopening and the accelerating inflation rate in Thailand, surpassing expectations, may contribute to mitigating pressure on inflation in the foreseeable future.

Due to the Company's consistent improvement in operational performance and positive relations with financial institutions, the Company has enjoyed borrowing rates lower than the MLR (Minimum Lending Rate) on its term loans. Additionally, during the fiscal year 2024, the management anticipates that interest rates will remain relatively close to the latest rates set by the MPC as part of its interest rate policy.

However, as of December 31, 2023, the Company's borrowings from financial institutions have decreased. This reduction is a result of utilizing funds raised through partial capital mobilization to repay loans, aiming to reduce interest expenses throughout the year. The interest expense on

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<sup>3</sup> The Debt Service Coverage Ratio (DSCR) is calculated by dividing the Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) by the sum of long-term debts with interest due within one year including interest expense.



borrowings at the end of 2023 amounted to 25.8 million baht, compared to 28.3 million baht at the end of 2022.

#### **2.2.16. Exchange Rate Risk**

In the years 2022 and 2023, the Company imported raw materials and packaging materials from abroad, accounting for 9% and 12% of the total purchases. Most of these imports were denominated in US dollars, sourced from countries such as China, India, and European countries. Historically, the Company has not been significantly impacted by the volatility of exchange rates in a manner that significantly affects its operational performance. However, over the past 1–2 years, the US dollar has experienced high volatility, which may have both positive and negative impacts on the Company's business performance.

The Company has clearly defined guidelines for managing exchange rate risk to mitigate the impact of currency fluctuations to an acceptable level, and does not seek to generate profits from exchange rate movements. It considers options such as entering into forward contracts or negotiating purchases in Thai baht to address the exchange rate risk. The management assesses whether to hedge the risk at a given time, taking into account trends in foreign exchange rates, summaries of outstanding forward contracts, and daily reports on foreign currency usage for all contracts. This ongoing assessment aims to evaluate and continuously reduce exchange rate risk on a weekly basis.

For the sale of goods in 2022 and 2023, the Company primarily conducts transactions in Thai baht, accounting for 98.9% and 97.9% of revenue from sales and services, respectively. Regarding exports to foreign countries, the majority is directed toward neighboring countries such as Laos, Hong Kong, and Cambodia. These exports involve transactions in both Thai baht and US dollars.

In the year 2023, the Company has implemented risk management strategies for exchange rate fluctuations in the procurement of raw materials and packaging materials, ensuring that the Company remains unaffected by currency fluctuations.

#### **Compliance with Rules, Regulations, and Laws Risk**

##### **2.2.17. Business-Related Legal Compliance Risks**

The pharmaceutical business is subjected to various regulations and oversight from different regulatory bodies. Each type of product falls under distinct regulatory requirements, including the necessity for specific licenses. Failure to comply with legal requirements may result in penalties, fines, and/or potential product recalls, adversely affecting the Company's operations and credibility. Additionally, business partners such as state-run hospitals and pharmacies are also subject to various legal requirements. If the Company cannot conduct its business in a way that allows partners to



comply with their legal obligations, it may lead to the loss of those customers, significantly impacting overall business operations.

Overview of laws related to pharmaceuticals can be summarized as follows:

Group 1: Laws Related to Product control	<ul style="list-style-type: none"><li>○ Drugs Act</li><li>○ Narcotics Act</li><li>○ Herbal Products Act</li><li>○ Cosmetics Act</li><li>○ Food Act</li><li>○ Hazardous Substances Act</li><li>○ Medical Devices Act</li></ul>
Group 2: Laws Related to Professional Practice and Health Services	<ul style="list-style-type: none"><li>○ Professional Practice Control Act</li><li>○ Medical Practice Control Act</li><li>○ Hospital Act</li><li>○ Primary Health System Act</li></ul>
Group 3: Laws Related to Consumers	<ul style="list-style-type: none"><li>○ Consumer Protection Act</li><li>○ Consumer Case Procedure Act</li><li>○ Liability Act for Damages Arising from Unsafe Products</li></ul>
Group 4: Laws Related to Commerce	<ul style="list-style-type: none"><li>○ Patent Act</li><li>○ Trade Competition Act</li><li>○ Price of Goods and Services Act</li><li>○ Protection and Promotion of Thai Traditional Medical Knowledge Act</li><li>○ Plant Varieties Protection Act</li><li>○ Act Amending Legal Provisions Relating to Criminal Liability of Juristic Person Representatives</li></ul>



Group 5: Other Relevant Laws	<ul style="list-style-type: none"><li>○ Factory Act (for businesses with pharmaceutical factories)</li><li>○ Social Security Act</li><li>○ National Health Security Act</li><li>○ Royal Decree on Welfare Funds Regarding Medical Treatment</li><li>○ Government Pharmaceutical Organization Act</li><li>○ The Royal Decree dividing government agencies and specifies the duties of government agencies, the Office of the Minister and the Office of the Permanent Secretary, Ministry of Defense (Defense Pharmaceutical Factory)</li><li>○ Thai Red Cross Act</li><li>○ Public Procurement and Supplies Administration Act</li><li>○ Regulations of the Office of the Prime Minister on the National Drug System Development Committee</li><li>○ National Vaccine Security Act</li></ul>
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Source: Operational Meeting Report on the Development of the Drug System in Thailand (Version 3) on August 15, 2019, by Assoc. Prof. (Special) Kitti Phitaknitinan

In the past, the Company has never been prosecuted or penalized by regulatory authorities for non-compliance with relevant laws related to its business operations. Nevertheless, the Company has outlined risk reduction strategies as follows:

- 1) Establishing a dedicated department responsible for managing legal and intellectual property matters, specifically designating it as the responsibility of the Legal and Intellectual Property Registration Department. This department reports directly to the operational executives.
- 2) Develop comprehensive operational manuals covering all aspects and critical procedures in legal and intellectual property operations. This includes the registration of pharmaceutical and herbal products, key licensing applications related to product registration renewal, and license renewal, as well as monitoring legal changes and ensuring compliance with regulations.
- 3) Establish plans for the registration of pharmaceutical and herbal products on an annual and monthly basis. These plans are used to guide the relevant department's operational activities, including tracking progress status.
- 4) Monitor closely any changes in various relevant laws.





### 3. Business Sustainability

#### 3.1. Policies and Objectives for Sustainability Management

The Company is confident that effective business governance processes contribute to well-managed, efficient, and effective operations. Such processes should be transparent, accountable, auditable, instill confidence, and provide assurance to shareholders, stakeholders, and all involved parties. These efforts help the Company achieve its strategies, objectives, and goals, ensuring good business performance with the ability to adapt to changes, ability to create value for sustainable growth, and ensure long-term stability. The Company establishes policies for corporate governance, aligning with the principles outlined in the Corporate Governance Code of the Securities and Exchange Commission (SEC) to serve as guiding practices. These policies are meant to be implemented and practiced by stakeholders and regular reviews of the governance policies are scheduled at least once annually. The aforementioned policy was last reviewed and approved at the Company's Board of Directors meeting No. 6/2022 on October 19, 2022. Key updates were made in areas such as internal controls, internal audits, the mechanism for handling complaints, anti-corruption measures, financial soundness, the ability to repay debts, and communication with stakeholders. The vision, mission, strategy, risk factors, and stakeholders' interests of the Company group were considered to ensure that the policy aligns with the current business environment and changes to establish sustainability management policies and ensure that the board of directors, executives and employees of the Company group are aware of the importance and adhere to them. For example, the Company has established a quarterly internal control system audit plan to promptly manage internal control risks without adversely affecting business operations. Policies for handling complaints and preventing corruption have been set to mitigate negative impacts on the business. The Company aims to have no such complaints and closely monitors the financial conditions through Board of Directors meetings, ensuring efficient business operations.

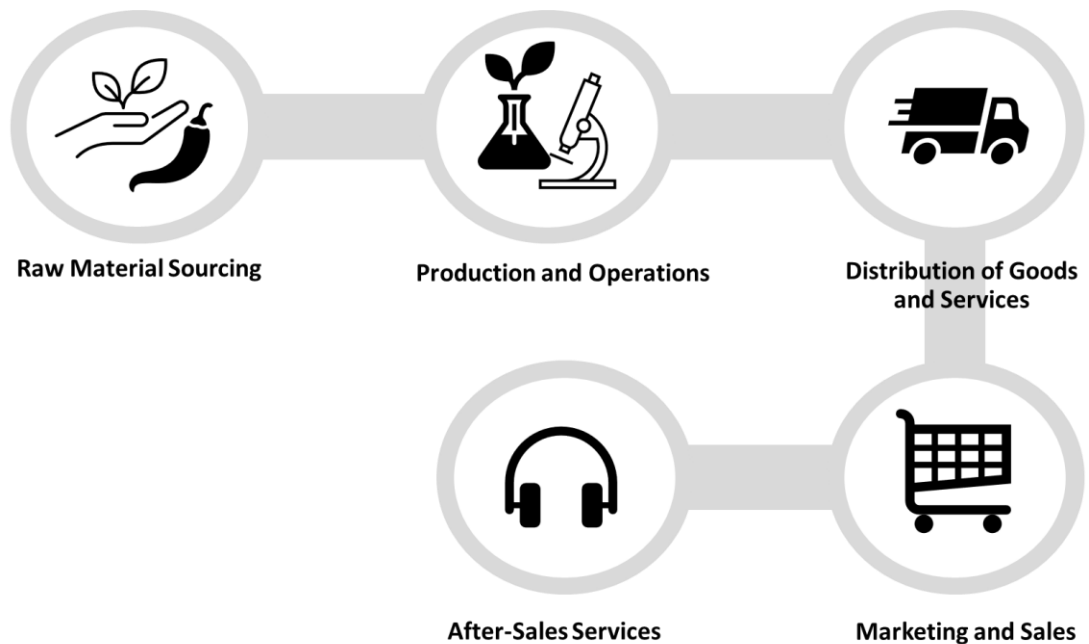
Furthermore, the corporate group has a policy for conducting business in the area of Corporate Social Responsibility (CSR) and environmental responsibility under the principles of sustainable business operations. This is to create benefits for all relevant stakeholders and adhere to good corporate governance principles as a guideline for developing the organization's sustainability. The organization is committed to being a business entity that contributes to community development, enhances social sustainability, and cares for the environment in the long term. Activities are organized for the benefit of society and the environment. The corporate group places importance on community development and environmental preservation both currently and in the future. There are sustainable CSR and environmental projects that have been consistently carried out from the past to the present and will continue into the future. These projects encompass education, environmental initiatives, and social community, and include religious stakeholders and other stakeholders.



1. In the education sector, the focus is on developing the potential and providing knowledge to the youth. This includes supporting educational personnel and offering scholarships.
2. In environmental matters, the emphasis is on reducing resource consumption, preserving nature, and protecting the environment. This involves using alternative energy sources, waste management, wastewater treatment, controlling air pollution emissions and increasing green spaces in factories, among other initiatives.
3. In the community, society and stakeholder sectors, the focus is on developing management systems and practices that ensure the quality of products and services, environmental management, health care, hygiene, and employee hiring. Additionally, there is an emphasis on energy management. It can be observed that the corporate group has various management systems in place, including the Quality Management System (ISO 9001), Environmental Management System (ISO 14001), Occupational Health and Safety Management System (ISO 45001), Food Safety Management System (ISO 22000), Thai Labor Standard (TIS 8001), and Energy Management System (ISO 50001).
4. Regarding religion, the focus is on promoting and supporting religious activities, including employees who adhere to different religions. The group of companies also ensures equal treatment for all.

### 3.2. Managing the Impact on Stakeholders in the Business Value Chain

#### 3.2.1. Business Value Chain



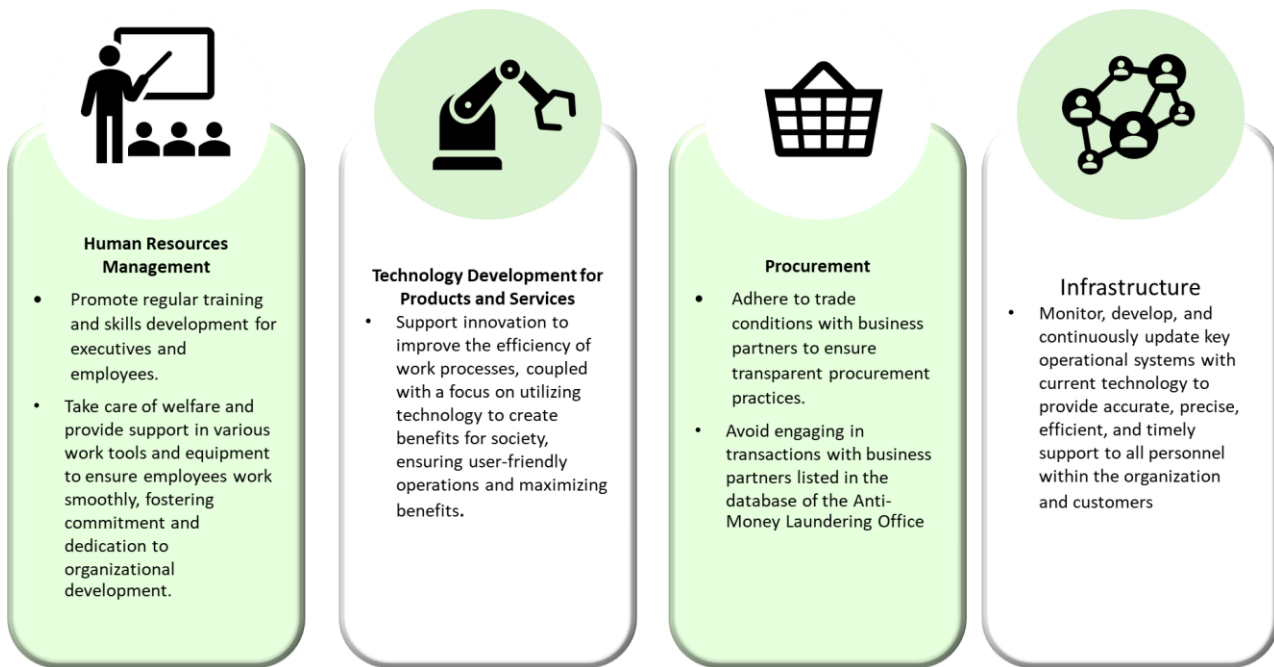


Key activities in the business value chain of the Company include:

Key Activities	Details
1. Raw Material Sourcing	<ul style="list-style-type: none"><li>● Select and source raw materials from multiple high-quality manufacturers to reduce the risk associated with relying on a single supplier and to enhance competitiveness.</li></ul>
2. Production and Operations	<ul style="list-style-type: none"><li>● Focus on modern production systems with the aim of minimizing the impact on communities and the environment, including minimizing dust, noise, odors, and wastewater. Prioritize human rights, safety, and health considerations, and ensure fairness to employees and all stakeholders.</li><li>● Maintain a team of engineers and factory technicians capable of swiftly and efficiently resolving issues, working collaboratively to address challenges as they arise promptly.</li></ul>
3. Distribution of Goods and Services	<ul style="list-style-type: none"><li>● Efficient inventory and transportation systems are in place, utilizing space effectively and reducing the risk of product damage.</li></ul>
4. Marketing and Sales	<ul style="list-style-type: none"><li>● A dedicated team is responsible for market research and developing new products to design products that meet market and customer needs. This ensures that the Company's products are of high quality and costs are maintained at an appropriate level.</li></ul>



Supporting activities in the business value chain of the Company include:



### 3.2.2. Analysis of Stakeholders in the Business Value Chain

Stakeholder Groups	Expectations	Expectations Identification Method	Company's Response
Shareholders/ Investors/ Analysts	<ul style="list-style-type: none"><li>Good returns</li><li>Effective corporate governance</li><li>Sustainable continuous growth</li><li>Accurate, complete, timely, and transparent information</li><li>Risk management system</li></ul>	<ul style="list-style-type: none"><li>Shareholders' meetings</li><li>Presentation of quarterly performance results</li><li>Financial analysts' meetings</li><li>Listed Company activities for investor meetings</li></ul>	<ul style="list-style-type: none"><li>Transparent and fair corporate governance oversight that can be verified</li><li>Distributing dividends appropriately</li><li>Transparent disclosure of information</li></ul>



Stakeholder Groups	Expectations	Expectations Identification Method	Company's Response
	<ul style="list-style-type: none"> <li>● Robust monitoring and control system</li> </ul>	<ul style="list-style-type: none"> <li>● Inviting investors to visit the facilities</li> <li>●</li> </ul>	<ul style="list-style-type: none"> <li>● Developing business strategies</li> <li>● Comprehensive risk management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>● Accurate information about products and services</li> <li>● Prices of products are reasonable</li> <li>● Price competition is transparent</li> <li>● Receiving high-quality products and services</li> <li>● Ability to address issues promptly</li> <li>● Maintaining the confidentiality of customer information</li> </ul>	<ul style="list-style-type: none"> <li>● Customer visits</li> <li>● Close coordination with customers at every step</li> <li>● Customer satisfaction surveys</li> <li>● Providing opportunities for customers to visit the production process</li> <li>● Engaging in activities with customers</li> </ul>	<ul style="list-style-type: none"> <li>● Transparent and fair corporate governance oversight that can be verified</li> <li>● Anti-corruption policies in place</li> <li>● Quality management through systems such as GMP, GHPs&amp;HACCP, ISO9001, ISO14001, ISO22000, ISO45001, etc.</li> <li>● Upholding the confidentiality of customer information with integrity</li> <li>● Inviting customers to visit the production processes</li> </ul>



Stakeholder Groups	Expectations	Expectations Identification Method	Company's Response
			<ul style="list-style-type: none"> <li>● Developing high-quality products that meet customer needs</li> <li>● Strictly maintaining the confidentiality of customer information</li> </ul>
Partners	<ul style="list-style-type: none"> <li>● Adhering to contracts and mutual agreements</li> <li>● Conducting transparent, fair, and equitable business operations</li> <li>● Maintaining confidentiality of partner information</li> </ul>	<ul style="list-style-type: none"> <li>● Clear contracting for the purchase and sale of goods and services</li> <li>● Evaluating the satisfaction of business partners</li> <li>● Engaging in collaborative activities with business partners</li> </ul>	<ul style="list-style-type: none"> <li>● Enhancing the efficiency of processes related to procurement</li> <li>● Strictly maintaining the confidentiality of partner information</li> </ul>
Employees	<ul style="list-style-type: none"> <li>● Good compensation with opportunities for career advancement, including Company stability</li> </ul>	<ul style="list-style-type: none"> <li>● Communicating relevant information through appropriate channels and with suitable frequency</li> </ul>	<ul style="list-style-type: none"> <li>● Training and promoting continuous development of skills and knowledge for employees</li> <li>● Engaging in collaborative activities between</li> </ul>



Stakeholder Groups	Expectations	Expectations Identification Method	Company's Response
	<ul style="list-style-type: none"> <li>● Suitable working environment and space</li> <li>● Adequate and well-maintained equipment for job performance</li> <li>● Health and safety in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>● Evaluating employee satisfaction</li> <li>● Listening to feedback and suggestions through various channels</li> </ul>	<ul style="list-style-type: none"> <li>management and employees</li> <li>● Establishing policies and plans for workforce development</li> <li>● Setting guidelines and practices for safety and occupational health in the workplace</li> <li>● Developing a Succession Plan to plan for growth in key positions</li> </ul>
Society and Community	<ul style="list-style-type: none"> <li>● Mitigating environmental impacts on the surrounding community</li> <li>● Ensuring safety in production according to established safety standards</li> <li>● Collaborating in community development,</li> </ul>	<ul style="list-style-type: none"> <li>● Conducting business while considering potential impacts on society and communities and taking responsibility for the well-being of the surrounding community</li> <li>● Actively listening to feedback and suggestions through various</li> </ul>	<ul style="list-style-type: none"> <li>● Adhering to safety and occupational health practices in the workplace</li> <li>● Enhancing resource efficiency and reducing the impact of greenhouse gas emissions</li> </ul>





Stakeholder Groups	Expectations	Expectations Identification Method	Company's Response
	creating employment opportunities, and generating income to enhance overall stability for people in the surrounding communities	channels provided by the Company	
Regulatory Authority	<ul style="list-style-type: none"><li>● Compliance with laws or relevant regulations</li><li>● Safety in production according to established safety standards</li><li>● Quality of products</li></ul>	<ul style="list-style-type: none"><li>● Monitoring legal amendments or announcements regularly</li><li>● Inspecting every step in the production process and products before bringing them to the market</li><li>● Listening to feedback and suggestions through various channels</li></ul>	<ul style="list-style-type: none"><li>● Complying accurately with relevant laws or regulations</li><li>● Participating in standard testing to certify the quality of production and products</li><li>● Consistently researching and developing to ensure product quality</li></ul>

In addition, the Company will conduct an expectation assessment for stakeholders at least once a year through processes such as feedback sessions, satisfaction surveys, meetings, or other participation channels. This is to understand both positive and negative impacts and issues related to the Company and stakeholders consistently. The aim is to foster well-rounded and sustainable development.



### 3.3. Sustainable Management in the Environmental Dimension

#### 3.3.1. Environmental Policy and Practices

The Company is aware of the importance of global warming and the current emissions of Greenhouse Gases (GHG), primarily caused by carbon dioxide (CO<sub>2</sub>), leading to climate change and various natural disasters. Recognizing the potential problems and future impacts associated with its business activities, especially in relation to GHG emissions, the Company has established a policy of social and environmental responsibility. This policy specifically addresses the issue of carbon footprint. Additionally, the Company has implemented strategies for managing and reducing GHG emissions, including the use of alternative energy sources and other important methods.

#### 3.3.2. Environmental Performance

##### Energy Usage

1) Due to the manufacturing processes requiring machinery powered by electricity, the Company has a policy to utilize alternative energy sources or generate electricity using solar energy or solar cell systems. This is aimed at reducing energy consumption and overall costs for the Company.

2) Improvement of the logistics transportation system is another significant operational activity for the Company, contributing to a relatively high proportion of operational costs. This is due to the need for transporting goods to various locations using trucks, either through the Company's own fleet or by outsourcing transportation services. In order to reduce transportation costs and minimize greenhouse gas emissions, the Company is implementing efficient route planning for both direct transportation from the Company or supplier to customers. This includes optimizing the sequence of transportation routes.

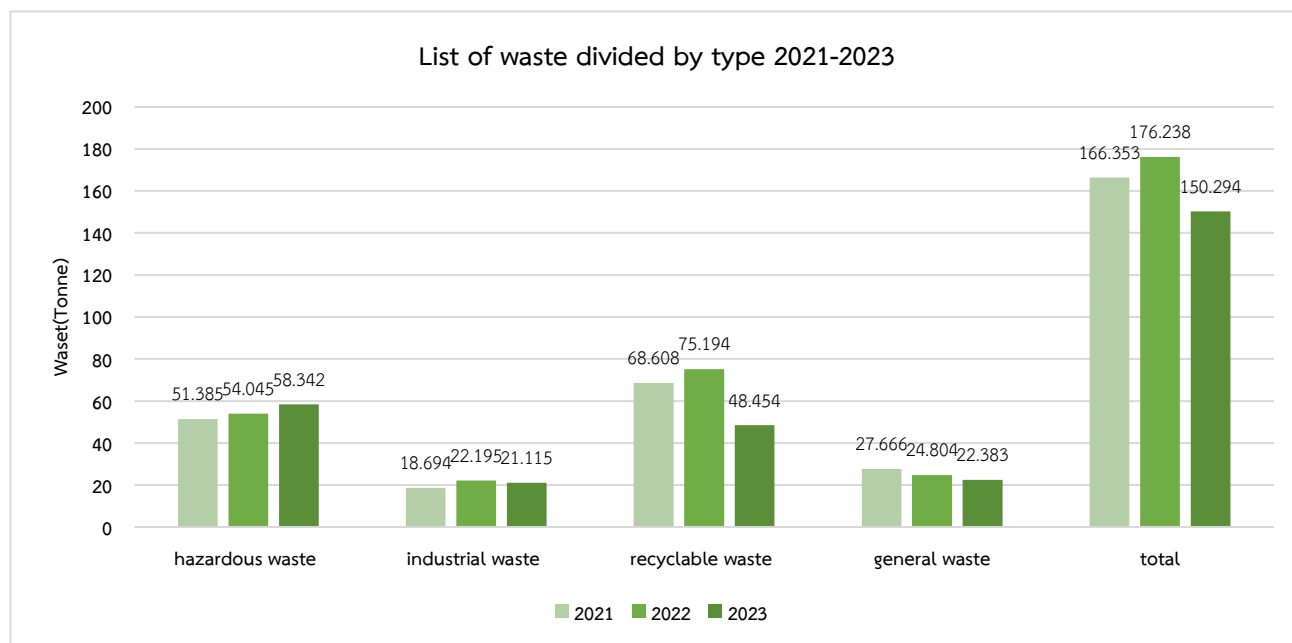
3) The Company selects machinery and tools with high-quality production lines that can help reduce electricity consumption during the manufacturing process. Although this may result in higher production costs, the Company aims to produce products of higher standards and quality, aligning with its marketing strategy focused on delivering high-quality products to customers.

##### Waste Management, Waste Water Treatment, and Pollution Control

The Company disposes of waste, treats wastewater and manages pollutants through appropriate methods based on academic principles and in compliance with legal requirements and national standards. The Company minimizes waste disposal by employing proper land fill methods to reduce greenhouse gas emissions. It selects high-quality machinery to minimize waste generation and chooses industrial waste disposal contractors compliant with legal standards



In the waste and other waste management aspects, such as litter and waste from the cafeteria, the Company has guidelines for separating waste before delivering it to waste collection agencies. In 2023 the Company generated a total waste volume of 150,294 kilograms, categorized as general waste 22,383 kilograms, industrial waste 21,115 kilograms, recyclable waste 48,454 kilograms and hazardous



waste 58,342 kilograms. This represents an decrease of 25,944 kilograms from the previous year .

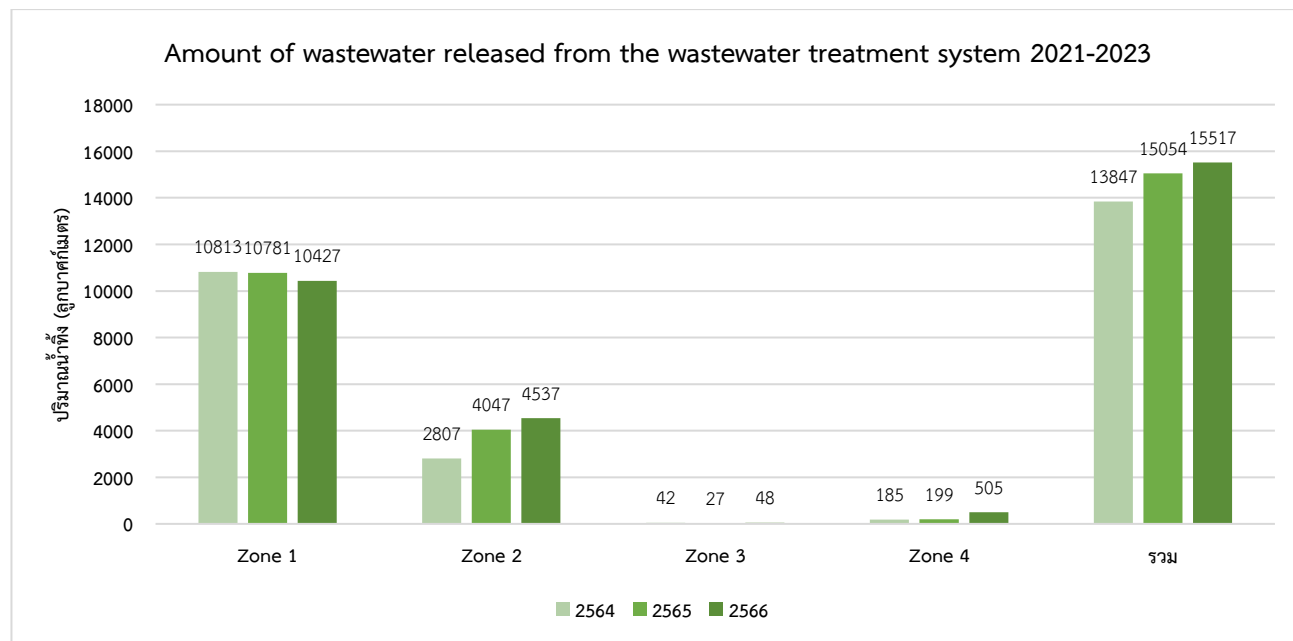
The Company uses water from the underground water system. In 2022, the Company had a total water usage of 42,364 cubic meters. In 2023, the total water usage increased to 56,315 cubic meters, an increase of 13,684 cubic meters compared to 2023. This increase is attributed to higher production levels, including improvements in the production system for purified water to enhance the quality used in manufacturing various products. The Company aims to maintain a water usage quantity per unit of production weight not exceeding the amount used in 2023.

In the aspect of treating wastewater and pollutants through appropriate methods in accordance with academic principles, and under the requirements of the laws and standards, that are equivalent to industrial facilities in various countries.

The Company has a wastewater treatment system with 4 zones, receiving wastewater from production processes in different areas. The wastewater is treated through biological treatment processes, both aerobic and anaerobic. The quality of the discharged wastewater is monitored, measured, analyzed and evaluated periodically by the internal department monthly. External testing is also conducted by a registered organization with the Department of Industrial Works three times a year, following the regulations outlined in the Ministry of Industry's announcement in 2560 B.E. (2017)



on the standards for controlling wastewater discharge from factories. In this regard, treated wastewater is not released into the soil or external water sources outside the Company. The treated wastewater is reused for watering plants within the Company. The Company has environmental management projects in place to improve the wastewater treatment system and enhance the quality of treated wastewater. For the quantity of wastewater discharged in the year 2023, the amounts are as follows:



### Environmental Management to Reduce Greenhouse Gas Emissions

The Company has implemented measures to reduce greenhouse gas emissions, including the use of alternative energy sources, improving the transportation system to minimize emissions, and selecting high-quality machinery to reduce electricity consumption in the production process. Additionally, the Company is actively promoting the planting of trees in the factory area, converting vacant spaces into green areas to contribute to the community. The Company has consistently implemented the aforementioned policy.

The Company has arranged for internal units to assess the amount of greenhouse gas emissions from various activities within the Company, such as electricity usage and fuel combustion for production processes, transportation, and heat and steam generation for internal use. Currently, the Company has completed the assessment of greenhouse gas emissions for the years 2022 and 2023. The assessment also includes the calculation of carbon footprint, registered with the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO by TUV NORD Thailand Ltd.

The summary of greenhouse gas emissions for 2023 finds that the organization's greenhouse gas emissions (Scope 1 and 2) increased by 454 tonCO<sub>2</sub>-eq to a total of 2,467 tonCO<sub>2</sub>-eq compared to 2022, representing an increase of 0.003 tonCO<sub>2</sub>-eq/kg of production. This increase is attributed to



extended working hours with 1 additional night shift, leading to increased electricity consumption from external sources compared to the overall product output. As a result, the greenhouse gas emissions per unit of product increased. However, the total greenhouse gas emissions (Scope 1, 2, and 3) increased by 99 tonCO<sub>2</sub>-eq to 5,445 tonCO<sub>2</sub>-eq compared to 2022, resulting in a slight increase of 0.006 tonCO<sub>2</sub>-eq/kg of production. Nevertheless, the working team has set a target to reduce the greenhouse gas emissions for 2024 by 5% from the emissions of 2023, considering the weight of the products.

In 2023, products in the skincare category, muscle and joint-related conditions, saline nasal wash and gastrointestinal-related conditions, among others, where the company excels in the market, demonstrated high revenue. The growth rate continued to increase when compared to 2022.

### **“Tree Planting to Expand Green Spaces” Project**

The Company has initiated the project “Tree Planting to Expand Green Spaces” to plant and reduce heat, with the goal of aligning with the ESG policy, specifically in the environmental dimension. The project involves planting sustainable trees to create green spaces, help absorb carbon dioxide pollutants in the air, and promote relationships between community members of Ban Chat Charoen School on Thursday, June 29, 2023.





### 3.4. Sustainability Management in the Social Dimension

#### 3.4.1. Social Policy and Practices

The Company is dedicated to developing its business in tandem with fostering economic, social, and environmental balance. In doing so, the Company is steadfast in becoming a good corporate citizen in its sustainable business operations. The Company aims to manage its business for steady and socially accepted growth, grounded in ethical principles and sound corporate governance. Additionally, the Company aims for efficient returns to shareholders, considering the impact of its business operations on all stakeholders associated with the Company in every aspect, as follows:

##### Social Responsibility Policy

The Company has established a social responsibility policy summarized as follows:

##### 1) Conducting Business with Fairness

The Company is committed to conducting business with honesty, fairness, ethics, and a determination to compete fairly in accordance with ethics, laws, and equal competition. This includes rejecting any behavior that obstructs equal competition, such as seeking confidential information from trade competitors, bribery, and providing any undue benefits in business. Additionally, the Company respects the intellectual property rights of others, and employees are required to comply with laws or regulations regarding intellectual property rights, such as using legally licensed computer software. The Company has established a code of conduct, a good corporate governance policy, and a social responsibility policy to guide the overall conduct of employees. Furthermore, the Company has initiatives to promote and instill a sense of responsibility towards society among its employees at all levels.

##### 2) Anti-Corruption Measures

The Company manages its operations based on transparency, and integrity, adhering to good corporate governance standards, and complying with laws related to preventing and combating corruption, and giving or receiving gifts and favors to or from government or private sector officials. The Company has established a clear organizational structure with shared responsibilities, work processes, and reporting lines in each unit to ensure a balanced distribution of power and effective checks and balances. This is outlined in the Company's anti-corruption policy, which is designed to be universally adhered to by the directors, management, and employees.

##### 3) Respecting Human Rights

The Company places importance on respecting human rights, aiming to create equality and fairness both internally and externally. It does not violate fundamental rights and avoids any



discriminatory practices based on race, nationality, religion, language, skin color, gender, age, education, physical condition, or social status. This includes ensuring that the Company does not engage in or support any business activities associated with human rights violations, both directly and indirectly. Additionally, there are mechanisms for protection and redress, providing opportunities for employees, communities, and society to participate in expressing their opinions and avenues for complaints or grievances for those who have suffered harm from human rights violations resulting from the Company's business operations. The Company also takes appropriate actions to rectify and remedy such situations, aiming to effectively respect human rights. The Company has implemented initiatives to raise awareness of human rights and instill this awareness in its personnel, ensuring compliance with human rights principles.

#### 4) Treatment of Employees

The Company is aware of the importance of developing human resources and treating its workforce fairly, which is a crucial factor in enhancing the Company's value and strengthening its competitiveness and sustainable growth in the future. The Company adheres to laws and ethical principles strictly. In this regard, the Company has established policies and guidelines, as follows:

- 4.1. Respecting employee rights in accordance with human rights principles and labor laws.
- 4.2. Establishing fair employment processes and conditions, providing equal opportunities, including coverage for persons with disabilities and other disadvantaged individuals. This encompasses defining compensation and evaluating performance based on a fair performance assessment process.
- 4.3. Promoting employee development through training, seminars, and workshops, fostering positive attitudes, ethics, morality, and teamwork. In 2023, the Company provided training of 7 courses to all employees, including 8 in-house courses according to the annual training plan, and 6 external courses. Each employee is required to undergo at least 8 hours of training per year.
- 4.4. Providing various benefits for employees in accordance with legal requirements.
- 4.5. Implementing measures to ensure employees work safely and have good health in the workplace, such as conducting annual fire evacuation training and regular health check-ups. In 2023, there were three reported accidents with no severe injuries that would have led to production disruption. The Company has preventive measures, including regular training for high-risk groups and adherence to occupational health and safety management standards, following ISO 45001 rigorously.





- 4.6. Supporting and promoting an environment where employees can express their opinions, file complaints, or report issues related to misconduct, corruption, or unethical behavior within the organization. Ensuring protection for employees involved.

5) Responsibility towards Customers and Consumers

The Company is committed to adopting standardized, state-of-the-art, efficient, and globally recognized technologies that are environmentally friendly for conducting business and developing products and services to ensure the satisfaction and maximum benefits of consumers/customers and firmly adhere to acting towards consumers/customers with responsibility and integrity. In this regard, the Company complies with practices that align with its business principles, including:

1. The Company focuses on producing high-quality products and places importance on quality and safety control throughout the production process, including the readiness of quality personnel, along with stringent measures for quality assurance during production.
2. The Company is dedicated to continuously developing products and services to meet the needs of consumers/customers, providing diverse, high-quality products and services that adhere to standards and meet their needs.
3. The Company is committed to fair marketing practices, providing consumers/customers with accurate, unbiased, comprehensive, and truthfully presented information about its products and services. This ensures that consumers/customers have precise and sufficient information for decision-making.
4. The Company establishes a customer relations system for communication with consumers/customers, including an efficient complaint management system regarding the quality of products and services. This is to promptly address the needs of consumers/customers.
5. The Company will keep consumer/customer information confidential and will not use such information in any unauthorized or detrimental manner to the Company. This includes adhering to policies and laws regarding the protection of personal data.

The company has continuously focused on developing the company's products and services To respond to customer satisfaction with responsibility, honesty, and ethics. In 2023, the company received the highest level of satisfaction from customers. according to the goals that have been set And there are no complaints from customers on important matters.

6) Environmental and Energy Conservation

The Company emphasizes social responsibility in environmental conservation. The Company conducts its operations and controls its products and services to strictly comply with relevant



environmental conservation laws, including prevention and reduction of negative impact on the environment. The Company also utilizes standardized, up-to-date and efficient technologies that are globally recognized and environmentally friendly in its business operations.

The operations of the Company must have the least possible impact on the environment. This is achieved by preventing pollution, managing waste and treating wastewater. In addition, the Company emphasizes the reduction of greenhouse gases by decreasing the use of fossil fuels and increasing the utilization of alternative energy sources. The Company also promotes the reduction of plastic bag usage and encourages employees to work electronically to minimize paper consumption, including the proper disposal of waste and garbage.

For 2023, the corporate group did not receive any complaints related to environmental impacts.

#### 7) Community and Social Development

The Company recognizes its role as a part of the community and society. Therefore, the Company has a policy to provide assistance and contribute to the development of the community through various activities in the areas where the Company operates. This includes responding promptly and effectively to events that impact the community, society, and the environment resulting from the Company's operations. Additionally, the Company encourages its employees to actively participate in community and social development. The corporate group has conducted training sessions to educate students in schools near the factory about the proper use of medications.

#### 8) Innovation and Innovation Dissemination

The Company aims to conduct its business efficiently by applying innovation to its operations for the maximum benefit of society, the environment, and stakeholders. The Company shares its expertise in herbal knowledge, such as chili and phlai, with farmers, creating livelihoods and income for the community.

### **3.4.2. Social Performance Results**

The Company is aware of the importance of society and the environment and participates in activities to support and develop the community, as follows:

#### Happiness for Little Ones Project

The Company provides gifts and organizes activities to promote National Children's Day at four nearby schools: Wat Nam Phu School, Wat Nong Krathum School, Ban Nong Nang Phraeo School, and Ban Chat Charoen School. The activities include cooking and distributing food to students and parents, as well as providing gifts and scholarships to students in the area.



### Teaching Medication Use in the Community Project

The Company collaborates to bring happiness and create smiles at Nampu Subdistrict Health Promoting Hospital by providing education on medication use to the elderly based on the 5 Rights: the right drug, the right person, the right route, the right dose, and the right time. This helps the public understand correctly, reducing the risk of medication use and promoting good and safe health for the community.





### Knowledge and Head Lice Removal Project

The Company, in collaboration with Ban Chat Charoen School, organized an activity to provide knowledge about head lice and methods for head lice removal in the “Healthy Little Ones” project. This activity highlighted the importance of maintaining the cleanliness of the head, which helps prevent head lice and reduces the spread of head lice-related diseases. It also included guidance on the proper use of head lice removal products. The event received support from BeRich (Thailand) Co., Ltd., providing products capable of eliminating both head lice and their eggs with a formula that is insecticide-free, odorless and safe for both children and adults.



### Blood Donation Project

The Company has been consistently participating in blood donation activities annually.







## Teachers Hiring Project

The Company has a policy to enhance the potential and knowledge of the youth in the Nampu subdistrict area by supporting the education staff of schools in this area (teachers hiring program). The supported schools include Ban Chat Charoen School, Ban Nong Nang Phraeo School and Wat Nam Phu School (Government Lottery Office 54). This initiative has been carried out for a long period of 10 years and is expected to continue in the future. It also involves supporting educational activities in various aspects.



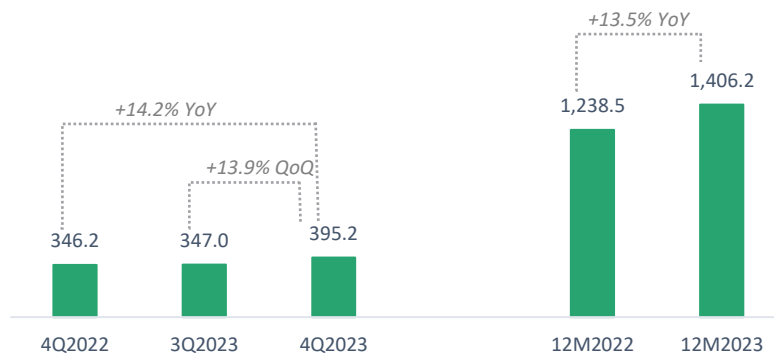


#### 4. Management Discussion and Analysis : MD&A

##### Overall Financial performance

Statement of profit or loss Unit : Million Baht	Q4/2023	Q3/2023	Q4/2022	Change		12M 2023	12M 2022	Change
	4Q23	3Q23	4Q22	%QoQ	%YoY	FY23	FY22	%YoY
Revenue from sales and rendering service	395.2	347.0	346.2	13.9%	14.2%	1,406.2	1,238.5	13.5%
Gross Profit	222.0	192.5	203.7	15.3%	9.0%	791.1	701.0	12.9%
Selling expenses	95.7	83.3	87.1	14.9%	9.9%	348.8	312.2	11.7%
Administrative expenses	66.2	62.1	58.2	6.6%	13.7%	253.1	219.3	15.4%
EBIT	65.9	51.1	59.5	29.0%	10.8%	200.2	172.9	15.8%
Finance costs	4.0	5.0	7.5	-20.0%	-46.7%	25.7	28.3	-9.2%
EBITDA	79.4	64.4	72.4	23.3%	9.7%	253.1	224.1	12.9%
Tax expense	11.7	9.1	10.2	28.6%	14.7%	23.7	14.9	59.1%
<b>Net profit</b>	<b>50.2</b>	<b>37.0</b>	<b>41.8</b>	<b>35.7%</b>	<b>20.1%</b>	<b>150.8</b>	<b>129.7</b>	<b>16.3%</b>

##### Revenue from operation



##### The 4<sup>th</sup> quarter QoQ (4Q23 vs 3Q23)

Bangkok Lab and Cosmetic Public Company Limited (“the Company”) and its subsidiaries had revenue from sales and rendering services in 4Q2023 in the amount of 395.2 million baht which increased by 48.2 million baht or 13.9% compared to 3Q2023. The growth of sales was mainly because of launching new generic drugs which help to prevent further hair loss for men and a higher demand for medicines due to the end of government's fiscal year. Additionally, the expansion of foreign customers also caused the sales growth, especially in Hong Kong, Lao PDR, and Cambodia.

The 4<sup>th</sup> quarter YoY (4Q23 vs 4Q22)

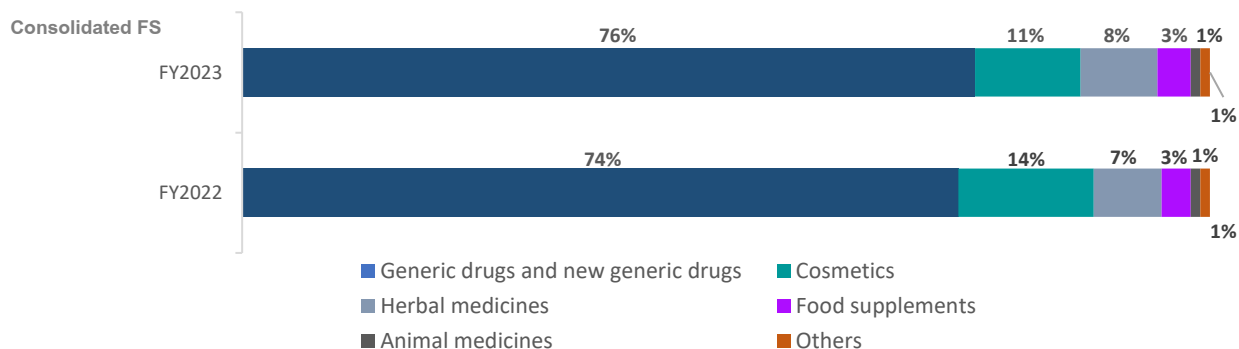
The Group had revenue from sales and rendering services in 4Q2023 in the amount of 395.2 million baht which raised by 49.0 million baht or 14.2% compared to 4Q2022 mainly due to the expansion of distribution channel and the continual growth of pharmaceutical market. In addition, sales from oversea customers also increased especially from Hong Kong, Lao PDR and Cambodia.

FY2023 YoY vs FY2022

The Group had revenue from sales and rendering services in 2023, in the amount of 1,406.2 million which increased from the year 2022 by 167.7 million baht or 13.5%. The growth of sales was driven by continual implementation of aggressive marketing strategies including sales promotions and exhibition booths set up to advertise and raise brand awareness. Our marketing strategies focus on both offline and online platforms. Furthermore, the market for pharmaceuticals is expected to continue growing from patients returning to hospitals and clinics, an increase in overall demand for medicines. Moreover, new generic drugs have been launched in the last quarter of 2023 as well as the expansion of foreign customers in Hong Kong, Myanmar, Indonesia, Philippines, Vietnam, and Taiwan. Those led to the rise in sales quantity and the Group's revenue.

**Revenue by types of products**

Revenue by products Unit : Million Baht	Q4/2023	Q3/2023	Q4/2022	Change		12M 2023	12M 2022	Change
	4Q23	3Q23	4Q22	%QoQ	%YoY	FY23	FY22	%YoY
Generic drugs and new generic drugs	299.6	266.1	266.4	12.6%	12.5%	1,075.5	922.1	16.6%
Cosmetics	40.0	34.4	36.5	16.3%	9.6%	148.8	159.5	-6.7%
Herbal medicines	32.7	24.9	28.2	31.3%	16.0%	106.4	91.3	16.5%
Food supplements	16.3	13.0	10.2	25.4%	59.8%	49.1	33.5	46.6%
Animal medicines	2.9	2.7	1.2	7.4%	141.7%	7.6	18.3	-58.5%
Others	3.7	5.9	3.7	-37.3%	0.0%	18.8	13.8	36.2%
<b>Total revenue</b>	<b>395.2</b>	<b>347.0</b>	<b>346.2</b>	<b>13.9%</b>	<b>14.2%</b>	<b>1,406.2</b>	<b>1,238.5</b>	<b>13.5%</b>





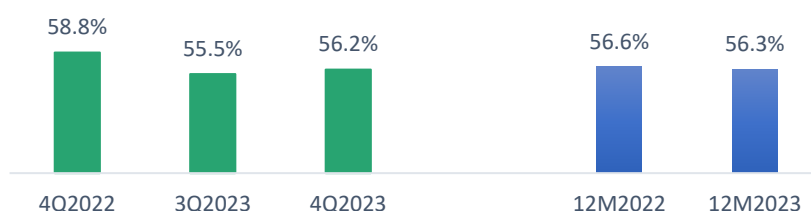


### FY2023 YoY vs FY2022

For the year ended December 31, 2023, compared to the same period in 2022, thanks to continually aggressive marketing strategy, revenue of generic drugs and new generic drugs increased by 153.4 million baht or 16.6% from prior year. The contributing factors were from the economic recovery and the increase in number of tourists and foreign patients visited to Thai hospitals which caused higher demand in medical products. In addition, health and wellness trends have growth potential after covid-19 pandemic and medical information is more accessible owing to current technology usage. Furthermore, the Group's herbal medicines were increasingly distributed to hospitals. Consequently, revenue from herbal medicines and food supplements increased in 2023 by 15.1 million baht and 15.6 million baht, respectively, or 16.5% and 46.6%, respectively,

On the other hand, revenue from cosmetics decreased in 2023 by 10.7 million baht or 6.7% from prior period in 2022 as the situation of Covid-19 has improved which caused revenue from mouth & nose products including 'Vitara Propolis Plus Mouth Spray' to gradually decrease. Apart from that, the cosmetics market has been one of the most competitive industries in recent years. Moreover, animal products were still negatively affected by the decline in number of Livestock animals which caused a decrease in sales during 2023 by 10.7 million baht or 58.5% compared to prior year.

### **Gross profit margin**



### The 4<sup>th</sup> quarter QoQ (4Q23 vs 3Q23)

Gross profit margin increased from 55.5% in 3Q2023 to 56.2% in 4Q2023 mainly because the Group continually gained benefits from economies of scale which positively led to unit cost reduction and the decrease in manufacturing overhead per unit as well as product portfolio management to focus on sales of high profit margin products instead of low profit margin products.



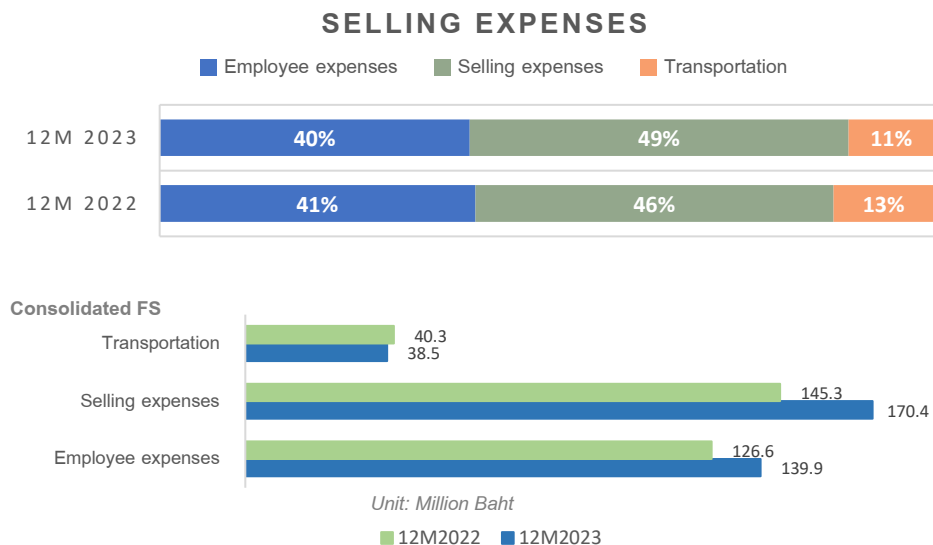
### The 4<sup>th</sup> quarter YoY (4Q23 vs 4Q22)

Gross profit margin decreased from 58.8% in 4Q2022 to 56.2% in 4Q2023 as the Group has improved the efficiency of inventory management. Thus, there was reversal of accounting estimates related to provision of returned products which led to the increase in gross profit margin in 4Q2022. Nonetheless, the Group has continually monitored such efficiency, then the accounting estimates insignificantly changed in 4Q2023, and gross profit margin declined to 56.2% as usual.

### FY2023 YoY vs FY2022

Gross profit margin slightly decreased from 56.6% in 2022 to 56.3% in 2023. Although the Company consistently gained benefits from economies of scale, coupling with product portfolio management to focus on sales of high profit margin products instead of low profit margin products, the Group's direct labor increased which mainly due to the establishment of provident fund in 4Q2022. Additionally, repair and maintenance expenses for machinery and equipment at BLC plant grew during this year which caused gross profit margin to decrease in 2023.

### **Selling and administrative expenses**



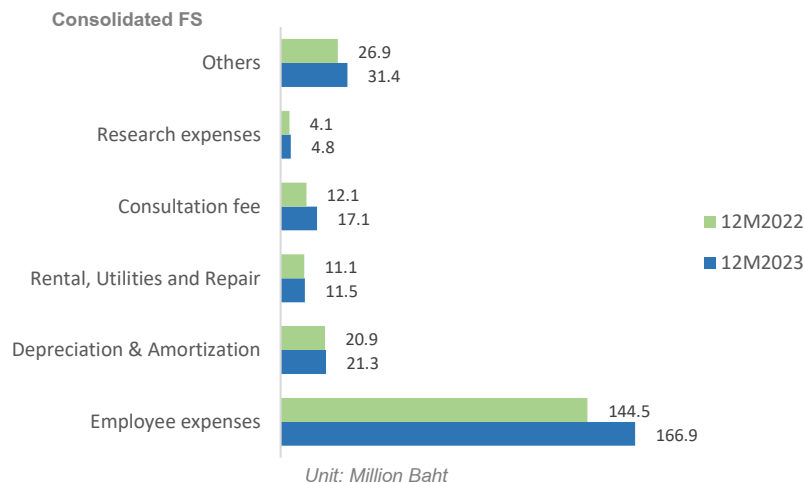
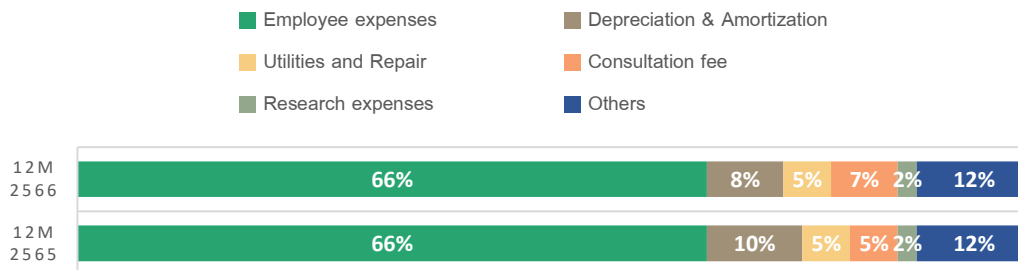
In 2023, selling expenses rose by 36.6 million baht or 11.7% compared to the year 2022 mainly because (1) selling expenses increased by 145.3 million baht to 170.4 million baht in-line with the growth of revenue and marketing expenses during the period. Furthermore, the Group participated in booths and exhibitions in 2023 which were parts of marketing strategies to enhance brand awareness and expand customer base for long-term benefits. Based on common size analysis, the strategies reasonably caused



the increase in proportion of selling expenses from 46% in 2022 to 49% in 2023 and (2) selling expenses climbed from employee expenses due to the increment in headcount to support the growth of revenue and the foundation of provident fund in 4Q2022.

Nevertheless, the Group appointed a healthcare service provider, Zuellig Pharma, to provide logistics and payment collection for government and private hospitals as well as clinic customers and to support the Group's distribution, liquidity, and operations starting from January 2023. This led to a decrease in amount and the proportion of transportation expenses by 1.8 million baht and from 13% in 2022 to 11% in 2023, respectively. Moreover, the appointment of Zuellig Pharma has been beneficial as it helped the Group to lower overdue receivables of such customers.

### ADMINISTRATIVE EXPENSES

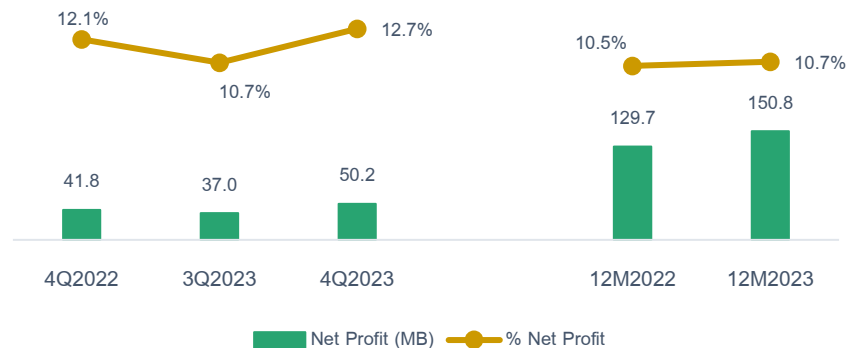


Administrative expenses for the year 2023 raised by 33.8 million baht or 15.4% compared to the prior year. The main reasons for the increase were due to (1) the increase in employee expenses from 144.5 million baht to 166.9 million baht resulting from the establishment of provident fund in the last quarter in 2022 and the increase in the number of managements, (2) the rise of consultancy service fees in the amount of 5.0 million baht which related to public relations and organization of events related to IPO



process in first half of 2023 and other relevant services in the remaining quarters in 2023 after listing in the Stock Exchange of Thailand.

## Net profit



### The 4<sup>th</sup> quarter QoQ (4Q23 vs 3Q23)

The Group's net profit for 4Q2023 was 50.2 million baht or 12.7% increasing from 10.7% in 3Q2023 due to the growth of the Group's revenue from sales and the increase in gross profit margin. Furthermore, the Company increased in interest income from short-term investments in this quarter together with the decrease in financial costs thanks to the repayment of loans during the period.

### The 4<sup>th</sup> quarter YoY (4Q23 vs 4Q22)

The Group's net profit for 4Q2023 compared to 4Q2022 increased from 41.8 million baht to 50.2 million baht or from 12.1% to 12.7% due to the growth of the Group's revenue from sales and the decrease in interest expenses by 46.7% in the current quarter.

### FY2023 YoY vs FY2022

The Group's net profit increased from 129.7 million baht in 2022 to 150.8 million baht in 2023 and net profit margin slightly rose from 10.5% to 10.7%. The rise in net profit and net profit margin was due to the growth of the Group's revenue from sales and rendering services. In addition, the Group has closely monitored selling and administrative expenses which positively caused earnings before interest and tax expenses (EBIT) to increase by 27.3 million baht or 15.8% from the year 2022. Furthermore, finance costs decreased by 2.6 million baht, while the expiration of BOI tax privileges in August 2022 caused an increase in tax expenses. Finally, the Group's net profit increased by 21.1 million baht or 16.3%.

Statement of financial position

Statement of financial position	December 31, 2023		December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	2,240.3	100.0%	1,212.6	100.0%	1,027.7	84.8%
Total liabilities	644.9	28.8%	931.1	76.8%	(286.2)	-30.7%
Total shareholders' equity	1,595.4	71.2%	281.5	23.2%	1,313.9	466.7%

**Assets**

As at December 31, 2023, total assets of the Group were 2,240.3 million baht which increased by 1,027.7 million baht compared to December 31, 2022 which mainly resulted from an increase in current assets by 987.0 million baht and non-current assets by 40.6 million baht as the following items:

- **Short-term investments** increased by 885.0 million from the end of 2022 baht mainly because of cash received from capital increase for initial public offerings (IPO) of 120 million shares. Due to its objective of the utilization for future project investments, the Company decided to invest such an amount in a fixed deposit with a financial institution to bring benefits during undue payments.
- **Trade receivables** increased by 44.5 million baht from the end of December 2022, mainly because of the growth of revenue of the Group during the second half of the year 2023 (normal credit term granted by the Group ranges from 30 days to 180 days)
- **Other receivables** increased by 12.6 million baht from the prior year ended December 2022, mainly because of accrued interest income from short-term investments and advance payments for raw materials.
- **Property, plant, and equipment** were 335.0 million baht which increased from December 31, 2022, in the amount of 34.0 million baht due to the acquisition of land and office building in Bangkok and plant construction at Ratchaburi factory.
- **Other non-current assets** rose by 9.7 million baht from the previous year due to advance payments for fixed assets to support the factory's expansion of production capacity.



## Liabilities

Total liabilities of the Group were 644.9 million baht at the end of December 2023 which declined by 286.2 million baht compared to 2022. The reasons were mainly from a decrease in current liabilities by 272.6 million baht and non-current liabilities by 13.6 million baht as follows:

- **Bank overdraft and borrowings from financial institutions** lowered by 199.8 million baht from repayments to financial institutions during the year.
- **Trade payables** declined by 56.4 million baht from the previous year. The reason was mainly due to the improvement of the Group's liquidity and the cancellation of agent contracts for one of a subsidiary's major business partners in July 2023. Consequently, there was no outstanding balance of such payable as at the end of 2023.
- **Other payables** decreased by 27.8 million baht compared to the prior year mainly because of accrued dividends paid to shareholders during the year.

## Shareholders' equity

Total shareholders' equity increased by 1,313.8 million baht resulting from total comprehensive income for the year by 148.2 million baht and the increase in share capital by 1,207.6 million baht, offset by dividend announcement by 42.0 million baht during the year.

## Key financial ratios

Ratios	12M 2023	12M 2022
<u>Liquidity (X)</u>		
Current ratio	3.9	1.1
Quick ratio	3.0	0.5
<u>Returns (%)</u>		
Return on Assets (ROA)	6.7%	10.7%
Return on Equity (ROE)	9.5%	46.1%
<u>Assets &amp; Liabilities Management (Days)</u>		
Average Collection Period	84.2	80.6
Average Inventory Period	235.4	252.6
Average Payable Period	74.0	87.8

**Leverage Ratios**

Total Liabilities to Equity (X)	0.4	3.3
Loans from financial institutions to interest bearing debt (%)	43.5%	51.6%
Interest Coverage Ratio (X)	9.8	7.9

**Liquidity Ratios:** As at December 31, 2023, current ratio and quick ratio, standing at 3.9 times and 3.0 times, respectively, increased from December 31, 2022, mainly due to cash received from capital increase for initial public offerings (IPO) and loan repayments in the current year and the repayments to financial institutions, trade payables and accrued dividends during the year.

**Returns Ratios:** As at December 31 2023, returns on assets and equity decreased from December 31, 2022 due to an increase in paid-up share capital from initial public offerings (IPO) in the 2<sup>nd</sup> quarter of 2023.

**Assets & Liabilities Management:** Average collection period slightly increased from 80.6 days to 84.2 days which mainly from pharmacies and retail stores. Even though Zuellig Pharma has been appointed to provide collection services and improve liquidity since January 2023, the collections of main customer groups namely pharmacies and retail stores were not included in services provided by Zuellig Pharma which covered only customer groups of government hospitals, private hospitals, and clinics. However, the increase in the average collection period did not affect allowance for expected credit loss.

Average inventory period dropped from 252.6 days to 235.4 days due to the Group's policy to increase in the efficiency of inventory management as well as to decrease inventory period.

Average payable period decreased to 74.0 days as at December 31, 2023 mainly resulting from the improvement in liquidity of the Group and the repayment to a major trading partner. In July 2023, one of BLC's subsidiaries terminated agent contracts with that trading partner causing the decrease in outstanding balance of the Group's trade payables.

**Leverage Ratios:** Total liabilities to equity dramatically dropped from 3.3 times to 0.4 times and percentage of loans from financial institutions to interest bearing debt decreased from 51.6% to 43.5% at the end of 2023. The main reason was because of the repayments to financial institutions during the year using proceeds received from capital increase for initial public offerings (IPO) in alignment with the objectives of utilization stated in the Company's prospectus.





Interest coverage ratio stood at 9.8 times as at December 31, 2023, increasing from 7.9 times compared to December 31, 2022. The growth was mainly from the increase in EBITDA during the year together with a lower proportion of finance costs owing to the repayments to financial institutions in the current year.



## 5. General Information and Other Key Details

### 5.1. General Information

Company Name : Bangkok Lab and Cosmetic Co., Ltd.  
Stock Symbol : BLC  
Listed Capital : 600,000,000 Baht  
Taxpayer ID Number : 0107565000701  
Head Office Address : 48/1 Village No. 5, Nong Chae Sao Road, Nampu Subdistrict,  
Mueang Ratchaburi District  
Website : <https://www.blcplc.com>  
Phone : 032-719900  
Fax : 032-719917

### Other References

Securities Registrar : Securities Registrar Division  
93 Stock Exchange Building, 1<sup>st</sup> Floor, Ratchadaphisek Road  
Din Daeng Sub-district, Din Daeng District, Bangkok  
Telephone: 02-009-9000

Auditing Office : KPMG Phoomchai Audit Ltd.  
Floors 48-50, Empire Tower Building No. 1, South Sathorn Road,  
Yannawa Sub-district, Sathorn District, Bangkok 10120  
Telephone: 02-677-2000

Auditor : Mr. Bunyarit Thanomcharoen, Certified Public Accountant,  
Registration Number 7900

Internal Auditor : Dharmniti Internal Audit Co., Ltd.  
178 Dharmniti Building, 5<sup>th</sup> Floor, Soi Permsap (Prachachuen 20)  
Prachachuen Road, Bang Sue Sub-district, Bang Sue District, Bangkok  
10800  
Telephone: 02-596-0500 Ext. 327



## 5.2. Legal Disputes

- None -

## 5.1. Secondary Market

- None -



## Part 2

### Corporate Governance

#### 6. Corporate Governance Policy

##### 6.1. Overview of the Policy and Governance Practices

The Company recognizes the significance of effective corporate governance as a crucial factor that contributes to the efficient and sustainable operation of the Company. Such governance is essential for the benefit of all stakeholders, including employees, investors, shareholders and other stakeholders involved. In light of this, the Company's Board of Directors deems it necessary to establish a robust Corporate Governance Policy, covering key principles that include the structure, roles, responsibilities and accountabilities of the Board of Directors, subcommittees, and executives. This includes the recruitment and determination of compensation for directors and executives, the independence of the board from management, the development of the board, the evaluation of the board's performance, the oversight of subsidiaries and affiliated companies, and the principles of transparent, clear, and auditable executive management. These principles adhere to the guidelines for good corporate governance for companies registered in 2017 by the Securities and Exchange Commission ("SEC") to serve as a framework for the Company's Board of Directors in ensuring effective and trustworthy long-term business performance for shareholders, investors, and all stakeholders. As a Company registered on the Stock Exchange of Thailand ("SET"), and as a guideline for organizational management, the Company ensures confidence that all its operations are conducted with fairness, considering the utmost benefit of shareholders and stakeholders. The Company strives for efficiency, ethical conduct, beneficial contributions to society, sustainable development, environmental impact reduction, adaptability to changes in the business environment, and the creation of long-term value for the business. This aligns with the interests of the business sector, investors, capital markets and society as a whole.

In addition, the Company's Board of Directors has appointed subcommittees to oversee the internal audit system, internal controls, risk management, and the supervision of corporate governance of the Company. This is done in tandem with promoting transparency and fairness in the conduct of executives and employees, ensuring that all stakeholders have confidence that the Company adheres to good corporate governance principles are assured that the Company will continue to grow sustainably. The Board of Directors emphasizes the importance of adhering to good corporate governance practices, covering the 8 principles of the Corporate Governance Policy, as a means to create sustainable value for the Company and instill confidence in investors, leading to positive governance outcomes. These outcomes will be considered by the Company's Board of Directors within the framework of:



- The Company emphasizes the ability to compete effectively and strives for good business outcomes, considering long-term impacts.
- The Company is committed to conducting business ethically, respecting rights, and being responsible to shareholders and stakeholders.
- The Company aims to be beneficial to society, contributing to development or reducing negative environmental impacts.
- The Company values the ability to adapt to changes in various factors.

In summary, the overview of the Company's Corporate Governance Policy can be summarized as mentioned above. For detailed information, the full version of the Corporate Governance Policy and Corporate Governance Practices can be referred to in Attachment 5: Corporate Governance Policy and Corporate Governance Practices

#### **6.1.1. Policies and Practices Regarding the Board of Directors**

##### **Composition of the Board of Directors**

The Company's Board of Directors comprises independent directors, executive directors (3 persons) and non-executive directors (4 persons). All seven directors meet the qualifications as stipulated in Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and comply with the regulations outlined in the Capital Market Supervisory Board Announcement No. 39/2016 regarding the approval and authorization for the issuance of new shares, dated September 30, 2016, including all subsequent amendments.

##### Term of Office

Directors shall serve a term of 3 years and upon completion of the term, they may be considered for re-election. Independent directors may serve consecutively for a maximum of 9 years from the date of their initial appointment as independent directors. If the reappointment of an independent director is under consideration, the Board of Directors shall thoroughly assess the necessity of such continuation.

During each annual general meeting of shareholders, one-third of the directors should retire from their positions. If the number of directors is not divisible by three, the closest integer to one-third should retire. For the first and second years following the Company's listing as a public limited Company, the retiring directors should be selected by drawing lots. In subsequent years, the director with the longest tenure should retire. In addition to ceasing to hold office according to the specified term, a director shall be removed from office in the event of:

- Death
- Resignation



- Attainment of 72 years of age. In this case, they shall retire from the position of director at the end of the fiscal year.
- Lacking the qualifications to be a Company director or possessing characteristics prohibited by laws related to public limited companies and/or securities and stock markets.
- The shareholders' meeting may pass a resolution to remove a director with the affirmative votes of no less than three-fourths (3/4) of the total votes from the shareholders present and entitled to vote, holding not less than half of the total shares.
- A court issues an order for removal.

Any director who wishes to resign from the position must submit a resignation letter to the Chairman of the Board of Directors.

In the event that a director position becomes vacant for reasons other than the expiration of the term, the Board of Directors shall follow the recommendations of the Nomination and Remuneration Committee and appoint an individual who possesses the qualifications and does not have characteristics prohibited by the Charter of the Board of Directors to serve as a replacement director in the next board meeting, with a vote of not less than three out of four remaining directors. If the term of said director is less than 2 months, the board may choose not to appoint a replacement director. The appointed director will serve only for the remaining term of the director being replaced.

### **Roles and Responsibilities of the Chairman of the Board**

To align with the principles of good corporate governance for listed companies and to ensure that management activities are in line with the Company's objectives and business strategies, Bangkok Lab and Cosmetic Public Company Limited (hereinafter referred to as the "Company") has established the scope of authority, duties, and responsibilities of the Chairman of the Board as follows. The Chairman of the board is tasked with leading the Board of Directors, ensuring that the components and operations of the board contribute to independent decision-making, and separating powers and responsibilities in policy setting and management practices of the Company clearly and distinctly.

1. The Chairman of the Board is appointed by the Board of Directors to hold the position of Chairman of the Company. The person appointed as Chairman of the Board must be an independent director and must not be the same person as the Chief Executive Officer or hold an equivalent position under a different title.
2. Oversee, monitor and support the efficient performance of the Board of Directors, achieving the organization's main objectives and goals.



3. The Chairman of the Board or the person designated by the Chairman has the responsibility to convene meetings of the Board of Directors and encourage directors to attend board meetings.
4. The Chairman of the Board has a role in determining the agenda for board meetings by consulting with the CEO and/or the management team. Measures are in place to ensure that important matters are included on the meeting agenda.
5. In cases where the person holding the position of Chairman of the Board is not an independent director, and if the Chairman of the Board and the CEO are individuals within the same family, or if the Chairman of the Board is a member of the management or has been assigned responsibilities in management, the Board of Directors will appoint an independent director to jointly consider and establish the agenda for board meetings to ensure compliance with good corporate governance principles.
6. Presides over board meetings to ensure that they are conducted in accordance with the meeting agenda, Company regulations, and relevant laws. This includes controlling the meetings to be efficient, allocating sufficient time for the management or relevant parties to present supporting information, providing opportunities for the directors to ask questions and express independent opinions, managing discussion topics, and summarizing resolutions.
7. Presides over shareholders' meetings to ensure they adhere to the meeting agenda, Company regulations, and relevant laws. This includes controlling the meetings to be efficient, allocating appropriate time, providing opportunities for shareholders to ask questions and express opinions equally, and ensuring that shareholder queries are addressed.
8. Support every director's involvement in promoting an organizational culture with ethics and good corporate governance.
9. Encourage directors to fulfill their duties within the scope of authority, roles, responsibilities and relevant laws, including adhering to principles of good corporate governance, such as abstaining from voting or leaving the meeting room during discussions on agenda items where there is a conflict of interest.
10. Promote positive relationships between executive and non-executive directors, as well as between the board and management.
11. Communicate essential information to the Board of Directors.

### **Roles and Responsibilities of the Chief Executive Officer**

The Board of Directors appoints the Chief Executive Officer (CEO) to lead the management and operation of the Company within the following scope of responsibilities. The CEO is tasked with understanding their role, duties, and responsibilities, and they are expected to perform their duties with responsibility, vigilance, integrity, and in the best interests of the Company. The CEO must act





in accordance with the law, Company objectives, regulations, and resolutions passed at board meetings and shareholder meetings. This is to ensure effective management, compliance with the law, alignment with Company objectives, adherence to Company regulations, and compliance with resolutions passed at board meetings and shareholder meetings. All actions are to be carried out within the terms and conditions stipulated by relevant laws and the principles of good corporate governance.

1. Manage, administer and oversee the overall operations of the Company to align with the objectives, regulations, policies, rules, directives, business strategies, operational goals and plans, financial goals, budgets, resolutions passed at board meetings, and/or resolutions passed at shareholder meetings of the Company.
2. Implement the development and delivery of the Company's business policies, including business plans and budgets. Propose these to the Board of Directors for approval and ensure the timely and appropriate reporting of progress according to approved plans and budgets to the Board of Directors on a regular basis.
3. Execute management and control to ensure operational practices align with business policies, objectives, operational plans, and the approved annual budget efficiently and effectively. This involves maintaining a systematic internal control framework and consistently managing risks.
4. Set operating goals, allocate resources in line with business policies and management directives, and monitor the performance of the management team. Provide recommendations for addressing various issues, ensuring that executives and management implement the business plan as outlined in accordance with the Company's policies.
5. Define the organizational structure, and management methods, including the selection, training, hiring, transfer and termination of employees. Establish salary rates, wages, compensation, bonuses and various benefits for employees within the framework specified by the Company's regulations.
6. Enforce commands, communicate, issue instructions and engage in signing legal documents, contracts, important documents, letters, notices, or any correspondence with other organizations or individuals. This is done to ensure the Company's operations are carried out efficiently and effectively, as assigned and/or delegated by the Board of Directors.
7. Possess the authority to delegate and/or assign others to perform specific tasks on their behalf, either through delegation and/or assignment within the scope outlined in the letter of authorization. The aforementioned delegation, and/or assignment, shall be within the scope of the power as defined in the power of attorney and/or in accordance with the regulations, terms or orders set by the Company's Board of Directors and/or the Company. Such delegation, duties, and responsibilities of the CEO shall not involve delegating authority or assignments that could enable the CEO or the delegate to approve transactions in which they, or persons with whom they may have a conflict of interest, stand to gain a



benefit or may have any other conflicting interests with the Company or its subsidiaries (as defined in the announcements of the Securities and Exchange Commission or Capital Market Supervisory Board). The presented transactions must be submitted for consideration and approval (if applicable) at a meeting of the Board of Directors or shareholders, as required by the Company's regulations or relevant laws unless it is a routine commercial transaction of the Company that complies with the policies and criteria approved by the Board of Directors.

8. Be a leader and conduct oneself as an exemplary model following the ethical and Code of Conduct of the Company. This includes promoting, overseeing, and monitoring sustainable management practices, good corporate governance, social responsibility, and compliance with measures and practices against corruption.
9. Possess authority, duties, and other responsibilities as assigned or in accordance with policies assigned by the Company's Board of Directors.

#### **6.1.2 Policies and Practices Related to Shareholders and Stakeholders' Rights**

The Company respects the fundamental rights of shareholders and diligently considers shareholders' rights. The Company is committed to providing shareholders with sufficient and appropriate information, supporting their right to participate and vote at meetings, and refraining from any actions that may violate shareholders' rights, in accordance with the Company's good corporate governance policies resolved at the meeting No. 6/2022 on October 19, 2022.

#### **Shareholders Meeting**

The Company has scheduled an annual shareholders' meeting to be held within a period not exceeding 4 months from the end of the fiscal year. In urgent cases that require prompt attention and may impact the shareholders' benefits, the Company may call for an extraordinary meeting on a case-by-case basis.

The Company has provided an opportunity for shareholders to submit additional agenda items and propose candidates for directors in advance of the shareholders' meeting for a period of 3 months from October 16, 2023, to January 16, 2024. Additionally, investors are allowed to submit questions in advance of the meeting from March 1, 2024, to March 22, 2024.

#### **Anti-Corruption Policy**

The Company establishes an organizational culture that raises awareness of the dangers of corporate corruption, promotes ethical values, and enhances confidence among all stakeholders. This is aimed at effectively combating corporate corruption, with the following details:

1. Guidelines for Anti-Corruption Practices



- 1.1. Directors, executives, and employees of the Company must adhere to the following guidelines:
  - 1.1.1. Adhere to the practices outlined in this Anti-Corruption Policy, business ethics, as well as the rules, regulations, and provisions of the Company strictly. They must not engage in any form of corruption, whether directly or indirectly.
  - 1.1.2. Do not engage in any actions that indicate an intention to commit corruption, including giving or receiving benefits in connection with individuals associated with the corporate group, in matters for which one has a responsibility, both directly or indirectly to obtain benefits for the organization, oneself, or any related parties.
  - 1.1.3. Do not overlook or ignore instances of corrupt practices related to the Company. When such actions are observed, it is the duty to report them to the responsible individuals and collaborate in verifying the various facts.
  - 1.1.4. Has the duty and responsibility to oversee and utilize the Company's assets for the maximum benefit of the Company, and not to use them for personal or other related parties' benefits.
- 1.2. The Company will provide protection to individuals who reject corruption or report incidents of corruption to the Company.
- 1.3. Individuals engaged in corruption, which is a violation of ethical principles, will be subject to penalties per the Company's regulations and may face legal consequences.
- 1.4. The Company establishes appropriate and efficient internal audit processes and control systems consistently, including in financial, accounting, data recording, and other areas. Additionally, the Company implements risk management systems to prevent corruption.
- 1.5. The Company implements human resource management processes that reflect its commitment to anti-corruption measures and places importance on disseminating knowledge and awareness to personnel within the organization regarding practices to counter corruption.
2. Procurement Practices Guidelines
  - 2.1. Departments engaged in procurement activities must adhere to the criteria or procedures specified in the Company's Operations Manual for the procurement process. Procurement actions should be carried out by authorized personnel who make impartial decisions toward relevant parties. Consideration should be given to the reasonableness of prices, quality, and services obtained, while also taking into account



the various standards that sellers of goods or services should meet, such as environmental standards.

- 2.2. Departments involved in procurement must not engage in businesses that could bring benefits to themselves by exploiting their position in the procurement process, either directly or indirectly. They should not use information obtained from procurement for personal or others' benefits.
- 2.3. Directors, executives, and employees of the Company are strictly prohibited from having any interest that could provide advantages in bidding or mutual agreement during the bidding process with government or private entities. This refers to any act that creates an advantage or receives undue benefits in some form in the procurement process or the execution of contracts, both before, during, and after the bidding process, and after the execution of the procurement contract, or to maintain any other inappropriate benefits in a manner inconsistent with business ethics. This includes acts of corruption in any form that lead to gaining advantages or receiving benefits in a similar manner.
3. Practices in Product Sales
  - 3.1. The Company does not have a policy to provide assistance, support, or act as an agent issuing sales documents on behalf of the Company or engaging in any activities with individuals or legal entities to mislead others into thinking that it is a normal business operation of the Company.
  - 3.2. The Company does not have a policy to provide assistance, support, or act as an agent for any individual in the sale of products or engage in any activities that may lead others to believe that the Company represents or is associated with the same group as those individuals.
4. Guidelines Regarding Non-Payment of Compensation or Sales Promotion Fees to Individuals or Legal Entities That Are Not Direct Business Partners
  - 4.1. The Company does not have a policy to pay compensation or sales promotion fees to individuals who are not direct business partners.
  - 4.2. If it becomes necessary to pay compensation or sales promotion fees to any business partners, the Company will create a contract to establish the framework for such payments. The agreement will be in written form, mutually agreed upon by both parties, and signed by the authorized signatories.
5. Practices Toward Government Agencies
  - 5.1. The directors, executives, and employees of the Company must adhere strictly to the relevant laws and regulations.



- 5.2. The directors, executives, and employees of the Company must engage in proper communication with government officials and agencies. They should act transparently, avoiding any actions that may encourage government officials to act or refrain from acting in a way that benefits the Company.
- 5.3. Getting acquainted or fostering positive relationships among themselves during opportunities, festivals or customary traditions is encouraged within appropriate boundaries.
- 5.4. Supporting government activities and making donations in assets can be done through a transparent and proper approval process within reasonable limits. It is strictly prohibited for directors, executives, and employees of the Company to give or receive hospitality exceeding 2,000 Baht per person per occasion. The value of gifts, items, or other benefits should not exceed the limits set by the National Anti-Corruption Commission, which is specified at no more than 3,000 Baht.
6. Practices on Giving or Receiving Hospitality, Gifts, Items, or Other Benefits to or from Customers, Partners, and Other Beneficiaries
  - 6.1. Directors, executives, and employees are prohibited from giving or receiving hospitality and gifts, items, or other benefits from individuals involved in the business, customers, creditors, partners, collaborators, business allies, and other beneficiaries unless such giving or receiving is in accordance with business customs, cultural norms, or social etiquette, deemed acceptable and reasonable. However, it must align with policies, regulations and customary practices on each occasion, with the preservation of evidence of expenditure. Actual expenses must be recorded and receipts or certificates must be maintained for subsequent verification.
  - 6.2. No receiving or providing items or other benefits to individuals involved in the business that may unduly influence decision-making or have the intention to induce improper actions or omissions, or to exchange for undeserved privileges.
7. Practices on Giving Hospitality or Gifts to Government Agencies and Officials
  - 7.1. Giving hospitality or gifts to government agencies or officials must not occur on each occasion with a value exceeding the legal limit, and such expenses must not be made to incentivize government officials to undertake duties that are not in line with their responsibilities or make any decisions for the benefit of the business interests of the Company. Additionally, there must be documentation of the expenses incurred, reflecting the actual expenditures, along with receipts or supporting certificates.



- 7.2. Certification expense or gifts as per business etiquette, it should be used appropriately and as actual expenses. In this regard, reports and/or approval requests should be submitted following the approval authority table.
- 7.3. The disbursement of expenses for hospitality or gifts must not include expenses for individuals in the employee's family.
- 8. Practices for Charitable Donations and Financial Support
  - 8.1. Support for charitable donations and financial assistance for community and social development, aimed at improving quality of life, building the economy, and strengthening communities and society through donations to charitable causes or other organizations, involve a process of consideration and approval by the Company's board or authorized individuals. The Company shall create a request form specifying the recipient of the donation, the recipient of financial support, and the purpose of the donation or support. All relevant documents shall be attached and submitted for approval by the authorized individuals of the Company, considering the approval levels of the Company. The process should include verification, monitoring, evidence, or documentation from the receiving organization to ensure that the use of funds aligns with the intended purpose.
  - 8.2. Being a supporter is one way to promote the business of the Company, different from charitable donations, and can take various forms such as supporting cultural, artistic, educational activities, and more.
  - 8.3. Director Executives and employees, subsidiaries, and related individuals must exercise caution to ensure that donations for charity and support do not serve as a means to evade providing bribes or offering benefits or returns to any specific individual. This includes avoiding motivations to engage in improper conduct, omitting any actions that violate laws, deviating from ethical frameworks, and not in the form of altering benefits to induce individuals or organizations receiving donations to engage in purchasing products or services from the Company or enter into contracts or proposals for business-related returns, or personal benefits for directors, executives, and employees of the Company. All actions must be conducted transparently and in accordance with applicable laws.
- 9. Practices in Political Activity Support
  - 9.1. The Company does not have a practice of providing assistance, support, or representing any political party in various public activities, whether financially or in any other form. This includes refraining from any actions that may lead others to believe that the



Company is involved in or supports political activities or parties or any individuals with political power, directly or indirectly.

- 9.2. In the event that the Company wishes to provide political support to promote democracy, such support must not violate relevant laws or be undertaken with the expectation of receiving special treatment. In supporting such activities, a request form must be prepared, specifying the name of the recipient and the purpose of the support, along with all necessary supporting documents, for approval by the management committee.
- 9.3. Director, Managers and employees of the Company have the right and political freedom in accordance with the law, but they must not undertake any actions that would compromise the neutrality of the Company or cause harm to the Company due to political involvement.
- 9.4. Director, Managers and employees of the Company shall not engage in political activities within the Company, including the use of any Company resources for such activities.

#### Whistleblowing and Reporting Complaints Regarding Corruption

Receiver: Chairman of the Audit Committee

By Email: [fraud-complaint@bangkoklab.co.th](mailto:fraud-complaint@bangkoklab.co.th)

By Mail: Bangkok Lab and Cosmetics Public Company Limited.

48/1 Village No. 5, Nong Chae Sao Road, Nampu Sub-district, Mueang District,  
Ratchaburi Province, 70000

In 2023, training and knowledge-sharing sessions on anti-corruption were conducted for employees. The information reached all departments, with an overall awareness rate of 88% reported through Google Form. In the same year, there were no complaints or reports received from external sources, whether through email or postal mail. Additionally, there were no notifications or information provided by the Securities Commission's office and the Stock Exchange to clarify news or information.

#### **Policy on Preventing Conflicts of Interest**

The corporate group places importance on transparent consideration of various transactions for the benefit of both the Company and its shareholders. Therefore, emphasis is given to preventing transactions that may constitute conflicts of interest, whether they are related or unrelated transactions. Prohibitions and considerations have been outlined to ensure that the board,





executives, and employees of the Company understand how to adhere to the Conflicts of Interest Policy. Additionally, the terms used in this policy are to be interpreted according to laws related to public limited companies, securities markets and the stock exchange, criteria announcements, and regulations of the Securities and Exchange Commission and Capital Market Supervisory Board, Office of the Securities and Exchange Commission (hereinafter “SEC”) and the Stock Exchange of Thailand (“Stock Exchange”) (“Securities Law”).

1. The Company secretary is responsible for coordinating the preparation of documents disclosing the direct and indirect interests in the profits of the directors, executives, employees and individuals associated with such persons. This disclosure is done regularly every year or when there are significant changes in the disclosed details, as in the following examples. The Company secretary will collect and report to the Board of Directors for acknowledgment at least once a year.
  - Investments or benefits in business dealings with partners conducting business with the Company or customers of the Company.
  - Holding any position or even acting as a consultant for merchants doing business with the Company or customers of the Company.
  - Engaging in the trade of goods or services with the Company or its subsidiaries, directly or indirectly, or through others.

Moreover, the Company has assigned the accounting and finance department the responsibility to examine transactions involving conflicts of interest. The examination will cover directors, executives, employees, and/or individuals associated with those persons. The findings will be presented to the Audit Committee and the Board of Directors for acknowledgment at least once a year.

2. Avoid engaging in transactions involving oneself and/or related parties that may result in a conflict of interest with the Company and its subsidiaries. Refrain from actions that could undermine the interests of the Company or its subsidiaries or seek personal and/or related party benefits. In cases where such transactions are necessary, present the details to the Audit Committee for consideration before proposing approval to the Board of Directors, following the guidelines for good corporate governance and compliance with securities laws, as well as ensuring compliance with securities laws regarding related transactions and the policy on interrelated transactions, or the Company’s related transactions.
3. Must not participate in expressing opinions and approving matters in which one has a direct or indirect conflict of interest or financial interest.
4. Must oversee and ensure that the Company and management disclose information about transactions that may pose a conflict of interest to stakeholders, individuals with conflicting



interests, and relevant parties accurately, completely, and on time. The Board of Directors must ensure that the Company and its subsidiaries disclose information according to the criteria regarding related transactions set by the SEC and the Stock Exchange. More details can be found in Section 2, Clause 9.2.1, Information on the List of Persons who May Have Conflicts of Interest.

5. The following actions, which result in the directors, executives, employees, and/or related individuals of the mentioned persons receiving financial benefits beyond what is rightfully due or causing harm to the Company or its subsidiaries, shall be presumed as significant actions conflicting with the interests of the Company and its subsidiaries:
  - Engaging in transactions between the Company or its subsidiaries and directors, executives, employees, and/or related individuals of the aforementioned persons that do not comply with the criteria for related transactions.
  - Using information obtained from the Company or its subsidiaries unless it is information that has already been disclosed to the public.
  - Using the assets or business opportunities of the Company or its subsidiaries in a manner that violates securities laws.
6. In the case of regular transactions with a trade agreement that involves general trading terms in the same manner that a reasonable person would act toward a contracting party in a similar situation with the authority to negotiate commercial terms independent of any influence stemming from their status as directors, executives, and/or persons related to the mentioned individuals, as previously approved by the Board of Directors, a summary of such transactions should be prepared for acknowledgment by the Audit Committee and the Board of Directors, providing comments on a quarterly basis when such transactions occur.
7. For transactions that are not routine and involve related transactions, which are not considered normal transactions, the Audit Committee shall be responsible for reviewing and providing opinions on the necessity and appropriateness of entering into such transactions and the reasonableness of their prices before proceeding. The committee shall ensure compliance with securities laws regarding related transactions and the policy on interrelated transactions, or the Company's related transactions.
8. Supervise and take responsibility to ensure that the Company and its subsidiaries have internal control systems, risk management systems, and a suitable anti-corruption framework that is efficient and sufficiently stringent to provide confidence that various operations of the Company and its subsidiaries comply with various policies, regulations, laws, and guidelines related to good corporate governance of listed companies. This includes relevant regulations and criteria from the Capital Market Supervisory Board, the SEC, and the Stock Exchange.



9. The Board of Directors must oversee that the Company and its subsidiaries comply with securities laws and other relevant regulations. Additionally, they should ensure the disclosure of information in accordance with the standards set by the Stock Exchange and other relevant authorities.
10. Avoid engaging in, operating, investing, holding shares, being a director or executive, or serving as an advisor, whether directly or indirectly, in companies conducting similar business to that of the Company or its subsidiaries, or in businesses that are competitors of the Company or its subsidiaries. Holding shares or serving as a director, executive or advisor in other companies may be permissible if it can be demonstrated that holding shares or holding such positions does not conflict with the interests of the Company or its subsidiaries and performing duties in the Company or its subsidiaries, and complies with the criteria specified in the laws on public limited companies and securities laws.
11. Promote employees' understanding and participation in preventing conflicts of interest through internal email channels and the Company's LINE Official communication. All personnel at every level of the Company must adhere strictly to the policies and guidelines disclosed by the Company.

#### **Policy on Internal Data Usage and Securities Trading by Directors, Executives and Employees**

The corporate group is aware of and emphasizes the protection of rights and the confidence-building of investors and shareholders regarding the securities of the Company. To comply with the Securities and Exchange Act and relevant regulations concerning internal data usage and prevention of unfair practices related to securities trading, the Company's board has established a policy on internal data usage and securities trading for directors, executives, and all employees to acknowledge and adhere to.

1. The Company is responsible for providing information to the directors and executives of the Company regarding their duties in reporting securities ownership, reporting changes in securities ownership, and reporting the acquisition or disposition of the Company's securities by themselves, their spouses, or cohabiting partners, as well as their minor children who have not reached legal age, to the Securities and Exchange Commission ("SEC"), following the criteria specified in the Securities and Exchange Act.
2. The directors and managers of the Company, including spouses, cohabiting partners, and minor children who have not reached legal age, are responsible for preparing and disclosing reports on securities ownership, reporting changes in securities ownership and reporting the acquisition or disposition of the Company's securities to the SEC office. This should be done according to the criteria specified in the Securities and Exchange Act, and copies of these reports should be delivered to the Company on the same day they are submitted to the SEC office.



3. Director, Managers and employees of the Company, including other individuals suspected of having knowledge or possession of undisclosed information, are prohibited from using or disclosing information, which has not yet been disclosed to the public and is deemed material to the change in the price or value of securities (hereinafter referred to as “insider information”). This prohibition applies whether directly or indirectly, with the understanding or awareness that such individuals may use the information for trading securities, either for themselves or others, unless it is done in a manner not intended to disadvantage others, consistent with the regulations announced by the Securities and Exchange Commission (“SEC”).
4. Director, Managers and employees are prohibited from making statements, disseminating or certifying false or misleading information that could potentially cause material misrepresentation regarding financial status, operational results, securities trading prices, or any other information related to the Company, in a manner that may impact the securities’ prices or investment decisions in securities.
5. information about the Company are prohibited from utilizing information known to be false or incomplete which may cause material misrepresentation in essentials for analysis or forecasting. It is also forbidden to neglect considering the accuracy of such information or to distort information used in analysis or forecasting. Furthermore, disclosing or expressing opinions on such analysis or forecasting to the public, in a manner likely to impact securities prices or investment decisions in securities.
6. The Company’s Board of Directors, executives and employees are prohibited from engaging in the buying or selling of securities or disclosing information during the 1-month period before financial statements or other information that may affect the securities’ prices are made public. They must refrain from trading securities until 24 hours have passed since the information was disclosed to the public. In cases where compliance with legal requirements or court orders is necessary, a record of the reasons must be prepared and presented to the Company’s Board of Directors.
7. The Company’s Board of Directors, executives, and employees, as well as former board members, executives, and employees, are prohibited from disclosing internal or confidential information of the Company, including confidential information about the Company’s business partners, obtained during the performance of their duties, to external parties, regardless of whether such disclosure leads to harm to the Company or its business partners.
8. Director, Managers and employees of the Company, as well as former directors, executives, and employees, are responsible for maintaining the confidentiality and/or internal information of the Company. They are obligated to use the internal information of the Company for the benefit of the Company’s operations only. It is strictly prohibited for the directors, executives, and employees of the Company to use the confidential and/or internal



information of the Company for personal gain or the benefit of others, directly or indirectly, whether or not they receive compensation.

9. Director, Managers and employees of the Company who have internal information should exercise caution in organizing documents, making copies of documents, and, including the destruction of documents. The storage, and deletion of electronic confidential information should be done only when necessary, as it may be disclosed or misused improperly.
10. Director, Managers and employees of the Company who have confidential or internal information should exercise caution when discussing or negotiating such information with individuals inside or outside the organization to prevent unauthorized persons from gaining access to the information.
11. To ensure that the Company has a good internal control system to prevent the leakage of confidential or internal information, the Company has categorized individuals/agencies with access to confidential or internal information. This is done to limit the number of individuals/agencies that can access or are involved with confidential or internal information due to their job responsibilities.
12. The Company will consider appropriate penalties, ranging from verbal warnings, written warnings, and suspension without pay for up to 7 days, to termination of employment. The imposition of penalties will be based on the intent and severity of the misconduct. Nevertheless, there have been no previous instances of stock trading using insider information by the Company's directors and executives. There has been a diligent adherence to the internal information usage and securities trading policies.

## **6.2. Code of Conduct**

To ensure the efficient operation of Bangkok Lab & Cosmetic Public Company Limited ("the Company") and the attainment of the stated objectives and goals, including conducting business based on responsibility, transparency, and integrity, the Company has established a code of conduct for the directors, executives, and employees to adhere to as a guideline, as follows:

### **Section 1: Code of Conduct for Directors, Executives, and Employees**

1. Compliance with laws and relevant regulations.
2. Ethical conduct.
3. Fulfillment of responsibilities.
4. Maintenance of the Company's confidential information.
5. Safeguarding of the Company's assets and information.
6. Exercise of social and political rights.



## Section 2: Code of Conduct for the Company

1. Treatment of Shareholders and Investors.
2. Treatment of Customers.
3. Treatment of Business Partners and/or Creditors.
4. Treatment of Competitors in the Business Sector.
5. Treatment of Employees.
6. Treatment of Governmental Agencies.
7. Treatment of Communities, Society, and the Environment.

For detailed information on the code of conduct, please refer to Attachment 5 Policies and Guidelines for Corporate Governance and Code of Conduct.

### **6.3. Changes and significant developments in policies, practices, and corporate governance systems over the past year.**

#### **6.3.1. Changes and significant developments related to the review of policies, practices, and corporate governance systems or board charters over the past year.**

- a. Review of the Company's board charter, sub-committee charters, scope, authority, and duties of the Chief Executive Officer, as well as authority and duties of the Company Secretary.
- b. Review of the Authorization Power Guidelines.
- c. Approval of the following policies:
  - (1) Code of Conduct.
  - (2) Good Corporate Governance Policy.
  - (3) Corporate Social Responsibility Policy.
  - (4) Dividend Distribution Policy.
  - (5) Conflict of Interest Prevention Policy.
  - (6) Anti-Corruption Policy.
  - (7) Whistleblowing Policy.
  - (8) Use of Internal Information and Securities Trading by Directors, Executives, and Employees.
  - (9) Investment and Oversight of Operations in Subsidiaries and Affiliates.
  - (10) Risk Management for the Company Group.
  - (11) Social and Environmental Responsibility Regarding Greenhouse Gas Emissions.
  - (12) Personal Data Protection Policy.
  - (13) Related-Party Transactions or Connected Transactions Policy.



- (14) Succession Planning.
- (15) Internal Control and Internal Audit Policy.
- (16) Information Disclosure and Financial Statement Submission Policy.

d. Appointment of the Company Secretary.

**6.3.2. Matters where the Company has not complied with good corporate governance principles.**

- None

**6.3.3. Practices in other areas following good corporate governance principles.**

The Company conducts an annual review of its good corporate governance policies. Additionally, the Company organizes activities for analysts and investors to understand the business and inquire about the Company's performance in the year 2023.

Meeting with analysts for the third quarter of 2023 on November 24, 2023.

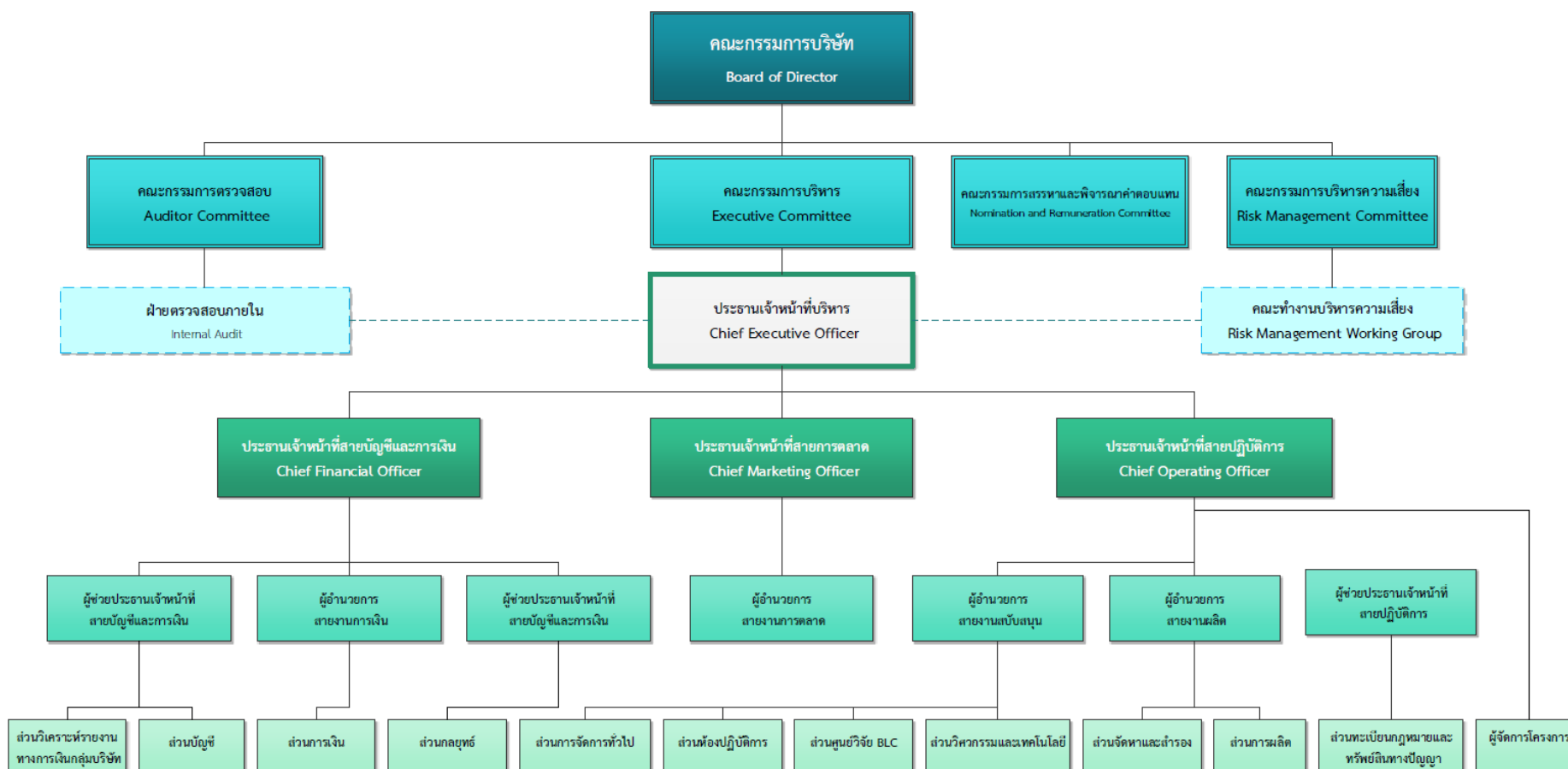
Opportunity Day for the third quarter of 2023 on November 29, 2023.

Factory visits after listing on the stock exchange conducted three times.





## 7. Corporate Governance Structure





### 8.1. Corporate Governance Structure

The Company has a management structure approved at the 5/2023 Board Meeting on November 13, 2023, as follows:

The Board of Directors has established four sub-committees to oversee various matters, as follows:

1. Audit Committee.
2. Executive Committee.
3. Risk Management Committee.
4. Nomination and Remuneration Committee.

The Company appointed Dharmniti Internal Audit Company Limited as the internal control system evaluator, through an annual contractual agreement for internal control system evaluation, terminating in December 2023. The Company maintains a policy for continuous engagement of external evaluators for the internal control system.

**Table of Approval Authority for Important Matters**

	Chief Executive Officer	Executive Committee	Board of Directors	Shareholders
Annual Budget	-	-	✓	-
Approval for Budget Increase – During the Year	≤ 1 million baht	≤ 3 million baht	> 3 million baht	-
Fixed Asset Procurement according to Capital Expenditure	≤ 5 million baht	≤ 10 million baht	Size of Transaction < 50% <sup>1</sup>	Size of Transaction ≥ 50% <sup>1</sup>
Sale of Fixed Assets	≤ 0.5 million baht	≤ 1 million baht	Size of Transaction < 50% <sup>1</sup>	Size of Transaction ≥ 50% <sup>1</sup>
Short-term Investments	≤ 1 million baht	≤ 3 million baht	> 3 million baht	-
Request for Long-term Loan	≤ 10 million baht	≤ 30 million baht	> 30 million baht	-



Refer to the calculation of the transaction size according to the announcement of the Stock Exchange of Thailand Board regarding the disclosure of information and operations of listed companies in the acquisition or disposal of assets B.E. 2547 (2004).

## 8.2. Board of Directors Information

### 8.2.1. Individual Information About the Board of Directors and Controlling Persons

The list of the Company's Board of Directors, totaling seven individuals, is as follows:

Name	Position
1. Mr.Wanchai Sutananta	Chairman / Independent Director / Chairman of the Audit Committee / Chairman of the Nominating and Remuneration Committee
2. Mr.Worathep Gorgitpoonpol	Director / Independent Director / Member of the Audit Committee / Member of the Nominating and Remuneration Committee
3. Mr.Thanadol Ruksapol	Director / Independent Director / Member of the Audit Committee / Chairman of Risk Management Committee
4. Mr.Suvit Ngampoopun	Director / Chairman of Executive Director / Member of the Nominating and Remuneration Committee
5. Mr.Subhachai Saibour	Director / Executive Director / Member of Risk Management Committee
6. Mr.Somchai Phisphahutharn	Director / Executive Director / Member of Risk Management Committee
7. Mr. Suraslip Ngampoopun	Director / Executive Director

Notes: :

- All board members were appointed at the Extraordinary Shareholders' Meeting No. 2/2022 on November 9, 2022, to assume their positions following the Company's conversion into a public limited company. All 7 board members were appointed to their positions since the Company has become a limited company. Board members 1-3 and 7 were appointed at the Extraordinary Shareholders' Meeting No. 1/2020 on December 9, 2020, while board members 4-6 were appointed on October 16, 1992 (since the Company's establishment).
- There are 4 non-executive board members, namely board members 1-3 and 7.
- The Company's Board of Directors possess appropriate capabilities for the Company's operations and maintain a balanced distribution of power between Management and the Board of Directors, with the Chairman of the Board being an independent director.

Directors authorized to sign on behalf of the Company

Directors authorized to sign on behalf of the Company are Mr. Suvit Ngampoopun, Mr. Somchai Phisphahutharn, and Mr. Subhachai Saibour. Two out of the three directors sign collectively and affix the Company's official seal.

Details of attendance at the Board of Directors meetings for the years 2021 to 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021 <sup>1</sup>	2022	2023
1. Mr. Wanchai Sutananta	7/8	6/7 <sup>2</sup>	6/6
2. Mr. Worathep Gorgitpoonpol	7/8	7/7	6/6
3. Mr. Thanadol Ruksapol	7/8	7/7	6/6
4. Mr.Suvit Ngampoopun	8/8	7/7	6/6
5. Mr. Subhachai Saibour	8/8	7/7	6/6
6. Mr.Somchai Phisphahutharn	8/8	7/7	6/6
7. Mr. Suraslip Ngampoopun	8/8	7/7	6/6

Notes:

<sup>1</sup>Independent directors did not attend the 1/2021 Board of Directors meeting on January 11, 2021, as it was the agenda for considering remuneration, in which independent directors have no interest.

<sup>2</sup> Did not attend the meeting due to personal commitments.

### 8.2.2. Roles and Responsibilities of the Board of Directors

During the Board of Directors meeting No. 6/2022 held on October 19, 2022, the scope of duties and authority of the Board of Directors was defined as follows:

1) Perform duties with a sense of responsibility, diligence, and integrity, ensuring compliance with laws, objectives, Company regulations, and resolutions passed at shareholders' meetings. Exceptions are matters that require prior approval from shareholders' meetings before implementation, such as transactions mandated by law to obtain shareholders' approval, related transactions, and significant asset acquisitions or disposals according to the criteria set by the Stock Exchange of Thailand or other government agencies, etc.

2) Supervise the business operations to ensure ethical conduct, such as establishing corporate governance policies, guidelines, and a code of conduct for the directors, executives, and employees of the Company. This includes providing disclosure, setting standards for compliance, and monitoring implementation.

3) Review and approve business policies, objectives, operational plans, business strategies, and the annual budget of the Company. Regularly scrutinize and review the appropriateness of various policies on a yearly basis.



4) Consider and approve the appointment of individuals with qualifications and without disqualifications specified in the Public Company Limited Act B.E. 2535 (1992) (and its amendments), securities laws, and the Stock Exchange of Thailand. This includes compliance with regulations and/or rules related to holding the position of a Company director in cases where the directorship becomes vacant for reasons other than the expiration of the term.

5) Consider the appointment of independent directors, taking into account the qualifications and disqualifications of independent directors as stipulated by securities laws, the Stock Exchange of Thailand, Capital Market Supervisory Board Announcement, and related regulations and/or rules of the Stock Exchange of Thailand. Propose such appointments to the shareholders' meeting for approval, following the recommendations of the Nomination and Remuneration Committee.

6) Consider the appointment of the Audit Committee, ensuring that the members meet the qualifications required by securities laws, the Stock Exchange of Thailand, the Capital Market Supervisory Board Announcement, and relevant regulations and/or rules of the Stock Exchange of Thailand. This is carried out in accordance with the recommendations of the Nomination and Remuneration Committee.

7) Consider the appointment of the Executive Committee, selecting from the Company's Board of Directors, executives, or external individuals. Specify the scope, authority, responsibilities, and duties of the Executive Committee, following the recommendations of the Nomination and Remuneration Committee.

8) Consider appointing other sub-committees to assist in carrying out responsibilities as delegated by the Board of Directors.

9) Consider establishing and amending the list of authorized signatories on behalf of the company.

10) Appoint other individuals to conduct the Company's business under the control of the Board of Directors or delegate authority to ensure that such individuals have authority as deemed appropriate by the Board of Directors within the time frame set by the Board. The Board may cancel, revoke, modify, or amend such authority.

11) Consider approving the acquisition or disposal of the Company's or its subsidiaries' assets, investments in new businesses, and any operations, except that such transactions must receive approval from the shareholders' meeting. In this regard, the consideration for approval will comply with securities and exchange laws, the Capital Market Supervisory Board Announcement, and/or relevant regulations and announcements of the Stock Exchange of Thailand.

12) Consider approving related-party transactions unless such transactions must receive approval from the shareholders' meeting. In this regard, the consideration for approval will comply with securities and exchange laws, the Capital Market Supervisory Board Announcement, and/or relevant regulations and announcements of the Stock Exchange of Thailand.



13) Consider approving the distribution of interim dividends to shareholders when it is deemed appropriate given the Company's profits, and report such dividend payments to shareholders in the next shareholders' meeting.

14) Ensure the preparation of the financial statements as of the year-end of the Company's accounting period, audited by an auditor, for presentation at the Annual General Meeting of Shareholders and approval.

15) Ensure the preparation of financial statements as of the quarter-end of the Company's accounting period, subject to review by the auditor.

16) Perform any other duties related to the Company's operations as assigned by the shareholders.

### 8.3. Sub-committee Information

The Board of Directors has appointed four sub-committees, namely the Audit Committee, Executive Committee, Risk Management Committee, and Nomination and Remuneration Committee.

#### 8.3.1. Audit Committee

The Audit Committee consists of three independent directors, as follows:

Name	Position
1. Mr. Wanchai Sutananta	Chairman of the Audit Committee
2. Mr. Worathep Gorgitpoonpol	Member of the Audit Committee
3. Mr. Thanadol Ruksapol	Member of the Audit Committee

Note: All directors were appointed during the Board of Directors meeting no. 6/2022 on October 19, 2022. These appointments were made to fulfill their roles following the transformation into a public limited company. All committee members were originally appointed as Audit Committee members during the Board of Directors meeting no. 2/2021 on January 27, 2021.

Mr. Thanadol Ruksapol serves as an Audit Committee member, bringing sufficient knowledge and experience in accounting and finance to assess the reliability of financial statements (please refer to Dr. Thanadol Ruksapol's experience details in Attachment 1). Additionally, Ms. Pattharanan Chuvangcha holds the position of Audit Committee Secretary, appointed during the Board of Directors meeting no. 6/2022 on October 19, 2022.

An Audit Committee member holds the position for a term aligned with the Company director's term, which is every 3 years. The conclusion of the term occurs at the Annual General Meeting of Shareholders. If an Audit Committee member, upon completion of the term, is not automatically re-elected but is instead appointed by the Board of Directors to resume the position, they may serve for additional terms, not exceeding three consecutive terms. The outgoing committee member who has completed the term retains the role temporarily until a replacement is appointed unless the outgoing member has completed the full term but is not re-elected to



return. In the event that the position of an Audit Committee member becomes vacant, resulting in the number of members being less than three, the Board of Directors or the shareholders' meeting, following the Nomination and Remuneration Committee's recommendations, shall appoint a qualified individual without disqualifications to serve as an Audit Committee member, ensuring the committee's completeness as per legal requirements promptly or, at the latest, within 3 months from the date the membership falls below the required number. The newly appointed Audit Committee member will serve for the remaining term of the replaced committee member.

The Audit Committee shall possess the following qualifications:

1. The Audit Committee, appointed by the Board of Directors or the shareholders' meeting of the Company, in accordance with the recommendations of the Nomination and Remuneration Committee, shall consist of not less than three independent members, including a Chairman of the Audit Committee, selected by the Board of Directors or the Audit Committee, and at least two other Audit Committee members. At least one member must have knowledge, understanding, and experience in accounting or finance, with the ability to audit the reliability of financial statements. This member should have continuous knowledge related to factors affecting financial reporting changes, and ongoing development of accounting or financial knowledge to assess the impact on the reliability of financial statements.
2. Audit Committee members must not hold shares in the Company or hold shares not exceeding 1% of the total voting shares of the Company, its subsidiaries, affiliates, major shareholders, or controlling persons. In this regard, the shareholding of individuals related to each Audit Committee member should be cumulatively considered.
3. Audit Committee members must not be, or have been, involved in the management of the Company, including not being or having been an employee, consultant receiving a fixed monthly salary, or a controlling person of the Company, its subsidiaries, affiliates, or major shareholders of the Company or the controlling persons, unless exempted from such characteristics for a period of at least 2 years prior to their appointment. This prohibition does not include cases where the Audit Committee members were or are civil servants or consultants for government agencies that are major shareholders or controlling persons of the Company.
4. Audit Committee members must not have any blood relations or be registered under the law in a capacity such as parents, spouses, siblings, and children, including the spouses of the children, of other board members, executives, major shareholders, controlling persons, or individuals proposed to become directors, executives, or controlling persons of the Company or its subsidiaries.





5. Audit Committee members must not have or have had any business relationships with the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company in a manner that could impede the independent judgment of the Committee members. Additionally, they must not have been or currently be shareholders with a significant interest, or controlling persons of those with business relationships with the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company unless exempted from such characteristics at least 2 years prior to their appointment.

The business relationship, as stated in the first paragraph, includes engaging in regular commercial transactions to support business operations, leasing or renting real estate, transactions related to assets or services, and providing or receiving financial assistance through loans, guarantees, asset-based collateral, or similar financial support. This has led to a debt obligation of at least 3% of the Company's net tangible assets or an amount exceeding 20 million baht, whichever is lower.

In this regard, the calculation of this debt obligation shall follow the valuation method specified in the Capital Market Supervisory Board Announcement regarding criteria for related transactions based on reasonable practices. Furthermore, in assessing the debt obligation, all debts incurred during the one-year period prior to the date of establishing the business relationship with the same individual should be included.

In this regard, the calculation of this debt obligation shall follow the valuation method specified in the Capital Market Supervisory Board Announcement regarding criteria for related transactions based on reasonable practices. Furthermore, in assessing the debt obligation, all debts incurred during the one-year period prior to the date of establishing the business relationship with the same individual should be included.

1. Audit Committee members must not be, or have been, an auditor of the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company. They must not be a shareholder with a significant interest, a controlling person, or a partner in the auditing office that has audited the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company, unless exempted due to not having held such characteristics for a minimum of 2 years before the appointment.
2. Audit Committee members must not be, or have been, a professional service provider, including providing legal or financial consulting services, that received remuneration exceeding 2 million baht annually from the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company. They must not be a shareholder with a significant interest, a controlling person, or a partner in the service provider's shares unless



exempted due to having not held such characteristics for a minimum of 2 years before the appointment.

3. Audit Committee members must not be a director appointed to represent the director of the Company, major shareholders, or shareholders associated with the major shareholders of the Company.
4. Audit Committee members must not engage in a business that is of a similar nature and competes with the business of the Company or its subsidiaries, or be a partner with interests in a partnership, or be a director who actively participates in the management, an employee, a consultant receiving a regular salary, or hold shares exceeding 1% of the total voting shares of another company that operates a similar and competing business with that of the Company or its subsidiaries.
5. Audit Committee members must not have any other characteristics that would compromise their ability to provide independent opinions on the Company's operations.

Following their appointment as an Audit Committee member in accordance with points 2) to 10), the Audit Committee members may be assigned by the Board of Directors to make decisions regarding the operations of the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company, utilizing a collective decision format.

1. Not being a director appointed by the Board of Directors to make decisions regarding the operations of the Company, its subsidiaries, affiliates, major shareholders, or controlling persons of the Company.
2. Not being a director of subsidiaries, specifically listed companies.
3. Audit Committee members must possess other qualifications as stipulated by the Capital Market Supervisory Board, the Stock Exchange of Thailand, and/or the Securities and Exchange Commission.
4. The Board of Directors or the Audit Committee appoints the Secretary of the Audit Committee to assist in the committee's operations regarding meeting appointments, agenda preparation, document submission, meeting proceedings, minutes recording, and other tasks as delegated by the Audit Committee.



Details of attendance at Audit Committee meetings for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr. Wanchai Sutananta	5/5	4/5*	5/5
2. Mr. Worathep Gorgitpoonpol	5/5	5/5	5/5
3. Mr. Thanadol Ruksapol	5/5	5/5	5/5

\* Did not attend the meetings due to personal commitments.

### Roles and Responsibilities of the Audit Committee

- 1) Verify that the Company reports its financial information accurately and adequately discloses it.
- 2) Ensure that the Company has appropriate and effective internal control and internal audit systems and assess the independence of the internal audit unit (or company), as well as providing approval for the appointment, transfer, or termination of the head of the internal audit unit (or company).
- 3) Supervise to ensure there is a process for employees to report concerns regarding inappropriate financial reporting or other issues.
- 4) Examine to ensure that the Company complies with securities and exchange laws, stock market regulations, and laws related to the Company's business.
- 5) Prepare the Audit Committee's report for presentation to the Board of Directors, disclosed in the One Report (Form 56-1) of the Company. The report, signed by the Audit Committee Chairman, includes the following information:
  - Comments on the accuracy, completeness, and reliability of the Company's financial reports.
  - Comments on the adequacy of the Company's internal control system.
  - Comments on compliance with securities and exchange laws.
  - Comments on stock exchange regulations or laws related to the Company's business.
  - Comments on the suitability of the auditors.
  - Comments on items that may have conflicting interests.
  - Number of Audit Committee meetings and attendance of each committee member.
  - General comments or observations made by the Audit Committee during the performance of its duties according to the charters.
  - Other items that shareholders and general investors should be aware of within the scope of responsibilities assigned by the Board of Directors.



- Other actions as assigned by the Company's directors with the approval of the Audit Committee.
- 6) Perform any other duties as required by law or within the scope of authority, duties, and responsibilities defined in the charters or as assigned by the Board of Directors, with the approval of the Audit Committee.

### 8.3.2. Executive Committee

The Executive Committee consists of a total of 12 members, as follows:

Name	Position
1. Mr. Suvit Ngampoopun	Chairman of Executive Director
2. Mr. Subhachai Saibour	Member of Executive Director
3. Mr. Somchai Phisphahutharn	Member of Executive Director
4. Mr.Surasilp Ngampoopun	Member of Executive Director
5. Mr.Alongkorn Leela-Uppatikarn	Member of Executive Director
6. Mr. Wongsatorn Ngam-Anek	Member of Executive Director
7. Mr.Rachain Sittisang	Member of Executive Director
8. Ms. Anuporn Pattravanichkun	Member of Executive Director
9. Ms.Supaporn Kumyoo	Member of Executive Director
10. Ms.Woranuch Kongsupapsiri	Member of Executive Director
11. Ms. Phiraya Chanpatya	Member of Executive Director
12. Mr.Pakorn Thongklawe	Member of Executive Director

Notes :

- Ms. Woranuch Kongsupapsiri was appointed at the Board of Directors meeting no. 5/2022 on August 15, 2022.
- Mr. Surasilp Ngampoopun was appointed at the Board of Directors meeting no. 6/2022 on October 19, 2022.
- Ms. Phiraya Chanpatya and Mr. Pakorn Thongklawe were appointed at the Board of Directors meeting no. 7/2022 on November 14, 2022. The Excom meeting no. 11/2022 was held on November 11, 2022.

Details of the Executive Committee meeting attendance for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr. Suvit Ngampoopun	8/8	12/12	11/11
2. Mr. Subhachai Saibour	8/8	12/12	11/11
3. Mr. Somchai Phisphahutharn	8/8	12/12	11/11
4. Mr.Surasilp Ngampoopun	-	0/12*	10/11
5. Mr.Alongkorn Leela-Uppatikarn	8/8	12/12	11/11
6. Mr. Wongsatorn Ngam-Anek	8/8	12/12	11/11



Name	Number of meetings attended/total meetings		
	2021	2022	2023
7. Mr.Rachain Sittisang	8/8	12/12	11/11
8. Ms. Anuporn Pattravanichkun	8/8	12/12	11/11
9. Ms.Supaporn Kumyoo	8/8	12/12	11/11
10. Ms. Woranuch Kongsupapsiri	-	4/12*	11/11
11. Ms. Phiraya Chanpatya	-	1/12*	11/11
12. Mr.Pakorn Thongklawe	-	1/12*	11/11

Notes : \*The aforementioned Executive Committee members were recently appointed to their positions. The 4th-ranking Executive Committee member was appointed at the Board of Directors meeting no. 6/2022 on October 19, 2022. The 10th-ranking Executive Committee member was appointed at the 5th/2022 committee meeting on August 15, 2022, and the 11th and 12th ranking Executive Committee members were appointed at the Board of Directors meeting no. 7/2022 on November 14, 2022

### Roles and Responsibilities of the Executive Committee

- 1) Establish policies, objectives, strategies, operational plans, annual budgets, and managerial authorities of the Company for presentation to the Board of Directors for approval.
- 2) Supervise the Company's business operations in accordance with the objectives, regulations, rules, requirements, directives, policies, goals, strategies, operational plans, and annual budgets approved by the Board of Directors, Board of Directors' meeting resolutions and/or resolutions at shareholders' meetings, ensuring effectiveness and alignment with business conditions. Provide advice and guidance on senior management, including approving appointments of necessary consultants within the framework of the budget approved by the Board of Directors.
- 3) Consider and approve normal business operations of the Company and its subsidiaries, including expenditures for investments, financial transactions with financial institutions for account opening, loans, pledges, guarantees, and any other transactions, including buying/selling or registering land rights for the normal course of business of the Company and its subsidiaries. This is subject to the approved financial limit and/or the Table of Authority set by the Board of Directors.
- 4) Establish the organizational structure of the Company at the management level and ensure efficient management, covering the selection, training, hiring, and termination of employees, including executives and senior management of the Company. This may include delegating the authority to the Chief Executive Officer, the Chief Administrative Officer, the Managing Director, or Assistant General Managers of the Company, empowering them to act on behalf of the Company and sign labor contracts.
- 5) Supervise and approve matters related to the Company's operations and may appoint or delegate any individual or individuals to perform any acts on behalf of the Executive



Committee as deemed appropriate. The Executive Committee has the authority to revoke, modify, or amend such powers.

- 6) Review and provide recommendations on matters requiring approval from the Board of Directors, except for activities for which the Board of Directors has assigned another sub-committee to act as the executor.
- 7) Present candidates for the role of Company Secretary to the Company for consideration, subject to approval by the Executive Committee.
- 8) Perform any other duties as assigned by the Board of Directors.

The delegation of authority, duties, and responsibilities of the Executive Committee shall not involve the granting of powers or responsibilities that would enable the Executive Committee or individuals delegated authority by the Executive Committee to approve transactions in which they, or persons with potential conflicts of interest (as defined by the Securities and Exchange Commission), have a direct or indirect interest, or may receive any benefits, or may have any other conflicting interests with the Company or its subsidiaries. Approvals for such transactions of the aforementioned nature shall be presented to the Board of Directors and/or shareholders of the subsidiary, as the case may be, unless it involves the approval of normal business transactions with clearly defined scope and is in accordance with the policies and criteria approved by the shareholders' meeting or the Board of Directors.

### 8.3.3. Risk Management Committee

The Risk Management Committee consists of a total of three members, as follows:

Name	Position
1. Mr. Thanadol Ruksapol	Chairman of Risk Management Committee
2. Mr. Subhachai Saibour	Member of Risk Management Committee
3. Mr. Somchai Phisphahutharn	Member of Risk Management Committee

Note : All members of the Risk Management Committee were appointed based on the resolution of the Board of Directors meeting no. 6/2022 on October 19, 2022, to hold their positions following the transformation into a public limited company. Each member of the Risk Management Committee was initially appointed as a limited company from the Board of Directors' meeting no. 2/2021 on January 27, 2021.

Risk Management Committee members are appointed by the Board of Directors or the shareholders' meeting, subject to screening by the Nomination and Remuneration Committee. Independent members of the Risk Management Committee have terms of office and perform their duties in accordance with the terms set by the Board of Directors. The Risk Management Committee members, whether executive or employees of the Company, have a term of office of 3 years from the date of their appointment, unless the Board of Directors passes a different resolution. For external individuals serving as Risk Management Committee members, who do not hold positions as directors or executives of the company, they also have a term of office of 3 years from the date of their appointment. When a Risk Management Committee member completes their term, they



have the right to be reappointed if approved by the Board of Directors or at a shareholders' meeting, based on the recommendations of the Nomination Committee and consideration of remuneration.

Details of the Risk Management Committee meeting attendance for the period from 2021 to 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr. Thanadol Ruksapol	3/3	4/4	4/4
2. Mr. Subhachai Saibour	3/3	4/4	4/4
3. Mr. Somchai Phisphahutharn	3/3	4/4	4/4

### Roles and Responsibilities of the Risk Management Committee

- 1) Establish and review organizational policies, objectives, and frameworks for the overall risk management, including integrated risk management and the core business risk management. This encompasses strategic risks, business risks, operational risks, compliance risks, as well as corruption and ESG risks associated with environmental, social, and governance issues, including emerging risk. Ensure that these risk management practices are appropriately aligned with business operations, meet international standards, and align with operational strategies, business plans, and evolving scenarios over time to enhance efficiency.
- 2) Consider and provide input on drafts of organizational risk management policies and frameworks before presenting them to the Board of Directors for review and approval.
- 3) Evaluate and provide feedback on the results of risk assessments, guidelines, risk management measures, and action plans to manage and mitigate the risks of the Company. Ensure that the Company has sufficient and appropriate risk management practices.
- 4) Oversee and support the organization's successful risk management by recommending preventive measures and methods to reduce risk levels to an acceptable level. Monitor the implementation of action plans to mitigate risks consistently and appropriately in line with the business environment, ensuring confidence in the adequate and suitable management of risks.
- 5) Provide guidance and support to the Board of Directors, management, and the risk management team on organizational-level risk management. This includes promoting and supporting continuous improvement and development of the internal risk management system regularly and consistently.
- 6) Oversee and support the regular examination and review of the organization's risk management policies and frameworks, at least annually, to ensure that aforementioned policies and frameworks continue to align with and suit the overall business environment and risk management activities of the Company.



- 7) Report on significant organizational risks, including the status of risk management, progress, and outcomes of risk management activities to the Board of Directors regularly.
- 8) Perform duties as assigned by the Board of Directors.

#### 8.3.4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members, as follows:

Name	Position
1. Mr. Wanchai Sutananta	Chairman of the Nominating and Remuneration Committee
2. Mr. Worathep Gorgitpoonpol	Member of the Nominating and Remuneration Committee
3. Mr. Suvit Ngampoopun	Member of the Nominating and Remuneration Committee

Note : All members of the Nomination and Remuneration Committee were appointed based on the resolution of the Board of Directors at the meeting no. 6/2022 on October 19, 2022, to serve in their positions following the transformation into a public limited company. Additionally, all members were appointed to their roles when the Company was a limited company, based on the decision of the Board of Directors at the meeting no. 2/2021 on January 27, 2021.

Nomination and Remuneration Committee members are appointed by the Board of Directors or at shareholders' meetings, serving a term of three years, aligned with the tenure of the Company's director. Upon completion of their term, members may be reappointed based on the discretion of the Board of Directors or the shareholders' meetings if deemed appropriate.

Details of the Nomination and Remuneration Committee meeting attendance for the period 2021 to 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2021	2021
1. Mr. Wanchai Sutananta	1/1	2/2	1/1
2. Mr. Worathep Gorgitpoonpol	1/1	2/2	1/1
3. Mr. Suvit Ngampoopun	1/1	2/2	1/1

#### Roles and Responsibilities of the Nomination and Remuneration Committee

- 1) Establish criteria and policies for selecting the Company's board members and sub-committee members, considering the appropriateness of the number, structure, and composition of the committee. Define the qualifications of the board members and present recommendations to the Board of Directors and/or propose for approval at shareholders' meetings, as applicable.





- 2) Evaluate, select, and propose suitable individuals to serve as board members or sub-committee members upon the completion of terms and/or to fill vacancies and/or additional appointment.
- 3) Evaluate the qualifications of the Chief Executive Officer deemed suitable for managing the Company's business to achieve the established vision. This assessment should encompass education, experience, knowledge, expertise, and key related business environmental factors, such as economic and industry trends and conditions, as well as business competitiveness.
- 4) Develop and periodically review the Chief Executive Officer Succession Plan to ensure preparedness for seamless transition and have individuals ready to assume responsibilities to facilitate the continuous management of the Company's operations, subject to approval by the Board of Directors.
- 5) Perform any other tasks related to the nomination as assigned by the Board of Directors.
- 6) Evaluate the performance of sub-committees and the Chief Executive Officer to provide recommendations to the Board of Directors for consideration of appropriate compensation.
- 7) Develop criteria and policies for determining the compensation of the Board of Directors, sub-committee members, and the Chief Executive Officer. Present these to the Board of Directors for approval or propose them for consideration at shareholders' meetings, as applicable.
- 8) Establish necessary and appropriate compensation, both monetary and non-monetary, for individual members of the Board of Directors, sub-committee members, and the Chief Executive Officer, considering factors such as duties, responsibilities, performance, and comparisons with similar companies in the industry. Align compensation with the overall performance of the Company to motivate and retain capable and qualified members of the Board of Directors, sub-committees, and the Chief Executive Officer. Present these compensation proposals to the Board of Directors for consideration and approval, and/or submit them for approval at shareholders' meetings.
- 9) Establish criteria and methods for evaluating the performance of the Board of Directors, sub-committee members, and the Chief Executive Officer. Be responsible for providing explanations and addressing questions related to the compensation of Company directors at shareholders' meetings.
- 10) Report on the policies, principles/rationale for determining the compensation of the Board of Directors, sub-committee members, and Chief Executive Officer in accordance with the requirements of the Stock Exchange of Thailand. This information should be disclosed in the Company's annual report (Form 56-1 One Report) (refer to section 7.4.2 for further details).



- 11) Perform any other tasks related to remuneration as assigned by the Board of Directors through the management, and various departments must report or present information and documents relevant to the Nomination and Remuneration Committee to support the committee's functions in fulfilling its assigned duties.

#### 8.4. Executive Information

##### 8.4.1. List of Executives and Positions

As of December 31, 2023, the Company has a total of 10 executives, as follows:

Name	Position
1. Mr.Suvit Ngampoopun	Chief Executive officer / Chief Marketing officer
2. Mr.Suphachai Saibour	Chief Operating Officer
3. Mr.Somchai Phisphahutharn	Chief Financial Officer
4. Ms.Anuporn Pattravanichkun	Executive Director of Accounting & Financial
5. Ms.Phiraya Chanpatya	Assistant Chief Financial Officer
6. Mr.Pakorn Thongklawe	Assistant Chief Financial Officer
7. Ms.Woranuch Kongsupapsiri	Executive Director of Marketing
8. Mr.Wongsatorn Ngam-Anek	Executive Director of Support
9. Mr.Rachain Sittisang	Executive Director of Manufacture
10. Mr.Alongkorn Leela-Uppatikarn	Assistant Chief Operation Officer

- 1) Responsible for managing and overseeing the overall operations of the Company to ensure compliance with objectives, regulations, policies, rules, requirements, directives, business strategies, operational goals and plans, financial goals, budgets, and resolutions passed at Board of Directors meetings and/or shareholders' meetings of the Company.
- 2) Execute the preparation and submission of the Company's business policies, including plans and budgets, for presentation to the Board of Directors for consideration and approval. Ensure the regular reporting of progress in accordance with approved plans and budgets to the Board of Directors.
- 3) Manage and oversee the implementation of operations in accordance with business policies, objectives, operational plans, and budgets approved by the Board of Directors efficiently and effectively. Uphold the principles of systematic internal control and consistently risk management.
- 4) Establish operational goals and allocate resources to align with business policies, management, and control. Monitor the performance of the management team, provide recommendations for addressing various issues, and ensure that executives and management operate the business plan in accordance with the Company's policies.



- 5) Define the organizational structure, management procedures, including selection, training, hiring, transfer, and termination of employees. Set salary rates, wages, compensation, bonuses, and benefits for employees, all within the framework of the Company's regulations.
- 6) Enforce commands, communicate, issue directives, and execute operations, including signing legal documents, contracts, orders, letters, or any documents related to communication with other entities or individuals. Ensure the efficient and effective implementation of the Company's operations as delegated and/or empowered by the Board of Directors.
- 7) Possess the authority to delegate, and/or appoint others to perform specific tasks. The delegation of authority and/or appointment shall be within the scope of authority granted through delegation letters and/or the regulations, terms, or instructions set forth by the Board of Directors and/or the Company.

The delegation of authority, duties, and responsibilities of the Chief Executive Officer must not include the granting of powers or responsibilities that would allow the Chief Executive Officer or persons delegated authority to approve transactions in which they or persons with potential conflicts of interest have any conflicting interests with the Company or its subsidiaries, as defined by the Securities and Exchange Commission. Approvals for such transactions of the aforementioned nature shall be presented to the Board of Directors and/or shareholders for consideration and approval (as applicable) as outlined in the Company's regulations or relevant laws unless it involves the approval of normal business transactions in accordance with the policies and criteria approved by the Board of Directors.

- 1) Serve as a leader and conduct oneself as an exemplary model in accordance with the ethical principles and the code of conduct of the Company. This includes promoting, supervising, monitoring, and ensuring management based on sustainable principles, good governance practices, social responsibility, and adherence to measures and guidelines against corruption.
- 2) Possess authority, duties, and other responsibilities as assigned or in accordance with policies delegated by the Board of Directors

#### **8.4.2. Compensation Policy of the Executive Committee and Management**

The compensation for the Board of Directors and sub-committees must receive approval at the shareholders' meeting, with input from the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will provide feedback, considering the roles, responsibilities, job performance, and the Company's performance. A comparison will be made with the compensation of directors in similar industries. This proposal will then be presented to the Board of Directors for their consideration. The Board of Directors will approve the compensation for the Chief Executive Officer to align with job performance, with input from the Nomination and Remuneration Committee. The Chief Executive Officer will be responsible for considering and



proposing compensation (both monetary and non-monetary), including other benefits, in accordance with the appropriateness of duties, responsibilities, and the Company's performance. The compensation consideration will aim for long-term motivation without reaching levels that overly prioritize short-term performance. Additionally, the compensation for executives each year will be within the budget framework approved by the Board of Directors.

The compensation for company executives includes salary, bonuses, and other forms of compensation such as social security contributions and provident fund contributions.

#### 8.4.3. Total Compensation for Executive Committee and Management

##### Monetary compensation

Executive Committee members serving in executive roles do not receive any compensation beyond what is provided for their executive roles. The compensation for executives is as follows:

Type of executive compensation	Year 2021		Year 2022		Year 2023	
	Number (person)	Value (million baht)	Number (person)	Value (million baht)	Number (person)	Value (million baht)
Salary	7	22.38	10	26.79	10	28.18
Bonus	-	-	5	0.43	7	0.98
Other compensations*	7	0.45	10	0.27	10	0.91
<b>Total</b>		<b>22.83</b>		<b>27.49</b>		<b>30.07</b>

Other forms of compensation include social security contributions, provident fund contributions at a rate of 3%, overtime pay, compensation for vacation days, and personal insurance premiums (including incentives, car allowance, and retroactive payments).

##### Non-monetary compensation

Non-monetary compensation includes Company cars, fuel expenses, insurance premiums, and the right to purchase IPO stocks.

Note: Executives holding positions in both the Company and its subsidiaries will not receive additional compensation from the subsidiaries.



### 8.5. Personnel

The number of employees in the Company and its subsidiaries (excluding executives) as of December 31, 2023, totaled 688 people (consisting of 255 males and 433 females), distributed across various job categories as follows:

Division / Number of employees	31/12/2021	31/12/2022	31/12/2023
1. Chief Operating Officer	8	9	8
2. Group financial report analysis section	-	-	-
3. Strategy Division	-	-	2
4. Financial Division	9	9	8
5. Accounting Division	10	10	10
6. Regulatory Affairs and Intellectual Property Division	7	9	6
7. General Management Division	53	55	58
8. Laboratory Division	108	122	123
9. BLC Research Center	26	27	29
10. Engineering and Technology Division	69	76	78
11. Supplies and warehouse Division	91	96	109
12. Manufacturing Division	224	233	257
<b>Total</b>	<b>604</b>	<b>645</b>	<b>688</b>

#### Number of Employees Categorized by Nationality

No. of Employees as of Date	31 Dec. 2021 (people)	31 Dec. 2022 (people)	31 Dec. 2023 (people)
Thai Employees	604	645	688
Foreign Employees	-	-	-
<b>Total</b>	<b>604</b>	<b>645</b>	<b>688</b>

#### Number of Employees Categorized by Employment Type

The Company has employed individuals with disabilities or other disadvantaged groups, totaling seven people, and has fully contributed to the fund as required by law.

**Significant Changes in Employee Numbers Over the Past 3 Years**

No. of Employees as of Date	31 Dec. 2021 (people)	31 Dec. 2022 (people)	31 Dec. 2023 (people)
Daily	40	71	77
Monthly	564	574	611
<b>Total</b>	<b>604</b>	<b>645</b>	<b>688</b>

**Employee Compensation**

The employee compensation of the Company includes salary, bonuses, overtime pay, and other benefits.

Types of Compensation	2021 (Million Baht)	2022 (Million Baht)	2023 (Million Baht)
<b>No. of People</b>	<b>604</b>	<b>645</b>	<b>688</b>
Salary	154.70	164.37	180.24
Bonus	11.24	6.04	14.61
Overtime Pay	10.58	13.52	19.55
Other Benefits*	3.26	4.11	3.25
Social Security Fund Contribution	3.10	3.48	5.41
Provident Fund Contribution	-	0.78	3.34
<b>Total</b>	<b>182.88</b>	<b>192.30</b>	<b>226.40</b>

\* Other benefits include: Vacation Allowance + Insurance Premium + Shift Allowance + Daily Allowance + Advanced Notice Compensation + Retirement Assistance Fund + Pre-retirement Resignation Assistance Fund, etc.

**The Provident Fund**

The Company has established a provident fund under the management of TISCO Asset Management Co., Ltd., under the name “TISCO Master Fund.” The Company selects the provident fund manager based on (1) the fund’s performance history, (2) the fund’s size, and (3) related expenses.

The Company registered and established the provident fund on October 1, 2022. It has set a contribution policy at the rate of 3% of the employee’s salary as of December 31, 2023. BLC and its subsidiaries have a total of 320 employees participating in the fund, accounting for 45.85% of the total employees (320 people including executives = 320/698).

**Key Labor Disputes in the Last 3 Years**

- None -



## Human Resource Management Policy

The Human Resource Management Policy focuses on developing a competitive workforce to accommodate business expansion. It aims to establish an organizational structure and appropriate staffing levels. The policy emphasizes the development of employees at all levels to be ready for job performance, ensuring the creation of quality work that aligns with business objectives and enables continuous growth in the respective fields. Additionally, it includes efforts to foster employee engagement with the organization and retain employees to work for the organization.

### 7.6 Other Important Information

#### 7.6.1 Company Secretary

At the 6/2022 Board of Directors meeting on October 19, 2022, a resolution was passed to appoint Ms. Phattharanan Chuwangcha as the Company Secretary. This appointment is effective following the conversion to a public limited Company. Ms. Phattharanan Chuwangcha has been serving as the Company Secretary since the resolution passed at the 8/2021 Board of Directors meeting on December 28, 2021, with the appointment taking effect from January 1, 2022, onwards.

Name Ms.Pattarnan Chuwangcha

Position Company Secretary

Education Bachelor of Business Administration General management

Sukhothai Thammathirat Open University

(Detailed information is in the attached 1)

#### Scope of duties and responsibilities of the Company Secretary:

- 1) Conducting board meetings and shareholders' meetings in accordance with the Company's regulations and relevant laws.
- 2) Monitoring and coordinating to ensure that the Company and the Board of Directors act in compliance with the law, objectives, regulations of the Company, and principles of good corporate governance. This includes resolutions passed during board meetings and shareholders' meetings.
- 3) Supporting initiatives for directors and executives to acquire knowledge and participate in training courses related to their duties as directors and ad hoc committee.
- 4) Arrange training and orientation sessions, providing relevant documents and information related to the current and newly appointed directors' responsibilities.



- 5) Provide basic information on the Company's laws, rules, and regulations that the Board of Directors and executives should be aware of, including best practices for governing the Company's operations in accordance with the law.
- 6) Implement performance evaluations for the Board of Directors and sub-committees to assess their job performance.
- 7) Coordinate with regulatory authorities such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Ensure accurate and complete disclosure of information and reports to regulatory bodies and the public.
- 8) Serve as a central hub for communication, facilitating the exchange of information and news between the Board of Directors, executives, and shareholders.
- 9) Prepare and maintain essential Company documents, including directors register, meeting notices, reports of board meetings, shareholders' meeting notices and reports, as well as the Company's annual reports.
- 10) Conduct an annual examination of items of interest involving directors and executives, presenting the information to the Audit Committee and the Board of Directors at least once a year.
- 11) Maintain documents reporting the interests of directors and executives as reported by the directors or executives. Distribute copies of such reports to the Chairman of the Board of Directors and of the Audit Committee within 7 business days from the date the Company receives the report.
- 12) Carry out other duties as specified by the Capital Market Supervisory Board.

#### **7.6.2 Chief Financial Officer**

Name	Mr.Somchai Phisphahutharn
Education	M.Sc. MBA Thammasat University
	M.Sc. Information Technology in Business Chulalongkorn University
	B.Sc. Pharmaceutical Science (First-class honors)
	Mahidol University
Experience	1992 – Present Chief Financial Officer  (Detailed information is in the attached 1)





#### 7.6.3 The person supervising accounting

Name	Ms.Supaporn Kumyoo
Education	Master of Business Administration (Management) Naresuan University Bachelor of Accounting Dhurakij Pundit University
Experience	2021 - Present Accountancy Bangkok lab and cosmetic public company limited 2009 - 2020 Manager of Accounting Pharma Alliance Co., Ltd (Detailed information is in the attached 1)

#### 7.6.4 Head of Investor Relation

Name	Mr.Pakorn Thingklaew
Address	Bangkok lab and cosmetic public company limited No. 48/1 Moo 5, Nong Chae Sao Road, Nam Phu Subdistrict, Mueang Ratchaburi, Ratchaburi 70000
e-mail	<a href="mailto:ir@blcplc.com">ir@blcplc.com</a>
Website	<a href="http://www.blcplc.com">www.blcplc.com</a>
Telephone No.	091-7735757,097-1906336

#### 7.6.5

##### Haed of Internal Audit

Company name	Dharmniti Internal Audit Co.,Ltd
Assignment Name	Ms. Anatsaya Raksasorn
Education	Master of Faculty of Commerce and Accountancy



Statistics and Insurance Chulalongkorn

University

Bachelor of Faculty Of management

Sciences Accounting Prince Of Songkla

University

(Detailed information is in the attached 1)

#### 7.6.6 Remuneration for the Auditor

The Audit Committee will consider the qualifications of the auditors along with management in terms of reliability, independence, knowledge, and experience in auditing. This includes providing advice on accounting standards, timely certification of financial statements, and the appropriateness of remuneration. The committee will present these considerations to the Board of Directors for approval and appointment at the Annual General Meeting of Shareholders of the auditors from KPMG Phoomchai Audit Limited, as listed below:

- |                                 |                                 |       |    |
|---------------------------------|---------------------------------|-------|----|
| 1) Mr. Bunyarit Thanomcharoen,  | Certified Public Accountant No. | 7900  | or |
| 2) Ms. Sirinuch Wimonasathit,   | Certified Public Accountant No. | 8413  | or |
| 3) Mr. Sumet Jangsamsee,        | Certified Public Accountant No. | 9362  | or |
| 4) Mr. Yutthaphong Sunthalinka, | Certified Public Accountant No. | 10604 |    |

The proposed auditors from KPMG Phoomchai Audit Limited must not have any relationship or financial interest with the Company.

In the year 2023, the Company paid auditing fees to KPMG Phoomchai Audit Limited, with Mr. Boonyarit Thanomcharoen as the certified public accountant, registered under number 7900, for the amount of 6.21 million baht. This amount of 6.21 million baht was approved during the Annual General Meeting of Shareholders in 2023.

## 8. Report on Key Performance in Corporate Governance

### 8.1 Summary of Board's Performance for the Past Year

#### 8.1.1 Nomination, Development, and Evaluation of the Board's Performance

- Board and Subcommittee Nomination

The Company recruits individuals to be appointed as directors and top-level executives through the Nomination and Remuneration Committee, consisting of two independent directors out of a total three members. The committee is responsible for considering the selection and screening of individuals with suitable qualifications according to the Company's regulations. It



proposes candidates with appropriate qualifications to ensure the appointment of professional and diverse board members, considering the structure, size, and composition of the board. The committee presents its recommendations to the board for approval and submits the proposed names to the shareholders' meeting for further appointment. Criteria and methods for nominating board members have been established as follows:

- 1) Provide an opportunity for minor shareholders to nominate individuals with suitable qualifications to be considered for election as directors. The nomination period is open from October 16, 2023, to January 16, 2024. The Company also accepts nominations from major shareholders.
- 2) Qualifications for candidates to be considered must comply with relevant laws and regulations, including the Public Limited Companies Act, Securities and Exchange Act of 2535 B.E. (1992), Company regulations, and the Company's principles of good corporate governance.
- 3) Evaluate candidates based on the criteria for nominating Company directors set by the SET.
- 4) Emphasize the importance of individuals with skills, professional experience, and specific qualifications in various diverse areas, especially those that the board currently lacks and are crucial to the business. This includes a commitment to diversity without limitations or distinctions based on gender, ethnicity, or any differences, aiming for a comprehensive and maximally beneficial composition of the board for the Company.
- 5) Consider the appropriateness of knowledge, experience, and specific capabilities in the industry or core sectors where the Company operates. This ensures that the Board of Directors possesses a well-rounded understanding of business, strategy, legal aspects, finance, accounting, economics, international business, and information technology, merging expertise for the benefit of the Company's operations.
- 6) Consider the commitment of directors, and if the same directors are returning for another term, evaluate their performance during their current term. This assessment should also include a consideration of the number of directorships each individual holds to ensure compatibility with the nature or condition of the Company's business. This ensures confidence that the effectiveness of their work will not diminish.
- 7) In the case of appointing independent directors, assess the independence of the individuals proposed for the role based on the criteria set by the SEC and in accordance with the Company's definition of an independent director, ensuring that they possess qualities of independence outlined in the Company's guidelines for good corporate governance, as well as those disclosed on the Company's website.
- 8) Performance results from the past year (if available).
- 9) Providing useful suggestions and comments.



Following this, the nominated directors will be presented for appointment at the shareholders' meeting.

The appointment of each director at the shareholders' meeting requires obtaining an approval vote, as follows:

- 1) Each shareholder has voting rights equivalent to one vote per share.
- 2) In voting for the election of directors, the Company allows shareholders to use voting cards to individually cast their votes. However, the total number of votes available to each shareholder must be used to elect one or more directors, and votes cannot be divided among candidates to any extent.
- 3) Individuals receiving the highest number of votes, in descending order, will be elected as directors, up to the number of directors to be elected in that round. In case of a tie in votes for individuals in subsequent positions, exceeding the available number of directors to be elected, the chairperson of the meeting will have the deciding vote.

In the event that a director position becomes vacant due to reasons other than the expiration of the term, the board shall consider appointing an individual with the qualifications and without disqualifications according to the law as a director to fill the vacancy until the next board meeting, unless the remaining term of the director being replaced is less than 2 months. The person appointed as a replacement director will hold the position only for the remaining term of the director being replaced. The appointment of such an individual as a director must receive a vote of no less than three out of four of the remaining directors.

- **Independence Criteria for Directors**

- 1) Holding shares not exceeding 1% of the total voting shares of the Company, subsidiaries, affiliates, major shareholders, or controllers of the Company. This includes counting the shares held by related persons of that independent director as well.
- 2) Not being, or ever having been a director who participated in management, staff personnel, employee, salaried consultant, or a person having control of the Company, its subsidiaries, affiliated companies, or companies at the same level, major shareholders, or a person having control of the Company. This exception applies if the individual has been free from such affiliations for at least 2 years before the date of applying for permission from the SEC or the date of appointment.
- 3) Not having blood relations, legal relationships such as parents, spouses, siblings, children, and spouses of children of other directors, executives, major shareholders, controlling persons, or individuals proposed to be directors, executives, or controlling persons of the Company or its subsidiaries.
- 4) Not having current or past business relationships with the Company, subsidiaries, affiliated companies, major shareholders, or controlling persons of the Company that may interfere



with their independent judgment. This includes not being or ever been a shareholder with interests or a controlling person of an individual with a business relationship with the Company, subsidiaries, affiliated companies, major shareholders, or controlling persons of the Company unless released from such conditions for at least 2 years before the date of appointment. Business relationships include engaging in commercial transactions conducted for business purposes, leasing or renting real estate, transactions related to assets or services, or providing or receiving financial assistance through loans, guarantees, providing assets as collateral, or other similar arrangements. This results in the Company or the counterparty having a debt obligation of at least 3% of the Company's net tangible assets or at least 20 million baht, whichever is lower. The calculation of this debt obligation should follow the valuation method of related transactions according to the Capital Market Supervisory Board's announcement regarding criteria for related transactions, *mutatis mutandis*. In considering such debt obligations, those incurred within one year prior to the date of having a business relationship with the same party should be included.

- 5) Not being or ever having been an auditor of the Company, subsidiaries, affiliated companies, major shareholders, or those with controlling power over the Company, and not being a significant shareholder, or having controlling power, or shares in the accounting office, which has auditors of the Company, subsidiaries, affiliated companies, major shareholders, or those with controlling power over the Company, unless released from such conditions for at least 2 years before the date of appointment.
- 6) Not being or ever having been a professional service provider, including providing legal or financial consulting services, receiving fees exceeding 2 million baht per year from the Company, subsidiaries, affiliated companies, major shareholders, or those with controlling power over the Company. Also, not being a significant shareholder, controlling power, or partner in that professional service provider, unless released from such conditions for at least 2 years before the date of appointment.
- 7) Not being a director appointed to represent the directors of the Company, major shareholders, or shareholders associated with major shareholders.
- 8) Not engaging in a business similar in nature and competitive with the Company or its subsidiaries, not holding significant shares in a partnership, and not being a managerial director, staff personnel, employee, salaried consultant, or holding shares exceeding 1% of the total voting shares of another Company engaged in a similar and competitive business with the Company or its subsidiaries.
- 9) Having no other characteristics that would prevent the ability to provide independent opinions regarding the operations of the Company.



- 10) Not being a director appointed by the Company's board to make decisions regarding the operations of the Company, its subsidiaries, affiliated companies, same-level subsidiaries, major shareholders, or individuals with controlling power over the Company.
- 11) Not serving as a director of a subsidiary Company or same-level subsidiary Company, specifically for listed companies.

- **Nomination of Top-level Executives**

The Company's Board of Directors has considered and delegated the Nomination and Remuneration Committee to establish criteria and methods for selecting individuals with suitable qualifications for executive and top management positions. This is to ensure the appointment of individuals with the necessary knowledge, skills, experience, and characteristics to drive the organization toward its goals. The committee will propose suitable candidates with reasons for consideration by the Company's board for appointment. The Nomination and Remuneration Committee will oversee the establishment of a compensation structure and performance evaluation at appropriate levels. Additionally, it will monitor the management and development of personnel to ensure they possess the knowledge, skills, experience, and motivation required.

In this regard, the Company has designated key positions that require succession planning, including:

1. Chief Executive Officer
2. Chief Finance Officer
3. Chief Marketing Officer
4. Chief Operating Officer
5. Director of Accounting and Finance
6. Director of Support Division
7. Production Line Director
8. Director of Marketing Division
9. Assistant Chief Operating Officer
10. Assistant Chief Finance Officer
11. Account Manager

The Company has designated that the individuals holding the 11 aforementioned positions collaborate with the management in defining the key responsibilities, qualifications, behaviors, and specific professional characteristics for each position.

The selection of individuals for succession planning will utilize human resources management strategies, such as developing high-potential individuals or external recruitment plans. Currently,



the 11 individuals holding these positions will work together with the management to define the strategies used in developing high-potential individuals for succession planning.

- **Personnel Development**

The Company aims to continuously promote the development of its workforce at all levels, fostering knowledge and capabilities for progress in job responsibilities. This is achieved by providing training and basic organizational knowledge to incoming board members to enhance their understanding of roles and responsibilities. Additionally, there is a commitment to promoting ongoing knowledge and understanding development for board members, covering all aspects to efficiently carry out their duties in the face of external changes, for the sustainable development of the Company.

- **Board Performance Evaluation**

The Company mandates a performance evaluation to be conducted at least once a year in both individual and board capacities. The evaluation results serve as a framework for reviewing job performance, identifying issues, and addressing various challenges. The assessment outcomes are analyzed to evaluate the board's performance and are used to generate recommendations for improvements, contributing to the continuous development of the operations.

Summary of the Board of Director's Self Evaluation Results for the Fiscal Year 2023

- The Company's Board of Directors achieved an excellent average score of 93.41%.
- The Audit Committee received an excellent average score of 97.08%.
- The Nomination and Remuneration Committee attained an excellent average score of 92.08%.
- The Risk Management Committee achieved an excellent average score of 97.17%.
- The Board of Directors and individual subcommittee members achieved an excellent average score of 93.50%.

### 8.1.2 Meeting Attendance and Remuneration of Individual Committee Members

- **Meeting Attendance**

Details of attendance at the Company's shareholders' meetings for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr.Wanchai Sutananta	2/3 <sup>1</sup>	3/3	1/1
2. Mr.Worathep Gorgitpoonpol	0/3 <sup>1</sup>	0/3 <sup>1</sup>	1/1
3. Mr.Thanadol Ruksapol	0/3 <sup>1</sup>	0/3 <sup>1</sup>	1/1



Name	Number of meetings attended/total meetings		
	2021	2022	2023
4. Mr.Suvit Ngampoopun	3/3	3/3	1/1
5. Mr.Subhachai Saibour	3/3	3/3	1/1
6. Mr.Somchai Phisphahutharn	3/3	3/3	1/1
7. Mr.Suraslip Ngampoopun	1/3 <sup>1</sup>	3/3	1/1

Note: <sup>1</sup>Did not attend the meeting due to personal commitments.

Details of attendance at the Board of Director meetings for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021 <sup>1</sup>	2022	2023
1. Mr.Wanchai Sutananta	7/8	6/7 <sup>2</sup>	6/6
2. Mr.Worathep Gorgitpoonpol	7/8	7/7	6/6
3. Mr.Thanadol Ruksapol	7/8	7/7	6/6
4. Mr.Suvit Ngampoopun	8/8	7/7	6/6
5. Mr.Subhachai Saibour	8/8	7/7	6/6
6. Mr.Somchai Phisphahutharn	8/8	7/7	6/6
7. Mr.Suraslip Ngampoopun	8/8	7/7	6/6

Note: <sup>1</sup>The independent director did not attend the committee meeting no. 1/2021 on January 11, 2021, as it involved considering remuneration, in which the independent director had a conflict of interest.

<sup>2</sup>Did not attend the meeting due to personal commitments.

## ● Remuneration

The remuneration for the Company's Board of Directors includes meeting allowances per session as follows:

(หน่วย: บาท)

Position	2021	2022	2023
	times	Times	times
Chairman	15,000	15,000	30,000
Director	15,000	15,000	25,000

The remuneration for the Company's Board of Directors and subcommittee members in 2023 has been approved by the resolution at the 2023 Annual General Meeting of Shareholders on March 27, 2023. The remuneration for the directors will be provided only to independent directors, and the total remuneration for the Board of Directors is capped at 990,000 baht.





In this regard, the non-monetary remuneration for the Company's directors and executives will entitle them to the right to subscribe for new ordinary shares issued and offered by the Company in this round at the same price as offered to the general public.

The remuneration for the Company's Board of Directors for the period from 2021 to March 2023 is as follows:

Name	Position	Commission (Baht)		
		2021	2022	2023
1. Mr.Wanchai Sutananta	Chairman	105,000	105,000 <sup>1</sup>	150,000
2. Mr.Worathep Gorgitpoonpol	Director	105,000	105,000	130,000
3. Mr.Thanadol Ruksapol	Director	105,000	105,000	130,000
4. Mr.Suvit Ngampoopun	Director	-	-	-
5. Mr.Subhachai Saibour	Director	-	-	-
6. Mr.Somchai Phisphahutharn	Director	-	-	-
7. Mr.Suraslip Ngampoopun	Director	-	-	-
<b>total</b>		<b>315,000</b>	<b>315,000</b>	<b>410,000</b>

Note:<sup>1</sup>The Company paid a meeting allowance in excess of the amount for which the director ranked 1st attended the meeting. This is because the Company stipulated that the meeting allowance should be paid before the meeting, and on that day, the aforementioned director was unable to attend. The Company has since changed the payment method to be made after the meeting and has received the meeting allowance refund from the director within the first quarter of 2023.

### 8.1.3 Oversight of Subsidiaries and Affiliated Companies

The Company has a policy to invest in companies that align with its goals, vision, and strategic growth plans. This serves as a crucial guideline for overseeing the operations of subsidiaries and affiliated companies, contributing to increased Company performance or profits. The aim is to enhance stability or invest in businesses with synergy with the Company. The Company, subsidiaries, and/or affiliated companies may consider additional investments in other businesses with growth potential, expansion opportunities, or benefits to the corporate group's business, which can generate favorable returns on investment. In this regard, the Company will assess the investment proportion, anticipated profits, potential risks, the financial status of the Company, and conduct a feasibility analysis of the investment and consider its potential before making decisions on various projects. The approval of such investments must undergo consideration at the Board of Directors and/or shareholders' meetings (as applicable). The request for approval of the aforementioned investments must comply with and adhere to the laws governing public limited companies, securities and exchange laws, as well as relevant



announcements, regulations, and criteria related to the Capital Market Supervisory Board, Office of the SEC, and the SET. The Company will consider the guidelines concerning the acquisition or disposal of interconnected transactions and the disclosure of information.

Furthermore, to align with the principles of effective corporate governance in terms of establishing frameworks and mechanisms for overseeing policies and operations in subsidiaries and the Company's significant invested ventures at a level appropriate to each business. The Company has thus defined a framework for governance and monitoring of the performance of subsidiaries and affiliated companies at an appropriate level to effectively safeguard the investment benefits of the Company. This is intended to enhance confidence among the Company's shareholders, with details as follows:

1. The Company will appoint individuals as representatives of the Company to serve as directors or executives of subsidiary companies and/or affiliated companies in proportion to the shareholding in each company. They will be responsible for overseeing the subsidiaries and/or affiliated companies to ensure compliance with various policies, regulations, laws, and guidelines related to good corporate governance of listed companies. This includes regulations and criteria relevant to the Capital Market Supervisory Board, the SEC, and the Stock Exchange unless the Company's Board of Directors determines that the structure of the board and management representation in the subsidiaries or affiliated companies with a shareholding of less than that of the Company, subsidiaries, or affiliated companies will not impact the authority of the Company in setting policies and operations in matters that significantly affect or have an impact on the financial status and operational performance of the subsidiary and affiliated companies, or where there has been a reasonable exercise of power in the subsidiaries or affiliated companies, or in accordance with the provisions of the shareholders' agreement of the subsidiaries or affiliated companies.

In this regard, the appointment of representatives of the Company to serve as directors or executives in each subsidiary and/or affiliated company shall be subject to consideration and approval by the Board of Directors of the Company, taking into account the suitability of each company. Unless the subsidiaries or affiliated companies are small-sized enterprises that serve as operating arms of the business, in which case the Board of Directors may delegate the authority to the Chief Executive Officer for appointment.

2. The directors and executives of each subsidiary shall have defined powers, duties, and significant responsibilities in accordance with relevant laws, such as disclosing financial status and operational results to the Company, in compliance with applicable laws, announcements, regulations, and criteria related to the Capital Market Supervisory Board, SEC, and the SET to be enforced *mutatis mutandis*. This includes providing and transmitting their own and related party's interests to the Company's Board of Directors, disclosing relationships and transactions with the



Company and/or its subsidiaries in a manner that may cause conflicts of interest, and prevent transactions that may lead to conflicting interests.

3. For any transactions or operations by subsidiaries that are significant or have an impact on the financial status and operations of the Company, or fall within the scope of assets disposed of according to the relevant announcements, or connected transactions related to the relevant announcements, the Company shall be required to seek approval from the Company's Board of Directors and/or the shareholders' meeting of the Company, and/or approval from the relevant authorities in accordance with the law before proceeding with such transactions (as applicable). The subsidiary may proceed with the transactions or operations only upon obtaining approval from the Company's Board of Directors and/or the shareholders' meeting of the Company, and/or the relevant authorities (as applicable).

Furthermore, in the event of certain transactions or occurrences involving a subsidiary that fall within the scope of the stock market's requirements regarding the disclosure of information and the conduct of listed companies in connection with the acquisition or disposal of assets of listed companies, the Company is obligated to disclose information related to such transactions to the stock market according to the criteria specified in the relevant announcements. The representatives of the concerned subsidiaries are responsible for promptly notifying the management of the Company as soon as they become aware of the subsidiary's plans to engage in such transactions or occurrences.

4. The Company will establish plans and take necessary actions to ensure that subsidiaries and/or affiliated companies disclose information regarding their operational and financial performance. The Company will implement necessary measures and monitoring to ensure that subsidiaries and/or affiliated companies have adequate and appropriate systems for disclosing information and internal controls in conducting their business.

5. Representatives of the Company on the boards of subsidiaries and/or affiliated companies must monitor and undertake necessary actions for the periodic review and improvement of various policies and significant plans related to the business operations of subsidiaries and/or affiliated companies to ensure they are consistently up-to-date and suitable for the business conditions.

6. In the event that the affiliated Company holds the status of a subsidiary, the representative directors in the subsidiary must consider and provide necessary guidance to the subsidiary. This includes implementing internal control systems, risk management systems, and anti-corruption systems. Measures should be established to monitor the operational performance of the subsidiary appropriately and with sufficient rigor. Additionally, clear, efficient, and effective operational systems should be implemented.

7. Representatives of the Company must obtain approval from the Board of Directors before voting on resolutions at the subsidiary's board meetings, especially those related to significant matters. This includes the appointment or nomination of directors in the subsidiary, at least in



proportion to the shareholding of the Company in that subsidiary. This also encompasses the purchase or sale of shares, significant business or assets, the increase or decrease of subsidiaries, as well as the merger or dissolution of subsidiaries. Approval is required for the subsidiary's annual budget, considering its status as a subsidiary of the Company unless specified in the Company's Delegation of Authority. This encompasses any other transactions deemed significant, with potential material impact on the Company.

#### **8.1.4 Compliance Monitoring of Corporate Governance Policies and Practices**

- **Adherence to Laws, Regulations, and Policies**

The corporate group places significant importance on compliance with local, national, and regional laws and regulations related to environmental, occupational health, and safety matters. This also extends to adhering to international business ethics standards. The Board of Directors, executives, and employees are required to operate within the framework of laws, rules, and regulations, refraining from having knowledge, aiding, or engaging in any actions that violate applicable laws or regulations.

The Company does not endorse activities that involve intellectual property infringement. The Board of Directors, executives, and employees are required to operate within the framework of laws, rules, and regulations, refraining from having knowledge, aiding, or engaging in any actions that violate intellectual property laws and other related regulations.

- **Conflict of Interest Prevention**

The Company's board members, executives, and employees adhere to the policy on conflict of interest prevention. The Company Secretary monitors the disclosure of interests by board members, and the accounting and finance departments scrutinize transactions with interested parties, reporting to the Audit Committee quarterly throughout the fiscal year 2022.

- **Internal Data Usage Management**

The Company's board members, executives, and employees adhere to the policy on internal data usage. Throughout the years 2022 and 2023, there have been no complaints regarding the inappropriate use of internal data by the Company for personal gain.

- **Anti-Corruption Measures**

During the years 2021 and 2022, the Company has not received any complaints related to corrupt practices.

- **Complaints Reception and Whistleblowing**

The Company establishes a policy for receiving and disclosing complaints and whistleblowing related to the management or supervision of business operations. These complaints may come from any stakeholder, including internal personnel or external individuals. The Company requires



complaints to be submitted in writing and ensures the process of receiving or following up on complaints is conducted as follows:

Whistleblowing and Complaints (Non-Corruption Related Matters)

Whistleblowing Recipient Human Resources Manager

By Email [complaint@bangkoklab.co.th](mailto:complaint@bangkoklab.co.th)

By Company Post Bangkok Lab and Cosmetic Public Company Limited  
48/1 Village No. 5, Nong Chae Sao Road, Nampu Subdistrict, Mueang Ratchaburi District Ratchaburi Province 70000

Between the years 2022 and 2023, the Company did not receive any complaints.

The Company has adhered well to good corporate governance principles during this period. However, there have been no specific actions taken in the following matters.

1. The preparation of the Company's website, which is used to disseminate information about the Company, details about the Board of Directors, and criteria for providing opportunities for shareholders to submit questions in advance before the meeting to external individuals, as well as potential investors who are still in the process of conducting operations.
2. The Company has developed an anti-corruption and corporate governance policy. However, it has not yet joined the CAC network, which will be proposed for the Board of Directors' consideration after being listed on the stock market.

## 8.2 Audit Committee Performance Report

### ● Meeting Attendance

Details of Audit Committee meeting attendance for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr.Wanchai Sutananta	5/5	4/5*	5/5
2. Mr.Worathep Gorgitpoonpol	5/5	5/5	5/5
3. Mr.Thanadol Ruksapol	5/5	5/5	5/5

\*\* Did not attend the meetings due to personal commitments.

During the Audit Committee meetings from 2021 to 2022, joint meetings between the Audit Committee and auditors were held, with no managerial attendance, occurring once per year.



- **Remuneration**

The remuneration for the Audit Committee consists of meeting allowances as follows:

(unit: Baht)

Position	2021	2022	2023
	times	times	times
Chairman of the Audit committee	15,000	15,000	30,000
Member of the Audit committee	15,000	15,000	25,000

The compensation for the Board of Directors and sub-committees in 2023 was approved by the resolution at the Annual General Meeting of Shareholders on March 27, 2023. The compensation for the entire committee was set at a maximum of 990,000 baht.

Compensation for the Audit Committee for the years 2021 to 2023.

Name	Position	Commission (Baht)		
		2021	2022	2023
1. Mr.Wanchai Sutananta	Chairman of the Audit committee	75,000	60,000	135,000
2. Mr.Worathep Gorgitpoonpol	Member of the Audit committee	75,000	75,000	115,000
3. Mr.Thanadol Ruksapol	Member of the Audit committee	75,000	75,000	115,000
Total		225,000	210,000	45,000

In the past year, the Audit Committee has performed its duties in accordance with the regulations of the Stock Exchange of Thailand regarding the qualifications and scope of work of the Audit Committee B.E. 2558 (2015), covering the following areas:

- 1) Overseeing the work of the internal auditors and examining the adequacy of the Company's internal control system.
- 2) Supervising the preparation of the Company's financial statements, including questioning executives about the exercise of discretion in financial statement preparation.
- 3) Communicating significant matters between the Audit Committee and the auditors.
- 4) Examining conflicts of interest and transactions with related parties.



### 8.3 Executive Committee Performance Report

#### ● Meeting Attendance

Details of Executive Committee meeting attendance for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr. Suvit Ngampoopun	8/8	12/12	11/11
2. Mr. Subhachai Saibour	8/8	12/12	11/11
3. Mr. Somchai Phisphahutharn	8/8	12/12	11/11
4. Mr. Suraslip Ngampoopun <sup>1</sup>	-	0/12	10/11
5. Mr. Alongkorn Leela-Uppatikarn	8/8	12/12	11/11
6. Mr. Wongsatorn Ngam-Anek	8/8	12/12	11/11
7. Mr. Rachain Sittisang	8/8	12/12	11/11
8. Ms. Anuporn Pattravanichkun	8/8	12/12	11/11
9. Ms. Supaporn Kumyoo	8/8	12/12	11/11
10. Ms. Woranuch Kongsupapsiri <sup>2</sup>	-	4/12	11/11
11. Ms. Phiraya Chanpatya <sup>3</sup>	-	1/12	11/11
12. Mr. Pakorn Thongklawe <sup>3</sup>	-	1/12	11/11

Note : <sup>1</sup> Mr. Suraslip Ngampoopun Appointed by the Board of Directors' meeting No. 6/2022 on October 19, 2022. In 2022, he did not attend the Executive Committee meeting due to personal duties.

<sup>2</sup> Ms. Woranuch Kongsupapsiri Appointed by the Board of Directors Meeting No. 5/2022 on 15 August 2022.

<sup>3</sup> Ms. Phiraya Chanpatya and Mr. Pakorn Thongklawe Appointed by the Board of Directors' Meeting No. 7/2022 on 14 November 2022. Excom Meeting No. 11/2022 was held on 11 November 2022 and Excom Meeting No. 12/2022 was held on 12 December, 2022

#### ● Remuneration

The Company does not provide compensation to the Executive Committee as they are employees of the Company and receive compensation in the form of salaries, bonuses, and other benefits (additional details can be found in section 7.4.2).

In the past year, the Executive Committee has controlled, supervised, and monitored the Company's performance in accordance with the policies, objectives, business operation plans, business strategies, and budgets set forth. They have exercised various management powers as approved by the Board of Directors to ensure effective and efficient operations, as well as providing advice and guidance to senior executives, contributing to the continuous growth of the Company in terms of revenue and net profit.



## 8.4 Risk Management Committee Performance Report

### ● Meeting Attendance

Details of Risk Management Committee meeting attendance for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr.Thanadol Ruksapol	3/3	4/4	4/4
2. Mr.Subhachai Saibour	3/3	4/4	4/4
3. Mr.Somchai Phisphahutharn	3/3	4/4	4/4

### ● Remuneration

The remuneration for the Risk Management Committee consists of meeting allowances as follows:

(unit: Baht)

Position	2021	2022	2023
	times	times	times
Chairman of Risk Management Committee	15,000	15,000	30,000
Member of Risk Management Committee	15,000	15,000	25,000

The compensation for the Board of Directors and sub-committees in 2023 was approved by the resolution at the Annual General Meeting of Shareholders on March 27, 2023. The compensation for the entire committee was set at a maximum of 990,000 baht.

Compensation for the Risk Management Committee for the years 2021 to 2023

Name	Position	Commission (Baht)		
		2021	2022	2023
1. Mr.Thanadol Ruksapol	Chairman of Risk Management Committee	45,000	60,000	105,000
2. Mr.Subhachai Saibour	Member of Risk Management Committee	-	-	-
3. Mr.Somchai Phisphahutharn	Member of Risk Management Committee	-	-	-
Total		45,000	60,000	105,000





In the past year, the Risk Management Committee collaborated with the Company's risk management team to control, supervise, and monitor the results of the Company's risk management. This was done to align with the policies, objectives, business operation plans, business strategies, and budgets set forth. The committee exercised various management powers as approved by the Board of Directors, ensuring effective and efficient operations that enhance the business conditions. They provided advice and guidance to senior executives, aiming to mitigate potential risks that could impact the continuous growth of the Company in terms of revenue and net profit, as well as ensuring sustainable business operations.

### 8.5 Nomination and Remuneration Committee Performance Report

- **Meeting Attendance**

Details of Nomination and Remuneration meeting attendance for the period from 2021 to March 2023 are as follows:

Name	Number of meetings attended/total meetings		
	2021	2022	2023
1. Mr.Wanchai Sutananta	1/1	2/2	1/1
2. Mr.Worathep Gorgitpoonpol	1/1	2/2	1/1
3. Mr.Suvit Ngampoopun	1/1	2/2	1/1

- **Remuneration**

The remuneration for the Nomination and Remuneration Committee consists of meeting allowances as follows:

(Unit : Baht)

Position	2021	2022	2023
	times	times	times
Chairman of the Nominating and Remuneration Committee	15,000	15,000	15,000*
Member of the Nominating and Remuneration Committee	15,000	15,000	15,000*

The compensation for the Board of Directors and sub-committees in 2023 was approved by the resolution at the Annual General Meeting of Shareholders on March 27, 2023. The compensation for the entire committee was set at a maximum of 990,000 baht.



Compensation for the Nomination and Remuneration Committee for the years 2021 to 2023

Name	Position	Commission (Baht)		
		2021	2022	2023
1. Mr.Wanchai Sutananta	Chairman of the Nominating and Remuneration Committee	15,000	30,000	15,000
2. Mr.Worathep Gorgitpoonpol	Member of the Nominating and Remuneration Committee	15,000	30,000	15,000
3. Mr.Suvit Ngampoopun	Member of the Nominating and Remuneration Committee	-	-	-
<b>Total</b>		<b>30,000</b>	<b>60,000</b>	<b>30,000</b>

In the past year, the Nomination and Remuneration Committee has fulfilled its duties in accordance with the Nomination and Remuneration Committee Charter. They have considered and proposed guidelines for determining compensation for sub-committees and the Chief Executive Officer to align with the Company's performance and that of other companies in the same industry. This information is presented to the Committee and/or the shareholders' meeting for approval. This includes evaluating the Chief Executive Officer's performance criteria and presenting recommendations to the Board of Directors for consideration, review, and proposing a succession plan in case the Chief Executive Officer or senior executives in those positions retire or are unable to perform their duties. This aims to ensure the Company's management can continue seamlessly, subject to the Board of Directors' consideration and opinions.

**Total remuneration received by the committee**

Name	Position	Commission (Baht)		
		2021	2022	2023
1. Mr.Wanchai Sutananta	Chairman / Independent Director / Chairman of the Audit Committee / Chairman of the Nominating and Remuneration Committee	195,000	195,000	310,000



Name	Position	Commission (Baht)		
		2021	2022	2023
2. Mr.Worathep Gorgitpoonpol	Director / Independent Director / Member of the Audit Committee / Member of the Nominating and Remuneration Committee	195,000	210,000	275,000
3. Mr.Thanadol Ruksapol	Director / Independent Director / Member of the Audit Committee / Chairman of Risk Management Committee	225,000	240,000	365,000
4. Mr.Suvit Ngampoopun	Director / Chairman of Executive Director / Member of the Nominating and Remuneration Committee	-	-	-
5. Mr.Subhachai Saibour	Director / Executive Director / Member of Risk Management Committee	-	-	-
6. Mr.Somchai Phisphahutharn	Director / Executive Director / Member of Risk Management Committee	-	-	-
7. Mr. Suraslip Ngampoopun	Director / Executive Director	-	-	-
<b>Total</b>		<b>615,000</b>	<b>645,000</b>	<b>955,000</b>

## 9 Internal Controls and Related Transactions

### 9.1 Internal Controls

#### 9.1.1 Adequacy and Suitability of Internal Controls

The Company is committed to having effective internal control and internal audit systems by applying the principles of internal control in accordance with the guidelines and framework of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control-Integrated Framework. This framework serves as the international standard for internal control,



guiding the Company and its subsidiaries in implementing internal control and internal audit. The audit process will emphasize a risk-based audit, providing guidance for auditing and evaluating internal control systems

The Company recognizes the importance of internal control and internal audit as fundamental elements for conducting business successfully, ensuring stable and sustainable growth. Therefore, efficient and effective internal control and internal audit systems are established, tailored to the nature, size, and environment of the operations. This is to ensure that various units within the Company and its subsidiaries adhere to relevant laws, rules, and regulations. Reporting is done in a reliable, accurate, and complete manner, and operations are carried out efficiently and effectively. The Company places importance on preventing losses or damages, focusing on proactive measures and improvements rather than post-incident investigations after losses or damages occur.

The Company has established an independent internal auditor, reporting directly to the Audit Committee. This is to assist both the Audit Committee and the Board of Directors in gaining confidence that the core operations and key activities of the Company are conducted efficiently, effectively, and with adequate controls. This ensures that internal control and internal audit cover all aspects comprehensively.

During the Board of Directors Meeting No. 6/2022 on October 19, 2022, with the participation of all three Audit Committee members, an evaluation of the adequacy of the internal control system was conducted based on the COSO framework. The evaluation encompassed the following components:

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

The Board of Directors is of the opinion that the internal control system of BLC and all its subsidiaries is adequate and suitable for the conduct of BLC's business. Dharmniti Internal Audit Company Limited ("DIR") has been appointed to assess the adequacy of the internal control system and monitor the operations related to the Company's internal controls. This includes conducting audits of IT Application Control to provide reasonable assurance that the organization's management is effectively managing and operating under good corporate governance principles. There is sufficient and appropriate internal controls and risk management in place to achieve the business objectives efficiently and effectively, prevent fraud against assets, and ensure that assets are not used improperly by directors or executives. Additionally, accurate and reliable accounting



records and reports are maintained. The Audit Committee shares the same opinion as the Board of Directors

The Audit Committee acknowledges that DIR possesses the qualifications and expertise in internal auditing and has a good understanding of the Company's business. During the Audit Committee meeting No. 1/2022 on February 28, 2022, DIR was considered and appointed to perform the internal audit function to monitor and evaluate internal control results for the year 2022. This includes conducting an IT audit to assess information technology systems. DIR will report its operational findings directly to the Audit Committee. For the year 2022, Ms. Anatsaya Raksasorn has been appointed as the Head of Internal Audit. The Audit Committee deems the change in the Head of Internal Audit to be appropriate. This decision is based on Ms. Anatsaya Raksasorn being a longstanding member of the team since 2021 and serving as the primary point of contact. She possesses a good understanding of the Company's operational processes and has demonstrated knowledge and expertise in internal auditing, as outlined in the Appendix 3 regarding the Head of Internal Audit and Head of Compliance, audit plan for the 2022, and the anticipated audit schedule. The Audit Committee is of the opinion that DIR possesses the qualifications and expertise in internal auditing and has a good understanding of the Company's business. During the Audit Committee meeting No. 1/2023 on February 21, 2023, DIR was considered and appointed to perform the internal audit function to monitor and evaluate internal control results for the year 2023. DIR will report its operational findings directly to the Audit Committee. For the year 2023, Ms. Anatsaya Raksasorn has been appointed as the Head of Internal Audit.

#### **9.1.2 Observations from Auditors Regarding Internal Control System of BLC**

For the financial statements ending on December 31, 2023, KPMG did not identify any observations or recommendations concerning the internal control system from the financial audit.



### 9.1.3 Observations from Internal Auditors Regarding Internal Control System of BLC

BLC has engaged DIR to perform an audit and assess the adequacy of BLC's internal control system for reporting to the Audit Committee. DIR conducted audits of various operational systems covering key business processes. The details of the internal control system audit conducted by DIR are as follows:

**Year 2023:** Audit in accordance with the audit plan for the first quarter of 2023

Company	Operational Performance Report	Date of Report	Audit Period	Scope of Audit
BLC	Internal Audit Report No. 1/2023	April 17, 2023	March 7–17, 2023	Sales and Revenue Collection System
BDC	Internal Audit Report No. 1/2023	April 17, 2023	March 7–17, 2023	1) Sales and Revenue Collection System
FLC	Internal Audit Report No. 1/2023	April 17, 2023	March 7–17, 2023	1) Sales and Revenue Collection System
BRC	Internal Audit Report No. 1/2023	April 17, 2023	March 7–17, 2023	1) Sales and Revenue Collection System
BMC	Internal Audit Report No. 1/2023	April 17, 2023	March 7–17, 2023	1) Sales and Revenue Collection System
PAC	Internal Audit Report No. 1/2023	April 17, 2023	March 7–17, 2023	1) Sales and Revenue Collection System

DIR found no issues in the internal audit for No. 1/2023.



Year 2023: Audit in accordance with the audit plan for the second quarter of 2023

Company	Operational Performance Report	Date of Report	Audit Period	Scope of Audit
BLC	Internal Audit Report No. 2/2023	September 9, 2023	June 6 and 13–20, 2023	1) Budgetary Control System
BDC	Internal Audit Report No. 2/2023	September 9, 2023	June 6 and 13–20, 2023	1) Budgetary Control System
FLC	Internal Audit Report No. 2/2023	September 9, 2023	June 6 and 13–20, 2023	1) Budgetary Control System
BRC	Internal Audit Report No. 2/2023	September 9, 2023	June 6 and 13–20, 2023	1) Budgetary Control System
BMC	Internal Audit Report No. 2/2023	September 9, 2023	June 6 and 13–20, 2023	1) Budgetary Control System
PAC	Internal Audit Report No. 2/2023	September 9, 2023	June 6 and 13–20, 2023	1) Budgetary Control System

DIR identified issues in the internal audit No. 2/2023:

- Budgetary sources for the fiscal year of BLC, PAC, BDC, BRC, FLC, BMC.
- Pre-disbursement budget checks for BLC, PAC, BDC, BRC, FLC, BMC.
- Increases, decrease, and transfer of Budget for BLC, PAC, BDC, BRC, FLC, BMC.



Year 2023: Follow-up on outstanding issues and audit in accordance with the audit plan for the third quarter of 2023.

Company	Operational Performance Report	Date of Report	Audit Period	Scope of Audit
BLC	Internal Audit Report No. 3/2023	November 3, 2023	October 20, 2023	1) Inventory Management System
BDC	Internal Audit Report No. 3/2023	November 3, 2023	October 16–20, 2023	1) Inventory Management System
FLC	Internal Audit Report No. 3/2023	November 3, 2023	October 16–20, 2023	1) Inventory Management System
BRC	Internal Audit Report No. 3/2023	November 3, 2023	October 16–20, 2023	1) Inventory Management System
BMC	Internal Audit Report No. 3/2023	November 3, 2023	October 16–20, 2023	1) Inventory Management System
PAC	Internal Audit Report No. 3/2023	November 3, 2023	October 16–20, 2023	1) Inventory Management System

DIR identified issues in the internal audit No. 3/2023:

- Planning for warehouse management for BDC, BRC, FLC.
- Control activities in accordance with the distribution agreement (ZUELLIG PHARMA) for BDC, BRC, FLC, BMC.

Regarding outstanding issues, two have been successfully addressed, accounting for 67%, and one is currently in progress, representing 33%.





Year 2023: Follow-up on outstanding issues and audit in accordance with the audit plan for the fourth quarter of 2023.

Company	Operational Performance Report	Date of Report	Audit Period	Scope of Audit
BLC	Internal Audit Report No. 4/2023	January 29, 2024	December 11–13, 2023, and January 8–10, 2024	1) Expense Control System
BDC	Internal Audit Report No. 4/2023	January 29, 2024	- November 29–30, 2023, - December 1, 6–8, 11–14, 2023 - January 8–10, 2024	1) Expense Control System
FLC	Internal Audit Report No. 4/2023	January 29, 2024	- November 29–30, 2023, - December 1, 6–8, 11–14, 2023 - January 8–10, 2024	1) Expense Control System
BRC	Internal Audit Report No. 4/2023	January 29, 2024	- November 29–30, 2023, - December 1, 6–8, 11–14, 2023 - January 8–10, 2024	1) Expense Control System



Company	Operational Performance Report	Date of Report	Audit Period	Scope of Audit
BMC	Internal Audit Report No. 4/2023	January 29, 2024	- November 29–30, 2023, - December 1, 6–8, 11–14, 2023 - January 8–10, 2024	1) Expense Control System
PAC	Internal Audit Report No. 4/2023	January 29, 2024	- November 29–30, 2023, - December 1, 6–8, 11–14, 2023 - January 8–10, 2024	1) Expense Control System

DIR identified no issues in the internal audit No. 4/2023. As for the previously identified outstanding issues from previous periods, they have been fully addressed and resolved.



#### **9.1.4 Head of Internal Audit of BLC**

BLC has outsourced the services of an external agency to serve as the internal auditor for the Company. In a meeting of the Audit Committee, Ms. Korakot Wonsawad was appointed as the Head of Internal Audit for the audit year 2021. Additionally, Ms. Anatsaya Raksasorn was appointed as the Head of Internal Audit for the audit years 2022–2023, as explained in Section 9.1.1 above

The Audit Committee has evaluated the qualifications of DIR, Ms. Korakot Wonsawad, and Ms. Anatsaya Raksasorn. The Committee's opinion is that they are suitable for their roles due to their independence, qualifications, educational background, and relevant experience in internal auditing. Both have received appropriate training, including the Certified Professional Internal Audit of Thailand Auditor (CPIAT) and completed courses related to COSO 2013, both in theory and practice, as well as IT audit courses organized by the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King. Additionally, they have participated in initiatives aimed at maintaining and enhancing the quality of internal audit functions within organizations.

#### **9.1.5 Appointment, Removal, and Transfer of Head of Internal Audit**

The consideration, approval, appointment, removal, and transfer of the Head of the Internal Audit at BLC must undergo scrutiny and approval from the Audit Committee. The qualifications for individuals holding the position of Head of the Internal Audit are outlined in Appendix 3.



## 9.2 Related Transactions

### 9.2.1 Information on Related Transactions with Potentially Conflicting Individuals Related Transactions

In the year 2023, BLC engaged in related transactions with individuals who may pose a conflict of interest. The details of are as follows:

Individuals with Potential Conflicts of Interest	Relationships with BLC
1. Ms. Sunisa Mongkolareesap ("Ms. Sunisa")	<ul style="list-style-type: none"><li>• Spouse of Mr. Suvit Ngampoopun</li><li>• A major shareholder of BLC, accounting for 21.99% (as of January 3, 2024)</li></ul>
Ms. Amporn Charoensomsak ("Ms. Amporn")	<ul style="list-style-type: none"><li>• Spouse of Mr. Somchai Phisphahutharn</li></ul>
2. Ms. Anuporn Pattravanichkun ("Ms. Anuporn")	<ul style="list-style-type: none"><li>• Holds the position of Executive Committee Member and Executive Director of Accounting &amp; Financial at BLC</li></ul>
3. Ms. Phiraya Chanpatya ("Ms. Phiraya")	<ul style="list-style-type: none"><li>• Holds the position of Executive Committee Member and Assistant Chief Financial Officer at BLC</li></ul>



For the years 2022 and 2023, BLC engaged in transactions with individuals who may pose a conflict of interest, as detailed below (please refer to additional related transactions in the notes to the financial statements).

Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
1. Ms. Sunisa (Landlord) and BLC (Tenant)	Land rent  Outstanding Balance	720,000  -	180,000  -	<p><b>Source and Necessity of the Transaction</b></p> <ul style="list-style-type: none"> <li>● The Company has entered into a land lease agreement with Ms. Sunisa, Title Deed Number 72025, covering a land area of 15 <i>rai</i> 3 <i>ngan</i> 7 square <i>wah</i>. The land is located adjacent to the office and BLC factory on Khao Sai Kruat-Nong Chae Sao Road, Nampu Subdistrict, Mueang Ratchaburi District, Ratchaburi. The purpose of the lease is to utilize the land for: 1) Parking space for executives, employees, and visitors to the factory. 2) Recreational area, including a football field and gathering points. 3) Serving as the location for the “Thai That” store, which sells the Company’s products to external individuals and visitors to the factory. The area allocated for this purpose is approximately 188 square meters.</li> <li>● The land where the BLC office and factory in Ratchaburi are currently situated has an approximate area of 145-2-45.5 <i>rai</i> and is under the ownership of BLC. However, a portion of this land was originally owned by Ms. Sunisa in the past, dating back to the Company’s founding in 1992. BLC gradually acquired the land from Ms. Sunisa in around 1993, 1995, and 2015, totaling approximately 49-2-95 <i>rai</i>. This acquisition was deemed necessary to meet the land requirements for constructing manufacturing facilities or other essential operational buildings. The aforementioned land that BLC</li> </ul>



Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
				<p>currently leases has been rented since 2013. This decision was prompted by BLC's business expansion, leading to the construction of manufacturing facilities and an increase in production capacity. Consequently, there has been a significant rise in the number of employees who commute to work, necessitating the need for convenient parking facilities and additional recreational areas. It's important to note that BLC does not have plans to purchase the aforementioned land to own outright. This is because there is currently no essential need to use the land for constructing core assets, and BLC aims to retain cash flow for investments in primary assets. Therefore, BLC has chosen to lease the land from Ms. Sunisa</p> <p><b>Pricing</b></p> <p>In accordance with the land lease agreement dated February 1, 2021, with a duration of 3 years (January 1, 2021, to December 31, 2023), and with the option to extend the lease for an additional term of no more than 3 years, the monthly rental rate is set at 60,000 baht. The specified rental rate is referenced from the property valuation report conducted by an independent property appraiser approved by the Securities and Exchange Commission (SEC), namely UK Valuation and Agency Company Limited, on October 19, 2020. This valuation was conducted to fulfill public interest objectives and to determine a market-appropriate rental rate for the land over the 3-year period. The independent property appraiser concluded that a reasonable monthly land</p>



Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
				<p>rental rate is 70,953.8 baht. Therefore, the contracted land rental rate of 60,000 baht per month is lower than the appraised land rental rate by 10,953.8 baht per month or approximately 15%. This difference is attributed to the fact that the lease agreement was entered into during the Covid-19 pandemic, prompting BLC to negotiate for a reduction in the rental rate with Ms. Sunisa.</p> <p><b>Audit Committee's Opinion</b></p> <p>The Audit Committee approves the mentioned transaction, considering it necessary, reasonable, and beneficial to the Company. The land lease provides additional parking and recreational space for employees and facilitates a retail space for the products of the BLC group. This expansion is expected to increase revenue and enhance the visibility of BLC group products within the community. The lease rate is comparable to the appraised rate with a 15% discount due to the Covid-19 situation, providing flexibility for the Company. Additionally, the lease terms are in line with general leasing conditions.</p>
2. Ms. Amporn (Compensation Recipient) and BMC (Compensation Payer)	Compensation for Pharmacist License  Outstanding Balance	30,000  -	5,000  -	<p><b>Source and Necessity of the Transaction</b></p> <ul style="list-style-type: none"> <li>BMC engages in the wholesale distribution of veterinary drugs. To comply with the Drug Act B.E. 2510 (1967), it stipulates the requirement for a pharmacist or authorized personnel to perform pharmaceutical duties. At that time, BMC had a total of two employees, with none being a pharmacist. Consequently, BMC found it necessary to contract the services of Ms. Amporn, an external pharmacist, to act as the authorized personnel. An</li> </ul>



Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
				<p>agreement was established between the licensee (BMC) and the authorized personnel (Ms. Amporn) effective from January 1, 2015. The compensation was set at 5,000 baht per month, and the agreement concluded on December 31, 2021, given that Mr. Pongphan Tangkittiwat, an external pharmacist, has taken over the responsibilities as the authorized personnel in place of Ms. Amporn</p> <ul style="list-style-type: none"> <li>● Subsequently, BMC entered into an agreement with the authorized personnel, Mr. Pongphan Tangkittiwat (“Mr. Pongphan”), who is a pharmacist with no affiliation to the BLC group. The compensation was set at 5,000 baht per month, effective from February 15, 2022. However, Mr. Pongphan notified BMC of his termination of duties on July 1, 2022, citing personal commitments as the reason.</li> <li>● Meanwhile, BMC found it necessary to appoint Ms. Amporn as an external pharmacist to perform the duties of the responsible person ahead of time. A new agreement was executed between the licensee and the responsible person, Ms. Amporn, with an effective date of July 22, 2022. The compensation was set at the same rate that Ms. Amporn had received since 2015, which is 5,000 baht per month. This is equivalent to the compensation rate provided to Mr. Pongphan</li> <li>● On February 1, 2023, BMC terminated the services of Ms. Amporn and entered into an agreement with Mr. Somchai, an executive of the Company</li> </ul>





Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
				<p>Group, to act as the responsible person. This decision was made to eliminate dependency on individuals associated with BLC. Mr. Somchai has graciously opted not to receive any compensation for these services</p> <p><b>Pricing</b></p> <p>The compensation provided to Ms. Amporn is equal to 5,000 baht per month, which is comparable and equitable to the compensation offered to Mr. Pongphan. It is noteworthy that Mr. Pongphan is an unrelated individual without any affiliation with the BLC group or its related parties. Therefore, the remuneration for Ms. Amporn is considered fair and commensurate with the compensation provided to external individuals</p> <p><b>Audit Committee's Opinion</b></p> <p>The Audit Committee acknowledges that the mentioned arrangement relies on individuals associated with BLC. Accordingly, BMC should seek a pharmacist who is not affiliated with the Company. In this regard, the Audit Committee is aware of the change in the person responsible for the operations, with Mr. Somchai replacing Ms. Amporn</p>
3. Ms. Anuporn Pattravanichkun (Buyer) and BDC (Seller)	Revenue from Sales of Special Price Products to Employees	6,687	-	<p><b>Source and Necessity of the Transaction</b></p> <p>BDC has a special promotion for selling products at a discounted price for employees, which will be announced publicly around the office area in Bangkok. Ms. Anuporn has purchased the products at the same price as other employees during the 1st quarter of 2022 and 2nd quarter of 2022</p>



Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
	Outstanding Balance	-	-	<p><b>Pricing</b></p> <p>The Company grants all employees the right to purchase products at a special price according to the promotions in each period. Therefore, the price offered to Ms. Anuporn is fair and reasonable.</p> <p><b>Audit Committee's Opinion</b></p> <p>The Audit Committee approves the mentioned transaction. The sale of products to Ms. Anuporn is necessary and reasonable as it is a regular sale transaction that benefits BDC by increasing revenue. Additionally, the selling price is fair, and the terms and conditions are consistent with sales to other employees.</p>
4. Ms. Phiraya Chanpatya (Consultation Fee Recipient) and BLC (Consultation Fee Payer)	Accounting Consultation Fees  Outstanding Balance	120,000  -	-  -	<p><b>Source and Necessity of the Transaction</b></p> <p>BLC is in the process of preparing for an Initial Public Offering (IPO), aiming to register on the stock market for the first time and offer shares to the general public. In light of this, BLC needs to prepare standardized financial statements. During this period, BLC requires personnel with expertise in financial statement preparation. Therefore, BLC has entered into an agreement to engage Ms. Phiraya, who has over 10 years of experience in accounting, as a financial consulting advisor. The consulting fee is set at 40,000 baht per month, with the contract period running from January 1 to March 31, 2022. Subsequently, BLC has engaged Ms. Phiraya as a full-time employee, serving as the Assistant Chief Financial Officer (Assistant CFO) since April 18, 2022, and continuing to date.</p>



Related Individuals	Nature of Transactions	2022	2023	Details of Transactions
				<p><b>Pricing and Fairness</b></p> <p>The consulting fee provided to Ms. Phiraya in the accounting field is comparable to the remuneration rate given to personnel with similar expertise and experience.</p> <p><b>Audit Committee's Opinion</b></p> <p>The Audit Committee approves this arrangement due to its necessity for BLC's operations, allowing BLC to promptly prepare financial statements as required. Furthermore, the consulting fee for accounting services provided to Ms. Phiraya is comparable to the remuneration rate for personnel with similar expertise and experience. However, this arrangement will not recur in the future as BLC has hired Ms. Phiraya as a permanent employee</p>



Summary of Land Lease Agreement with Ms. Sunisa

Contract Name	Land Lease Agreement
Leased Property	Land with Title Deed Number 72025, located at 82 Nampu Subdistrict, Mueang Ratchaburi District, Ratchaburi, with an area of 15 <i>rai</i> 3 <i>ngan</i> 7 square <i>wah</i> .
Contracting Parties	Ms. Sunisa Mongkolareesap (Landlord) and BLC (Tenant)
Contract Duration	<ul style="list-style-type: none"><li>● January 1, 2024, to December 31, 2026 (3 years)</li><li>● In the event of the tenant's desire to extend the lease, a one-month prior written notice is required. The landlord may extend the lease for a period not exceeding 3 years under the original terms and conditions, except for rental fee, which shall be determined based on mutual agreement and in accordance with market prices.</li></ul>
Objectives	<ul style="list-style-type: none"><li>● The landlord agrees to allow the tenant to construct buildings and structures on the leased land.</li><li>● The tenant leases the land for the purpose of establishing their own business operations, with ownership rights over the constructed structures belonging to the tenant.</li><li>● Upon the expiration of the lease term, the tenant is obligated to demolish the structures on the land and transfer ownership of the land back to the landlord.</li></ul>
Rent Rates	<ul style="list-style-type: none"><li>● Monthly rent of 60,000 baht</li><li>● Rent payment due at the end of each month</li><li>● Rent payment to be made through a bank transfer to the landlord's bank deposit account</li><li>● In case of late payment, the tenant agrees to be liable for damages at a rate of 5% per annum or as specified by applicable laws, whichever is higher.</li></ul>



Other Conditions	<ul style="list-style-type: none"><li>● Prohibited to sublease or transfer the leasing rights to another person.</li><li>● The tenant agrees to pay for electricity, water, telephone bills, or any other services provided on the leased land.</li><li>● Fees, land taxes, and building taxes, as well as other expenses payable to the government, are the responsibility of the tenant.</li><li>● If the landlord decides to sell the land, the landlord must offer the tenant the right of first refusal before selling to another party.</li></ul>
Applicable Laws	<ul style="list-style-type: none"><li>● The agreement is enforceable and interpreted according to Thai laws.</li></ul>



### 9.2.2 Policies or Trends Regarding Future Related Transactions.

#### Measures or Procedures for Approving Related Transactions.

At the Board of Directors Meeting No. 6/2022 on October 19, 2022, resolutions were passed approving the policy for conducting related transactions and connected transactions, as well as the policy on conflicts of interest. BLC recognizes the importance of conducting business with transparency and fairness to all shareholders equally. Therefore, the Company has established policies and standards for controlling related transactions of the Company and its subsidiaries with related parties (major shareholders, directors, executives, or individuals associated with those parties who may have conflicts of interest, gain or loss, or potential conflicts of interest in the future) in accordance with the securities and exchange laws. The details are as follows:

1. The Company shall conduct transactions in accordance with the Company's policy, securities and exchange laws, as well as regulations, announcements, and orders issued by the Capital Market Supervisory Board, the SEC, and/or the Stock Exchange of Thailand (SET). In this regard, any such transactions shall not involve the transfer or transfer of benefits between the Company and its shareholders. Instead, they must be transactions that the Company has carefully considered for the maximum benefit of the Company and all shareholders.
2. In the case of transactions that occur regularly or support normal business operations and are expected to continue in the future, the Company will adhere to criteria and guidelines for conducting transactions in accordance with general commercial practices. This includes referencing appropriate prices and conditions, ensuring fairness and reasonableness, verifiability, and compliance with approved terms from the Board of Directors' meetings. The management will prepare a summary of such transactions for quarterly reporting to the Audit Committee.
3. Related transactions or transactions interrelated as trade agreements not meeting general trade conditions shall undergo consideration and evaluation by the Audit Committee regarding the necessity and appropriateness of the transaction pricing. This involves assessing fair and reasonable pricing and conditions, aligning with normal business practices in the industry, and/or comparing with prices from external parties and/or market prices. The transaction prices and conditions should be comparable to those of external parties and/or at the market level. Additionally, it should be evident that the transaction is priced or conditioned reasonably and fairly. The proposal for such transactions will then be presented to the Board of Directors for approval. If the transaction is of significant size according to the regulations of the SET, the Capital Market Supervisory Board, and the SEC, after



approval by the Board of Directors, it must be presented for further approval at the shareholders' meeting.

4. In considering the approval of related transactions or transactions interrelated with major shareholders, directors, executives, or individuals who may have conflicts of interest or related individuals of the Company, participating directors with vested interests and/or related directors will not attend the meeting and will not have the right to vote on the approval of such transactions. This ensures confidence that participating in such transactions will not result in the transfer or diversion of Company benefits but rather involves transactions that have taken into account the maximum benefit of the Company, with shareholders being of significant importance

5. The disclosure of related transactions or transactions related to the Company shall comply with the laws and regulations set forth by the SEC, as well as the SET. Additionally, it shall adhere to accounting standards related to the Company or related persons in the accounting profession.

### **9.2.3 Future Trends in Related Transactions**

Future related transactions that are anticipated to occur involve leasing land from Ms. Sunisa, promotional sales of products at employee prices for executives and employees. Regarding the compensation for pharmacist license holders, the arrangement with Ms. Amporn concluded on February 1, 2023. All such transactions will be conducted in accordance with the Securities and Exchange Act, regulations, announcements, orders, or guidelines from the Capital Market Supervisory Board, the SEC, and the SET. Importantly, engaging in these transactions will not constitute a transfer or transfer of benefits from BLC or BLC's shareholders. Instead, they represent transactions where BLC has considered the utmost benefit for BLC and deems all shareholders significant in the decision-making process.



## Part 3

### Financial Statements

#### The Board of Directors' Responsibility Report on Financial Reporting

The financial statements of Bangkok Lab and Cosmetic Public Company Limited and its subsidiaries have been prepared in accordance with the provisions of the Public Limited Companies Act B.E. 2535 (1992), Securities and Exchange Act B.E. 2535 (1992), and Accounting Act B.E. 2543 (2000), adhering to the accounting standards set by the Federation of Accounting Professions.

The Company's Board of Directors is responsible for the financial reporting of the Company, which is prepared to ensure confidence that the financial position, income, expenses, and cash flows are accurately and reasonably presented. Effective internal control systems are established to ensure accurate and adequate accounting records to safeguard assets and prevent fraud and significant irregularities. The financial reporting is prepared by selecting appropriate accounting policies and consistently applying them in accordance with generally accepted accounting standards. Sufficient key disclosures are made in the notes to the financial statements, and the auditors have provided their opinion on the financial statements of Bangkok Lab and Cosmetic Public Company Limited and its subsidiaries in the Certified Public Accountant Report.

Mr. Wanchai Sutananta

Chairman

Mr. Suvit Ngampoopun

Chief Executive Officer





Bangkok Lab and Cosmetic Public Company Limited  
and its Subsidiaries  
Financial statements for the year ended  
31 December 2023  
and  
Independent Auditor's Report



## Independent Auditor's Report

### To the Shareholders of Bangkok Lab and Cosmetic Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Bangkok Lab and Cosmetic Public Company Limited and its subsidiaries (the "Group") and of Bangkok Lab and Cosmetic Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Valuation of inventories	
Refer to Note 3 (g) and 7 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group's products are modern medicine, herbal medicines, cosmetic products and food supplements which have limited shelf life and are highly competitive in pharmaceuticals and medicinal chemical markets and continuously launched new products to meet customer's demand. Consequently, the opportunities to sell the Group's products are highly depended on market conditions and result in certain inventories of the Group are obsolete and long outstanding. In addition, the Group have the goods return policy for obsolete inventories under specified condition. These factors affect the selling price of products and valuation of inventories. As a result, there is a risk that the cost of inventories will be stated above their net realisable value.</p> <p>Due to the materiality of the inventory balance to the financial statements, and the significant judgment of management required in determining allowance for decline in value of inventories. I considered the adequacy of allowance for decline in value of inventories as a key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Inquired the management to obtain an understanding of the Group's policy in relation to the determination of an allowance for decline in value of inventories and the Group's compliance with this policy;</li> <li>- Evaluated the design and implementation of internal controls related to the estimation of allowance for decline in value of inventories;</li> <li>- Attended the physical inventory counts and observed the condition of inventories on sampling basis;</li> <li>- Tested the accuracy of inventory aging calculation in the inventory aging report with relevant supporting documents on sampling basis to ensure that inventories are classified within an appropriate range;</li> <li>- Assessed the reasonableness of management's assumptions used in determining the percentage of obsolete and slow-moving inventories by comparing with historical information, verifying with relevant supporting documents and tested calculation;</li> <li>- Tested on a sampling basis to assess net realisable value of inventories by testing the accuracy of sample selling price, estimated cost to make the sale, and comparing the cost</li> </ul>



	<p>of inventories against expected net realisable value from sales; and</p> <ul style="list-style-type: none"><li>- Assessed the adequacy of the Group's disclosure in accordance with the Thai Financial Reporting Standards.</li></ul>
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#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon. In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

#### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as



management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for



one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships



and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Bunyarit Thanormcharoen)

Certified Public Accountant

Registration No. 7900

KPMG Phoomchai Audit Ltd.

Bangkok

28 February 2024





Statement of financial position

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Assets	Note	2023	2022	2023	2022
(in Baht)					
Current assets					
Cash and cash equivalents	5	90,458,446	37,844,618	67,320,955	707,420
Short-term investments	5	885,030,213	30,034	885,000,000	-
Trade receivables	4, 6	346,500,108	301,980,208	307,111,654	252,231,385
Other receivables	4	22,326,861	9,678,400	16,245,855	16,101,705
Inventories	7	392,827,406	400,465,771	187,130,327	198,816,685
Other current assets		6,890,005	6,989,538	640,115	143,506
Total current assets		1,744,033,039	756,988,569	1,463,448,906	468,000,701
Non-current assets					
Restricted deposit at financial institution	9	32,269,923	31,969,975	20,839,190	20,683,376
Investments in subsidiaries	8	-	-	49,999,400	49,999,400
Property, plant and equipment	10	335,026,167	300,996,222	310,597,558	294,155,410
Right-of-use assets	11	80,280,495	83,123,615	59,837,060	61,749,802
Intangible assets		6,807,071	3,979,679	6,388,429	3,390,089
Deferred tax assets	18	29,642,603	33,042,604	2,193,251	3,517,098
Other non-current assets		12,193,868	2,522,796	9,617,358	466,800
Total non-current assets		496,220,127	455,634,891	459,472,246	433,961,975
Total assets		2,240,253,166	1,212,623,460	1,922,921,152	901,962,676



Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2023	2022	2023	2022
		(in Baht)			
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings					
from financial institutions	12	200,470,759	378,867,636	92,406,187	250,487,467
Trade payables	4	96,489,567	152,895,465	84,415,621	114,263,584
Other payables	4	64,814,548	92,631,027	26,879,826	56,104,389
Current portion of long-term borrowings					
from financial institutions	12	33,292,693	36,113,723	19,792,592	25,190,749
Current portion of lease liabilities	4, 11, 12	24,580,619	25,504,820	15,585,806	18,358,991
Corporate income tax payable		8,604,522	9,465,574	-	4,649,988
Other current liabilities		14,013,236	19,376,465	1,626,555	983,110
<b>Total current liabilities</b>		<b>442,265,944</b>	<b>714,854,710</b>	<b>240,706,587</b>	<b>470,038,278</b>
<b>Non-current liabilities</b>					
Long-term borrowings from					
financial institutions	12	46,464,483	65,030,556	10,835,577	30,340,238
Lease liabilities	4, 11, 12	29,484,524	38,552,629	18,085,394	24,628,847
Provision for employee benefit	13	126,708,595	112,678,011	73,447,183	64,907,449
Other non-current liabilities		-	-	2,698,550	3,085,500
<b>Total non-current liabilities</b>		<b>202,657,602</b>	<b>216,261,196</b>	<b>105,066,704</b>	<b>122,962,034</b>
<b>Total liabilities</b>		<b>644,923,546</b>	<b>931,115,906</b>	<b>345,773,291</b>	<b>593,000,312</b>



Statement of financial position

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Liabilities and equity	Note	2023	2022	2023	2022
(in Baht)					
Equity					
Share capital:	14				
Authorised share capital		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up share capital		300,000,000	240,000,000	300,000,000	240,000,000
Share premium on ordinary shares	14	1,147,595,992	-	1,147,595,992	-
Deficits on business combination					
under common control		(17,292,631)	(17,292,631)	-	-
Retained earnings					
Appropriated					
Legal reserve	15	16,069,131	10,069,131	16,069,131	10,069,131
Unappropriated		98,301,717	4,851,898	82,851,562	28,262,057
Other components of equity					
Surplus on revaluation of land		30,921,948	30,631,176	30,631,176	30,631,176
Equity attributable to owners of the parent		1,575,596,157	268,259,574	1,577,147,861	308,962,364
Non-controlling interests		19,733,463	13,247,980	-	-
Total equity		1,595,329,620	281,507,554	1,577,147,861	308,962,364
Total liabilities and equity		2,240,253,166	1,212,623,460	1,922,921,152	901,962,676



Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended		Year ended	
		31 December		31 December	
		2023	2022	2023	2022
(in Baht)					
<b>Revenue</b>					
Revenue from sales and rendering of services	4, 16	1,406,184,072	1,238,489,494	840,506,220	745,565,894
Other incomes	4	10,990,026	3,482,047	46,009,368	46,581,668
<b>Total revenue</b>		<b>1,417,174,098</b>	<b>1,241,971,541</b>	<b>886,515,588</b>	<b>792,147,562</b>
<b>Expenses</b>					
Cost of sales and rendering of services	4, 7, 16	615,070,678	537,539,386	576,308,958	499,967,999
Distribution costs		348,752,674	312,276,927	4,948,843	5,400,969
Administrative expenses	4	253,119,591	219,290,016	183,322,848	156,294,477
<b>Total expenses</b>	17	<b>1,216,942,943</b>	<b>1,069,106,329</b>	<b>764,580,649</b>	<b>661,663,445</b>
<b>Profit from operating activities</b>		<b>200,231,155</b>	<b>172,865,212</b>	<b>121,934,939</b>	<b>130,484,117</b>
Finance costs		(25,755,056)	(28,339,570)	(14,633,576)	(17,285,453)
<b>Profit before income tax expense</b>		<b>174,476,099</b>	<b>144,525,642</b>	<b>107,301,363</b>	<b>113,198,664</b>
Tax (expense) income	18	(23,653,900)	(14,850,614)	(1,839,579)	2,106,286
<b>Profit for the year</b>		<b>150,822,199</b>	<b>129,675,028</b>	<b>105,461,784</b>	<b>115,304,950</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Gain on revaluation of land	10	363,465	-	-	-
Loss on remeasurements of defined benefit plans	13	(3,607,271)	(1,905,023)	(3,590,349)	(5,457,671)
Income tax relating to items that will not be reclassified	18	648,761	889,919	718,070	1,600,448
<b>Total items that will not be reclassified to profit or loss</b>		<b>(2,595,045)</b>	<b>(1,015,104)</b>	<b>(2,872,279)</b>	<b>(3,857,223)</b>
<b>Total comprehensive income for the year</b>		<b>148,227,154</b>	<b>128,659,924</b>	<b>102,589,505</b>	<b>111,447,727</b>



Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2023	2022	2023	2022
	(in Baht)			
Profit attributable to:				
Owners of the parent	145,392,458	125,720,008	105,461,784	115,304,950
Non-controlling interests	5,429,741	3,955,020	-	-
	<u>150,822,199</u>	<u>129,675,028</u>	<u>105,461,784</u>	<u>115,304,950</u>
Total comprehensive income attributable to:				
Owners of the parent	141,740,591	123,989,137	102,589,505	111,447,727
Non-controlling interests	6,486,563	4,670,787	-	-
	<u>148,227,154</u>	<u>128,659,924</u>	<u>102,589,505</u>	<u>111,447,727</u>
Basic earnings per share	19	0.27	0.19	0.26



Bangkok Lab & Cosmetic Public Company Limited

Statement of changes in equity

Consolidated financial statements								
Note	Issued and paid-up share capital	Deficits on business combination under common control	Retained earnings (Deficits)		Other components of equity	Owners of the parent	Non-controlling interests	Total equity
			Appropriated to legal reserve	Unappropriated (Deficits)	Surplus on revaluation of land			
			(in Baht)					
Year ended 31 December 2022								
Balance at 1 January 2022	200,000,000	(17,292,631)	4,303,884	(19,371,992)	30,631,176	198,270,437	8,578,318	206,848,755
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the parent								
Issue of ordinary shares	14	40,000,000	-	-	-	40,000,000	-	40,000,000
Dividends	20	-	-	-	(94,000,000)	(94,000,000)	(1,125)	(94,001,125)
Total contributions by and distributions to owners of the parent		40,000,000	-	-	(94,000,000)	(54,000,000)	(1,125)	(54,001,125)
Comprehensive income for the year								
Profit		-	-	-	125,720,008	125,720,008	3,955,020	129,675,028
Other comprehensive income		-	-	-	(1,730,871)	(1,730,871)	715,767	(1,015,104)
Total comprehensive income for the year		-	-	-	123,989,137	123,989,137	4,670,787	128,659,924
Transfer to legal reserve	15	-	-	5,765,247	(5,765,247)	-	-	-
Balance at 31 December 2022		240,000,000	(17,292,631)	10,069,131	4,851,898	30,631,176	13,247,980	281,507,554



## Bangkok Lab & Cosmetic Public Company Limited

### Statement of changes in equity

		Consolidated financial statements								
					Retained earnings		Other components of equity			
	Note	Issued and paid-up share capital	Share premium	Deficits on business combination under common control	Appropriated to legal reserve	Unappropriated	Surplus on revaluation of land	Owners of the parent	Non-controlling interests	Total equity
						(in Baht)				
Year ended 31 December 2023										
Balance at 1 January 2023		240,000,000	-	(17,292,631)	10,069,131	4,851,898	30,631,176	268,259,574	13,247,980	281,507,554
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners of the parent										
Issue of ordinary shares	14	60,000,000	1,147,595,992	-	-	-	-	1,207,595,992	-	1,207,595,992
Dividends	20	-	-	-	-	(42,000,000)	-	(42,000,000)	(1,080)	(42,001,080)
Total contributions by and distributions to owners of the parent		60,000,000	1,147,595,992	-	-	(42,000,000)	-	1,165,595,992	(1,080)	1,165,594,912
Comprehensive income for the year										
Profit		-	-	-	-	145,392,458	-	145,392,458	5,429,741	150,822,199
Other comprehensive income		-	-	-	-	(3,942,639)	290,772	(3,651,867)	1,056,822	(2,595,045)
Total comprehensive income for the year		-	-	-	-	141,449,819	290,772	141,740,591	6,486,563	148,227,154
Transfer to legal reserve	15	-	-	-	6,000,000	(6,000,000)	-	-	-	-
Balance at 31 December 2023		300,000,000	1,147,595,992	(17,292,631)	16,069,131	98,301,717	30,921,948	1,575,596,157	19,733,463	1,595,329,620



Statement of changes in equity

Seperate financial statements						
		Issued and paid-up share capital	Retained earnings		Other components of equity	
	Note		Appropriated to legal reserve	Unappropriated (in Baht)	Surplus on revaluation of land	Total equity
Year ended 31 December 2022						
Balance at 1 January 2022		200,000,000	4,303,884	16,579,577	30,631,176	251,514,637
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	14	40,000,000	-	-	-	40,000,000
Dividends	20	-	-	(94,000,000)	-	(94,000,000)
Total contributions by and distributions to owners		40,000,000	-	(94,000,000)	-	(54,000,000)
Comprehensive income for the year						
Profit		-	-	115,304,950	-	115,304,950
Other comprehensive income		-	-	(3,857,223)	-	(3,857,223)
Total comprehensive expense for the year		-	-	111,447,727	-	111,447,727
Transfer to legal reserve	15	-	5,765,247	(5,765,247)	-	-
Balance at 31 December 2022		240,000,000	10,069,131	28,262,057	30,631,176	308,962,364





Statement of changes in equity

		Seperate financial statements				Other components	
				Retained earnings		of equity	
	Note	Issued and paid-up share capital	Share premium	Appropriated to legal reserve	Unappropriated	Surplus on revaluation of land	Total equity
				(in Baht)			
Year ended 31 December 2023							
Balance at 1 January 2023		240,000,000	-	10,069,131	28,262,057	30,631,176	308,962,364
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	14	60,000,000	1,147,595,992	-	-	-	1,207,595,992
Dividends	20	-	-	-	(42,000,000)	-	(42,000,000)
Total contributions by and distributions to owners		60,000,000	1,147,595,992	-	(42,000,000)	-	1,165,595,992
Comprehensive income for the year							
Profit		-	-	-	105,461,784	-	105,461,784
Other comprehensive income		-	-	-	(2,872,279)	-	(2,872,279)
Total comprehensive expense for the year		-	-	-	102,589,505	-	102,589,505
Transfer to legal reserve	15	-	-	6,000,000	(6,000,000)	-	-
Balance at 31 December 2023		300,000,000	1,147,595,992	16,069,131	82,851,562	30,631,176	1,577,147,861



Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended		Year ended	
	31 December		31 December	
Note	2023	2022	2023	2022
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	150,822,199	129,675,028	105,461,784	115,304,950
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense (income)	23,653,900	14,850,614	1,839,579	(2,106,286)
Depreciation and amortisation	52,842,814	51,190,949	39,400,821	37,633,308
Interest income	(8,651,909)	(210,085)	(8,421,368)	(49,141)
Dividend received	-	-	(35,998,920)	(44,998,875)
Loss on inventories devaluation	3,032,221	3,848,866	2,282,468	4,063,561
(Gain) loss on disposal of property, plant and equipment and intangible assets	6,479	814,691	(10,630)	114,464
(Gain) loss on terminate lease	253,678	185,118	(5,810)	-
Finance costs	25,755,056	28,339,570	14,633,576	17,285,453
Reversal of expected credit loss	(1,243,320)	(2,451,088)	-	-
(Reversal of) net loss on provisions for goods return	(386,579)	8,826,649	-	-
Provisions for sales discount - domestic	16,590	111,529	-	-
Unrealised (gain) loss on foreign exchange	317,235	(185,987)	-	(240,100)
Provision for employee benefit	13	10,423,313	8,057,113	5,685,984
		256,841,677	243,052,967	124,867,484
				131,372,005
<i>Changes in operating assets and liabilities</i>				
Trade and other receivable	(48,542,998)	(55,763,496)	(47,284,812)	(81,609,823)
Inventories	3,106,203	(51,113,155)	9,403,890	(38,844,362)
Other current assets	99,533	(2,045,691)	(496,609)	(31,470)
Other non-current assets	(9,671,072)	203,891	(9,150,558)	-
Trade and other payable	(51,916,210)	40,450,670	(26,732,616)	26,564,069
Other current liabilities	(3,476,709)	(17,466,102)	643,445	(3,485,184)
Other non-current liabilities	-	(3,665,000)	(386,950)	(293,050)
Transfer employee benefits	-	-	(736,599)	-
Employee benefits paid	13	-	(1,081,000)	-
				(145,000)
Net cash generated from operations		146,440,424	152,573,084	50,126,675
Taxes paid		(20,466,190)	(17,310,601)	(4,447,650)
Net cash from operating activities		125,974,234	135,262,483	45,679,025
				30,073,864



Statement of cash flows

		Consolidated financial		Separate financial	
		statements		statements	
		Year ended		Year ended	
		31 December		31 December	
	Note	2023	2022	2023	2022
		(in Baht)			
<i>Cash flows from investing activities</i>					
Increased in short-term investment		(885,000,179)	(111)	(885,000,000)	-
Increased in restricted fixed deposits		(299,948)	(167,241)	(155,814)	(40,872)
Acquisition of property, plant and equipment		(55,716,923)	(13,690,985)	(35,342,869)	(12,142,840)
Proceeds from sale of property, plant and equipment		104,694	167,654	104,638	144,292
Acquisition of intangible assets		(4,563,504)	(1,121,578)	(4,530,906)	(728,078)
Interest received		936,041	188,897	681,761	43,071
Dividend received		-	-	35,998,920	44,998,875
Net cash from (used in) investing activities		<u>(944,539,819)</u>	<u>(14,623,364)</u>	<u>(888,244,270)</u>	<u>32,274,448</u>
<i>Cash flows from financing activities</i>					
Increased (decreased) in bank overdraft from financial institutions		(76,265,582)	(8,149,069)	(55,964,504)	530,485
Proceeds from short-term borrowings from financial institutions		497,494,127	725,838,090	456,974,619	605,851,110
Payment of short-term borrowings from financial institutions		(599,625,422)	(726,642,536)	(559,091,395)	(586,657,096)
Proceeds from long-term borrowings from financial institutions		14,526,596	31,000,000	-	-
Payment of long-term borrowings from financial institutions		(35,913,699)	(48,181,528)	(24,902,818)	(24,324,737)
Proceeds from issue of shares		1,260,000,000	40,000,000	1,260,000,000	40,000,000
Expenses for issuance of share capital		(52,404,008)	-	(52,404,008)	-
Payment of lease liabilities		(31,414,218)	(33,982,939)	(21,303,550)	(24,046,815)
Dividends paid	20	(79,467,280)	(56,523,438)	(79,467,280)	(56,523,438)
Dividends paid to non-controlling interests		(1,269)	(1,125)	-	-
Interest paid		(25,749,832)	(28,324,997)	(14,662,284)	(17,295,622)
Net cash from (used in) financing activities		<u>871,179,413</u>	<u>(104,967,542)</u>	<u>909,178,780</u>	<u>(62,466,113)</u>
Net increase (decreased) in cash and cash equivalents		52,613,828	15,671,577	66,613,535	(117,801)
Cash and cash equivalents at 1 January		37,844,618	22,173,041	707,420	825,221
Cash and cash equivalents at 31 December	5	<u>90,458,446</u>	<u>37,844,618</u>	<u>67,320,955</u>	<u>707,420</u>
<i>Non-cash transactions</i>					
Addition right-of-use assets		21,440,023	33,513,395	12,005,024	20,225,280
Surplus from revaluation of land		(363,465)	-	-	-
Transfer from right-of-use assets to plant and equipment		(6,329,312)	(22,377,708)	(6,329,312)	(22,377,708)
Changes in payable for purchase of plant and equipment		(5,156,078)	3,113,578	(5,156,078)	3,113,578

**Note**

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These notes form an integral part of the financial statements.

The financial statement issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2024.

## 1. General information

Bangkok Lab and Cosmetic Public Company Limited, the “Company”, is incorporated in Thailand and was listed in the Stock Exchange of Thailand on 21 June 2023 and has its registered offices at 48/1 Moo 5, Nong Chaesao Road, Tambol Nam Phu, Amphur Muang Ratchaburi, Ratchaburi.

As of 31 December 2023, the major shareholders were Mr. Suvit Ngampoopun with 22.0% of shareholding (2022: 26.7% of shareholding), Miss Sunisa Mongkolareepong with 15.8% of shareholding (2022: 19.7% of shareholding) and Mr. Somchai Phisphahutharn with 15.0% of shareholding (2022: 18.8% of shareholding).

The principal activities of the Group are the manufacturing and distributing of pharmaceuticals and medicinal chemical products for human and animal. Details of the Company’s subsidiaries as at 31 December 2023 and 2022 are given in note 8.

## 2. Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies are described in note 3 have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying



assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### 3. Significant accounting policies

#### (a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When there is a change in the Group’s interest in a subsidiary that does not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control is accounted for as other deficit in shareholders’ equity.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities, any related non-controlling interests and other components of equity of the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Business combination under common control is accounted for using a method similar to the pooling of interest method by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the transaction date. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or deficit will be written off upon divestment of the businesses acquired. The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

**(b) *Investments in subsidiaries v Basis of consolidation***

Investments in subsidiaries in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the FIFO method. Gains and losses on disposal of the investments are recognised in profit or loss.

**(c) *Foreign currency transactions***

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss.

**(d) *Financial instruments***

**(d.1) *Classification and measurement***

Financial assets and financial liabilities (except trade receivables (see note 3(f))) are initially recognised when the Group becomes a party to the contractual provisions of the



instrument, and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

*(d.2) Derecognition and offset*

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally





enforceable right to set off the amounts and the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(d.3) Impairment of financial assets other than trade receivables*

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 - 180 days past due, significant deterioration that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group take action such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

*(d.4) Write offs*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*(d.5) Interest*

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.



**(e) *Cash and cash equivalents***

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which have maturities of three months or less from the date of acquisition.

Bank deposits with withdrawal restrictions is shown separately in “Non-current assets” in the statement of financial position.

**(f) *Trade and other receivables***

Trade and other receivables are recognised when the Group has an unconditional right to receive consideration. Trade and other receivables are measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

**(g) *Inventories***

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the following principle:

Raw materials, packaging : at actual cost (weighted average principle)  
and merchandise finish goods

Finished goods and work in process : at standard cost adjusted to approximate actual  
average cost  
- parent company

Finished goods - subsidiaries : at actual cost (first in first out principle)



Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

A right to recover returned products is recognised when the products are expected to be returned by customers and measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those products.

**(h) *Property, plant and equipment***

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which is measured at its revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes capitalised borrowing costs and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

Revaluations of assets are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date. Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the "surplus on revaluation of land" in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset, the increase is recognised in profit or loss. A decrease in value is recognised in profit or loss to the extent it exceeds the revaluation reserve previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any remaining related revaluation reserve is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.



The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction and installation.

The estimated useful lives are as follows:

Buildings and building improvement	5, 10 and 20 years
Electrical and groundwater systems	10 and 25 years
Machinery and equipment	5 and 10 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

**(i) Intangible assets**

*Research and development*

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure and expenditure on research activities are recognised in profit or loss as incurred.



Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses. The expenditure cost includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits.

#### *Software licenses*

Software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Deferred cost of development project	5 and 8 years
Software licenses	5 and 10 years

The amortisation of intangible assets is included in administrative expenses.

#### **(j) Leases**

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.



The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognised as expenses on a straight-line basis over the respective lease terms.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(k) *Impairment of non-financial assets***

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.



An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss of asset recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

#### **(l) *Employee benefits***

##### *Defined contribution plan*

Obligations for contributions to the Group's provident funds are expensed in profit or loss as the related service is provided.

##### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.



Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(n) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.





If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

**(o) *Revenue from contracts with customers***

**(o.1) *Revenue recognition***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognise revenue and cost of sale for the estimated products to be returned.

Revenue from rendering of services is recognised as the services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group recognises revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices.

**(o.2) *Contract balances***

Provision for goods return is the obligation to refund some or all of the consideration received from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. Provision for goods return is reassessed at each reporting date and make a corresponding change to the amount of revenue recognised and presented in current liabilities in the financial statements.



**(p) *Income tax***

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(q) *Earnings per share***

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.



#### 4. Related parties

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with major shareholders and subsidiaries are described in notes 1 and 8. Other related parties which the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation / Nationality	Nature of relationships
Viva Sonata PTE. LTD.	Singapore	Common shareholders and directors
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

<i>Significant transaction with related parties</i>	Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			

#### Subsidiaries

Sales of goods	-	-	818,649	726,228
Rendering of service	-	-	10,945	14,241
Research and development	-	-	1,171	1,815
Other income	-	-	760	923
Dividend income	-	-	35,999	44,999



<i>Significant transaction with related parties</i>	Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Purchase of goods	-	-	182	123
Management fee	-	-	693	693
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	32,573	32,050	17,515	17,250
Post-employment benefits	6,370	4,042	896	487
<b>Total key management personnel</b>	<b>38,943</b>	<b>36,092</b>	<b>18,411</b>	<b>17,737</b>



	Consolidated		Separate	
<i>Balances with related parties</i>	financial statements		financial statements	
<i>Year ended 31 December</i>	2023	2022	2023	2022
	(in thousand Baht)			
<i>Trade receivables</i>				
Subsidiaries	-	-	304,425	251,932
<i>Other receivables</i>				
Subsidiaries	-	-	980	1,356
<i>Trade payables</i>				
Subsidiaries	-	-	39	28
<i>Other payables</i>				
Subsidiaries	-	-	3,417	3,147
<i>Leases liability</i>				
Other related parties	6,154	6,481	6,154	6,481
<i>Significant agreement with related parties</i>				
<i>Rental agreement</i>				



On 1 January 2020, the Company entered into a rental agreement with a shareholder covering its land with the rental charge as specified in the agreement. The agreement is for a period of 3 years. However, on 1 February 2021, the Company revised the agreement for the rental charge as specified in the agreement. The agreement is effective for 3 years starting from 1 January 2021 to 31 December 2023 and shall be renewed for a successive period of 3-year basis unless either party notifies the termination to the other in writing at least 1 month prior to the expiration. Subsequently on 3 January 2024, the Company entered into the new agreement which is effective for 3 years starting from 1 January 2024 to 31 December 2026.

#### *Service agreement*

On 3 January 2023, the Company entered into logistic service agreement with Pharma Alliance Co., Ltd. to provide invoicing and logistic services to affiliated companies with the service charge as specified in the agreement. The agreement is effective from 1 January 2023 to 31 December 2023. Subsequently on 3 January 2024, the Company entered into the new logistic service agreement which is effective from 1 January 2024 to 31 December 2024. Neither party may terminate the agreement before the expiration date unless both parties agree to terminate or change the agreement.

On 3 January 2023, the Company entered into warehouse service agreement with Pharma Alliance Co., Ltd. with the service charge as specified in the agreement. The agreement is effective from 1 January 2023 to 31 December 2023. Subsequently on 3 January 2024, the Company entered into the new warehouse service agreement which is effective from 1 January 2024 to 31 December 2024. Neither party may terminate the agreement before the expiration date unless both parties agree to terminate or change the agreement.

On 3 January 2023, the Company entered into legal service agreement with Pharma Alliance Co., Ltd. to obtain legal services related to registration and license as required by law with the service charge as specified in the agreement. The agreement is effective from 1 January 2023 to 31 December 2023. Subsequently on 3 January 2024, the Company entered into the new legal service agreement which is effective from 1 January 2024 to 31 December 2024. Neither party may terminate the agreement before the expiration date unless both parties agree to terminate or change the agreement.

On 3 January 2023, the Company entered into service agreement with Pharma Alliance Co., Ltd. to obtain services relating to office premise and utilities with the service charge as specified in the agreement. The agreement is effective from 1 January 2023 to 31 December 2023. Subsequently on 3 January 2024, the Company entered into the new service agreement which is effective from 1 January 2024 to 31 December 2024. Neither party may terminate the agreement before the expiration date unless both parties agree to terminate or change the agreement.



## 5. Cash and cash equivalents and short-term investments

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(in thousand baht)</i>			
Cash on hand	258	258	193	193
Cash at banks	72,525	20,831	67,016	403
Highly liquid short-term investments	112	111	112	111
Cheques on hand	17,563	16,645	-	-
<b>Total</b>	<b>90,458</b>	<b>37,845</b>	<b>67,321</b>	<b>707</b>

As at 31 December 2023, the Group and the Company have short-term investments of Baht 885.0 million and Baht 885.0 million, respectively, which are short-term deposits at financial institutions with maturities more than six months from the date of acquisition and bear interest at rates ranging from 1.2% to 1.9% per annum.



6. Trade receivables

	Consolidated financial statements		Separate financial statements	
<i>At 31 December</i>	2023	2022	2023	2022
	<i>(in thousand baht)</i>			
Within credit terms	330,660	256,176	277,124	246,073
Overdue:				
1 - 30 days	14,126	31,341	29,988	6,158
31 - 60 days	491	7,414	-	-
61 - 90 days	105	3,450	-	-
More than 90 days	2,831	6,215	-	-
<b>Total</b>	<b>348,213</b>	<b>304,596</b>	<b>307,112</b>	<b>252,231</b>
Less allowance for expected credit loss	(1,713)	(2,616)	-	-
<b>Net</b>	<b>346,500</b>	<b>301,980</b>	<b>307,112</b>	<b>252,231</b>

The normal credit term granted by the Group ranges from 30 days to 180 days.

<i>Allowance for expected credit loss</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
At 1 January	2,616	4,406	-	-
Addition	1,100	587	-	-
Reversal	(1,959)	(2,332)	-	-
Write-off	(44)	(45)	-	-
<b>At 31 December</b>	<b>1,713</b>	<b>2,616</b>	<b>-</b>	<b>-</b>

Information of credit risk is disclosed in note 21 (b.1).





7. Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(in thousand baht)</i>			
Finished goods	252,069	240,608	52,616	48,170
Work in progress	27,677	35,739	27,677	35,739
Raw materials	79,785	97,617	79,785	97,617
Packaging material	27,638	30,850	27,638	30,850
<b>Total</b>	<b>387,169</b>	<b>404,814</b>	<b>187,716</b>	<b>212,376</b>
Less allowance for decline in value	(889)	(13,927)	(586)	(13,559)
<b>Net</b>	<b>386,280</b>	<b>390,887</b>	<b>187,130</b>	<b>198,817</b>
Right to recover returned products	6,547	9,579	-	-
<b>Total</b>	<b>392,827</b>	<b>400,466</b>	<b>187,130</b>	<b>198,817</b>
Inventories recognised as an expense in 'cost of sale and rendering of services:				
- Cost	612,039	533,690	574,027	495,905
- Write-down to net realisable value	3,319	5,485	2,559	4,493
- Reversal of write-down	(287)	(1,636)	(277)	(430)
<b>Net</b>	<b>615,071</b>	<b>537,539</b>	<b>576,309</b>	<b>499,968</b>



## 8. Investments in subsidiaries

Investments subsidiaries as at 31 December 2023 and 2022, and dividend income for the year then ended, were as follows:

		Separate financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		(%)		(in thousand Baht)									
<b>Direct subsidiaries</b>													
Bangkok Drug Co., Ltd.	Distributing of foods supplement, cosmeceuticals and pharmaceutical drug	99.99%	99.99%	10,000	10,000	10,000	10,000	-	-	10,000	10,000	35,999	34,999



Separate financial statements

	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Pharma Alliance Co., Ltd.	Distributing of medicine and providing of management consulting and logistic services	99.99%	99.99%	40,000	40,000	40,000	40,000	-	-	40,000	40,000	-	10,000
<b>Total</b>						<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>35,999</u>	<u>44,999</u>



Separate financial statements

	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Indirect subsidiaries</i>													
Bangkok Medica Co., Ltd.	Distributing of medicine, medical supplies, tonics and supplements for animals.	99.99%	99.99%	5,000	5,000								
Farmaline Co., Ltd.	Distributing of medicine, supplementary food, herb, and pharmaceutical products	59.99%	59.99%	20,000	20,000								



Separate financial statements

	Type of business	Ownership		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		interest										for the year	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Berich (Thailand) Co., Ltd.	Exporting and distributing of cosmeceuticals and pharmaceutical drug, medicine, herb and cosmetics	89.99%	89.99%	10,000	10,000								

All subsidiaries were incorporated and operated in Thailand.



#### 9. Restricted deposit at financial institution

As at 31 December 2023, restricted deposit at financial institution of the Group amount of Baht 32.3 million (*2022: Baht 32.0 million*) has been pledged as collateral for overdraft facilities and credit facilities obtained from financial institutions and the Company amount of Baht 20.8 million (*2022: Baht 20.7 million*) has been pledged as collateral for overdraft facilities from a financial institution (*see note 12*).



## 10. Property, plant and equipment

	Consolidated financial statements							Total
	Land	Buildings and building improvement	Electrical and groundwater systems	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	
	<i>(in thousand Baht)</i>							
<b>Cost / revaluation</b>								
At 1 January 2022	65,597	180,382	157,816	337,299	58,297	29,920	1,024	830,335
Additions	-	487	1,627	8,872	4,681	115	1,023	16,805
Transfer	-	1,753	-	31	-	-	(1,784)	-
Transfers from right-of-use assets	-	-	-	29,640	2,958	2,121	-	34,719
Disposals	-	(11,071)	(1,381)	(22,026)	(12,807)	-	-	(47,285)
<b>At 31 December 2022</b>								
<b>and 1 January 2023</b>	<b>65,597</b>	<b>171,551</b>	<b>158,062</b>	<b>353,816</b>	<b>53,129</b>	<b>32,156</b>	<b>263</b>	<b>834,574</b>
Additions	13,346	5,923	3,868	12,509	6,838	157	18,232	60,873
Surplus on revaluation	363	-	-	-	-	-	-	363
Transfer	-	6,622	731	93	-	-	(7,446)	-
Transfers from right-of-use assets	-	-	1,333	8,320	264	-	-	9,917
Disposal	-	-	(542)	(3,745)	(2,503)	(2)	-	(6,792)
<b>At 31 December 2023</b>	<b>79,306</b>	<b>184,096</b>	<b>163,452</b>	<b>370,993</b>	<b>57,728</b>	<b>32,311</b>	<b>11,049</b>	<b>898,935</b>
<b>Depreciation</b>								
At 1 January 2022	-	86,645	97,520	277,359	45,639	28,740	-	535,903
Depreciation charge for the year	-	8,750	7,163	10,468	4,873	478	-	31,732
Transfers from right-of-use assets	-	-	-	8,760	1,921	1,660	-	12,341
Disposals	-	(10,413)	(1,368)	(21,894)	(12,723)	-	-	(46,398)
<b>At 31 December 2022</b>								
<b>and 1 January 2023</b>	<b>-</b>	<b>84,982</b>	<b>103,315</b>	<b>274,693</b>	<b>39,710</b>	<b>30,878</b>	<b>-</b>	<b>533,578</b>
Depreciation charge for the year	-	8,377	5,991	13,122	5,530	397	-	33,417
Transfers from right-of-use assets	-	-	380	3,062	146	-	-	3,588
Disposal	-	-	(525)	(3,689)	(2,458)	(2)	-	(6,674)
<b>At 31 December 2023</b>	<b>-</b>	<b>93,359</b>	<b>109,161</b>	<b>287,188</b>	<b>42,928</b>	<b>31,273</b>	<b>-</b>	<b>563,909</b>



Bangkok Lab & Cosmetic Public Company Limited

	Consolidated financial statements							Total
	Land	Buildings and building improvement	Electrical and groundwater systems	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	
<i>Net book value</i>								
At 31 December 2022	<u>65,597</u>	<u>86,569</u>	<u>54,747</u>	<u>79,123</u>	<u>13,419</u>	<u>1,278</u>	<u>263</u>	<u>300,996</u>
At 31 December 2023	<u>79,306</u>	<u>90,737</u>	<u>54,291</u>	<u>83,805</u>	<u>14,800</u>	<u>1,038</u>	<u>11,049</u>	<u>335,026</u>





	Separate financial statements							Total
	Land	Buildings and building improvement	Electrical and groundwater systems	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	
	<i>(in thousand Baht)</i>							
<b>Cost / revaluation</b>								
At 1 January 2022	65,597	153,648	157,816	337,299	40,120	15,452	1,024	770,956
Additions	-	78	1,627	8,872	3,542	115	1,023	15,257
Transfers	-	1,753	-	31	-	-	(1,784)	-
Transfers from right-of-use assets	-	-	-	29,640	2,958	2,121	-	34,719
Disposal	-	-	(1,381)	(22,028)	(9,277)	-	-	(32,686)
<b>At 31 December 2022</b>								
<b>and 1 January 2023</b>	<b>65,597</b>	<b>155,479</b>	<b>158,062</b>	<b>353,814</b>	<b>37,343</b>	<b>17,688</b>	<b>263</b>	<b>788,246</b>
Additions	-	-	3,867	12,510	5,734	157	18,232	40,500
Transfers	-	6,622	731	93	-	-	(7,446)	-
Transfers from right-of-use assets	-	-	1,333	8,320	264	-	-	9,917
Disposal	-	-	(541)	(3,745)	(1,721)	-	-	(6,007)
<b>At 31 December 2023</b>	<b>65,597</b>	<b>162,101</b>	<b>163,452</b>	<b>370,992</b>	<b>41,620</b>	<b>17,845</b>	<b>11,049</b>	<b>832,656</b>
<b>Depreciation</b>								
At 1 January 2022	-	64,610	97,520	277,359	31,521	14,890	-	485,900
Depreciation charge for the year	-	6,858	7,164	10,468	3,415	479	-	28,384
Transfers from right-of-use assets	-	-	-	8,760	1,921	1,660	-	12,341
Disposal	-	-	(1,368)	(21,894)	(9,272)	-	-	(32,534)
<b>At 31 December 2022</b>								
<b>and 1 January 2023</b>	<b>-</b>	<b>71,468</b>	<b>103,316</b>	<b>274,693</b>	<b>27,585</b>	<b>17,029</b>	<b>-</b>	<b>494,091</b>
Depreciation charge for the year	-	6,727	5,990	13,123	4,055	397	-	30,292
Transfers from right-of-use assets	-	-	380	3,062	146	-	-	3,588
Disposal	-	-	(525)	(3,689)	(1,699)	-	-	(5,913)
<b>At 31 December 2023</b>	<b>-</b>	<b>78,195</b>	<b>109,161</b>	<b>287,189</b>	<b>30,087</b>	<b>17,426</b>	<b>-</b>	<b>522,058</b>
<b>Net book value</b>								



	Separate financial statements							
	Land	Buildings and building improvement	Electrical and groundwater systems	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
				<i>(in thousand Baht)</i>				
At 31 December 2022	65,597	84,011	54,746	79,121	9,758	659	263	294,155
At 31 December 2023	65,597	83,906	54,291	83,803	11,533	419	11,049	310,598



The gross amount of the Group and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2023 amounted to Baht 385.7 million and Baht 353.6 million, respectively (2022: Baht 383.0 million and Baht 350.1 million, respectively).

As at 31 December 2023, the Group's and Company's land and machinery and equipment thereon with a net book value of Baht 98.4 million and 98.4 million, respectively (2022: Baht 61.7 million and Baht 61.7 million, respectively), have been mortgaged as collateral for some facilities obtained from financial institutions (see note 12).

At 8 June 2023 the Group's land was remeasured by independent professional valuers, at open market values on an existing use basis. The fair value has been categorised as a Level 3 fair value. The Group recognised surplus on revaluation of land amounting to Baht 0.4 million in other comprehensive income. At 31 December 2023, the net book value of the Group's and the Company's land would have been amounting to Baht 40.7 million and Baht 27.3 million, respectively, if they were measured at cost. (2022: Baht 27.3 million and Baht 27.3 million, respectively).

## 11. Leases

<i>Right-of-use assets</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<i>At 31 December</i>				
			<i>(in thousand Baht)</i>	
Land and constructions	15,201	12,571	5,295	5,730
Electrical and water supply systems	5,463	5,777	5,463	5,777
Machinery and equipment	47,342	47,799	47,342	47,799
Furniture, fixtures and office equipment	9,198	12,118	1,737	2,444



<i>Right-of-use assets</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<i>At 31 December</i>	<i>(in thousand Baht)</i>			
Vehicles	3,076	4,859	-	-
<b>Total</b>	<b>80,280</b>	<b>83,124</b>	<b>59,837</b>	<b>61,750</b>

In 2023, additions to the right-of-use assets of the Group and the Company were Baht 21.4 million and Baht 12.0 million, respectively (2022: Baht 33.3 million and Baht 20.2 million, respectively).

The Group leases a number of land and constructions, electrical and water supply systems, machinery and equipment, furniture, fixtures and office equipment and vehicles for 2 - 15 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

#### *Extension options*

The Group has extension options on property leases exercisable up to one year before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.



	Consolidated		Separate	
	financial statements		financial statements	
<i>For the year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Amounts recognised in profit or loss</i>				
Depreciation of right-of-use assets				
- Land and constructions	6,403	6,742	437	437
- Electrical and water supply systems	645	665	645	665
- Machinery and equipment	5,710	5,770	5,710	5,770
- Furniture, fixtures and office equipment	3,141	2,622	785	1,013
- Vehicles	1,783	2,059	-	210
Interest on lease liabilities	3,700	3,569	2,346	2,718
Expenses relating to leases of low-value assets	154	68	-	-

In 2023, total cash outflow for leases of the Group and the Company were Baht 31.4 million and Baht 21.3 million, respectively (2022: Baht 34.0 million and Baht 24.0 million, respectively).



12. Interest-bearing liabilities

Consolidated financial statements						
	2023			2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Bank overdrafts	93,082	-	93,082	166,487	2,861	169,348
Short-term borrowings from financial institutions	105,053	2,336	107,389	207,375	2,145	209,520
Long-term borrowings from financial institutions	79,757	-	79,757	101,144	-	101,144
Lease liabilities	23,423	30,642	54,065	35,618	28,439	64,057
<b>Total interest-bearing liabilities</b>	<b>301,315</b>	<b>32,978</b>	<b>334,293</b>	<b>510,624</b>	<b>33,445</b>	<b>544,069</b>

Separate financial statements						
	2023			2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Bank overdrafts	-	-	-	53,103	2,861	55,964
Short-term borrowings from financial institutions	90,070	2,336	92,406	192,378	2,145	194,523
Long-term borrowings from financial institutions	30,628	-	30,628	55,531	-	55,531
Lease liabilities	23,002	10,669	33,671	34,552	8,436	42,988
<b>Total interest-bearing liabilities</b>	<b>143,700</b>	<b>13,005</b>	<b>156,705</b>	<b>335,564</b>	<b>13,442</b>	<b>349,006</b>



	Consolidated		Separate	
<i>Assets pledged as security for liabilities</i>	financial statements		financial statements	
<i>as at 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Restricted deposit at financial institution	32,270	31,970	20,839	20,683
Property, plant and equipment	98,425	61,735	98,425	61,735
<b>Total</b>	<b>130,695</b>	<b>93,705</b>	<b>119,264</b>	<b>82,418</b>



### *Bank overdrafts*

As at 31 December 2023, the Group has bank overdrafts amount of Baht 93.1 million (2022: the Group and the Company has bank overdraft amount of Baht 169.3 million and Baht 56.0 million, respectively) which bank overdrafts of certain financial institutions are guaranteed by some of the Group's land, machinery and equipment, a fixed deposit accounts maturity for 3 months or more, Bangkok Drug Co., Ltd., Bangkok Medica Co., Ltd. and Pharma Alliance Co., Ltd. Bank overdrafts bear interest at rates ranging from 6.3% to 7.6% per annum (2022: from 5.1% to 6.6% per annum).

### *Short-term borrowings from financial institutions*

As at 31 December 2023, the Group and the Company has promissory notes and trust receipts from financial institutions amount of Baht 107.4 million and Baht 92.4 million, respectively (2022: Baht 209.5 million and Baht 194.5 million, respectively) which certain short-term loans from financial institutions are guaranteed by some of the Group and the Company's land, machinery and equipment, Bangkok Drug Co., Ltd. and Pharma Alliance Co., Ltd. Short-term loans from financial institutions bear interest at rates ranging from 4.3% to 7.3% per annum (2022: from 4.0% to 6.7% per annum).

Certain short-term loans from financial institution specified that the Company has to follow the conditions in the agreement such as maintaining financial ratio and complying with conditions for dividend payment etc.

### *Long-term borrowings from financial institutions*

As at 31 December 2023, the Group and the Company has long-term loans from financial institutions amount of Baht 79.8 million and Baht 30.6 million, respectively, (2022: Baht 101.1 million and Baht 55.5 million) which certain long-term loan agreements with financial institutions which are guaranteed by some of the Group and the Company's land, machinery and equipment, a fixed deposit accounts maturity for 3 months or more, Bangkok Drug Co., Ltd., Bangkok Medica Co., Ltd. and Pharma Alliance Co., Ltd. Long-term loans from financial institutions bear interest at rates ranging from 3.3% to 8.3% per annum (2022: from 3.3% to 7.0% per annum).





Under the term of the loan agreements, the Company must comply with the conditions in the agreement such as default payment, providing of financial information, and maintaining financial ratio etc.

As at 31 December 2023, the Group and the Company had unutilised credit facilities totaling Baht 224.0 million and 174.9 million, respectively (2022: Baht 56.1 million and 26.6 million, respectively).

### 13. Provision for employee benefit

#### *Defined benefit plan*

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

	Consolidated		Separate	
<i>Present value of the defined</i>	financial statements		financial statements	
<i>benefit obligations</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
At 1 January	112,678	103,797	64,907	55,230
<b>Recognised in profit or loss:</b>				
Current service cost	7,592	6,317	3,951	3,307
Interest on obligation	2,832	1,740	1,735	1,057
	<b>10,424</b>	<b>8,057</b>	<b>5,686</b>	<b>4,364</b>



	Consolidated		Separate	
<i>Present value of the defined</i>	financial statements		financial statements	
<i>benefit obligations</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Recognised in other comprehensive income:</i>				
Actuarial loss (gain)				
- Financial assumptions	1,010	(5,543)	943	(3,580)
- Experience adjustment	2,597	7,448	2,647	9,038
	<u>3,607</u>	<u>1,905</u>	<u>3,590</u>	<u>5,458</u>
Employee benefit transfer to subsidiary	-	-	(736)	-
Benefit paid	-	(1,081)	-	(145)
<b>At 31 December</b>	<b><u>126,709</u></b>	<b><u>112,678</u></b>	<b><u>73,447</u></b>	<b><u>64,907</u></b>
	Consolidated		Separate	
<i>Principal actuarial assumptions</i>	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(%)</i>			
Discount rate	3.12	3.20	3.12	3.20
Future salary growth	4.80	4.80	4.80	4.80
Employee turnover	10.40	10.60	10.40	10.60

Assumptions regarding future mortality have been based on published statistics and mortality tables.



At 31 December 2023, the weighted-average duration of the defined benefit obligation for the Group was 14.8 years (2022: 14.3 years).

### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated		Separated	
	financial statements		financial statements	
<i>Effect to the defined benefit obligation</i>	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<b>At 31 December 2023</b>				
Discount rate (1% movement)	(10,916)	12,842	(7,278)	8,623
Future salary growth (1% movement)	12,550	(10,893)	8,428	(7,264)
Employee turnover (20% movement)	(4,540)	5,244	(3,274)	3,799
<b>At 31 December 2022</b>				
Discount rate (1% movement)	(9,818)	11,527	(6,551)	7,738
Future salary growth (1% movement)	11,275	(9,802)	7,572	(6,543)
Employee turnover (20% movement)	(4,035)	4,653	(2,886)	3,336



14. Share capital

	Par value	2023		2022	
	per share	Number	Amount	Number	Amount
	(in Baht)	(thousand shares / thousand Baht)			
<i>Authorised shares</i>					
At 1 January					
- ordinary shares	100	-	-	2,000	200,000
- ordinary shares	0.5	600,000	300,000	-	-
Increase of new shares	100	-	-	400	40,000
Reduction in par value	100	-	-	(2,400)	-
Reduction in par value	0.5	-	-	480,000	-
Increase of new shares	0.5	-	-	120,000	60,000
<b>At 31 December</b>					
- ordinary shares	0.5	<b>600,000</b>	<b>300,000</b>	<b>600,000</b>	<b>300,000</b>

***Issued and paid-up shares***

At 1 January

- ordinary shares	100	-	-	2,000	200,000
- ordinary shares	0.5	480,000	240,000	-	-
Increase of new shares	100	-	-	400	40,000
Reduction in par value	100	-	-	(2,400)	-



Reduction in par value	0.5	-	-	480,000	-
Increase of new shares	0.5	120,000	60,000	-	-
<b>At 31 December</b>					
- ordinary shares	0.5	600,000	300,000	480,000	240,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

### *Initial Public Offering*

In June 2023, the Company offered 120 million ordinary shares to the initial public offering (“IPO”). The new shares were issued at a price of Baht 10.5 per share (par value of Baht 0.5 and share premium on ordinary shares of Baht 10.0). The Company received cash from issuing of new ordinary shares of Baht 1,260.0 million. The Company registered the increase of paid-up share capital with the Ministry of Commerce on 19 June 2023 and the shares of the Company were begun trading in the Stock Exchange of Thailand on 21 June 2023. The Company had expenses (net of tax) related to share issuance amounting to Baht 52.4 million. Hence, the Company recognized premium on ordinary shares totaling Baht 1,148.0 million.

On 31 May 2022, the annual general meeting of shareholders approved the issue of 400,000 ordinary shares of the group at an issue price of Baht 100 per share and received payment for shares in June 2022.

On 9 November 2022, at the extraordinary general meeting of shareholder No. 2 for the year 2022, shareholders approved as follows;

- a) To change a par value of the ordinary share of the Company from a par value of Baht 100 per share of 2.4 million shares to a par value of Baht 0.5 per share of 480.0 million shares.



- b) To increase the Company's registered capital by the amount not exceeding of Baht 60 million from the original registered capital of Baht 240 million to Baht 300 million by issuing new ordinary shares in the amount not exceeding 120.0 million shares with a par value of Baht 0.5 per share for allocation of newly issued ordinary shares for Initial Public Offering (IPO).

The Company registered the above changes with the Ministry of Commerce on 10 November 2022.

#### 15. Legal reserve

Section 116 of the Public Limited Companies Act B.E. 2535 (1992) Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

#### 16. Segment information and disaggregation of revenue

Segment results that are reported to the Group's the chief operating decision maker include item directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Management considers that the Group operates in a single line of business, namely pharmaceuticals and medicinal chemical products, and has, therefore, only one reportable segment.

The Group's operations and main revenue streams are revenue from sales of goods and rendering of services. The Group's main revenue is derived from contracts with customers.



	Consolidated	
	financial statement	
<i>For the year ended 31 December</i>	2023	2022
	<i>(in thousand Baht)</i>	
<i>Information about reportable segments</i>		
External revenues	1,406,184	1,238,489
Inter-segment revenue	840,287	758,294
<b>Total revenue</b>	<b>2,246,471</b>	<b>1,996,783</b>
Elimination of inter-segment revenue	(840,287)	(758,294)
<b>Total revenue from sales and rendering of services</b>	<b>1,406,184</b>	<b>1,238,489</b>
Cost of sales and rendering of services	(615,071)	(537,539)
<b>Gross profit margin</b>	<b>791,113</b>	<b>700,950</b>

	Consolidated		Separate	
	financial statement		financial statement	
<i>For the year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			

***Major products***

Generic drugs and new generic drugs	1,075,461	922,152	689,383	606,672
Cosmetics	148,761	159,534	22,501	15,446
Herbal medicines	106,426	91,266	75,743	71,852
Food supplements	49,127	33,469	27,097	24,220



	Consolidated		Separate	
	financial statement		financial statement	
<i>For the year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Animal medicines	7,574	18,293	4,662	5,706
Others	18,835	13,775	21,120	21,670
<b>Total revenue from sales and rendering of services</b>	<b>1,406,184</b>	<b>1,238,489</b>	<b>840,506</b>	<b>745,566</b>
<b>Timing of revenue recognition</b>				
At a point in time	1,405,967	1,238,449	827,414	728,547
Over time	217	40	13,092	17,019
<b>Total revenue from sales and rendering of services</b>	<b>1,406,184</b>	<b>1,238,489</b>	<b>840,506</b>	<b>745,566</b>

### *Geographical segments*

The Group is managed and operates principally in Thailand. There are no material assets located in, foreign countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.





<i>Geographical information</i>	<b>Consolidated financial statement</b>	
	<b>Revenue</b>	
	2023	2022
	<i>(in thousand Baht)</i>	
Thailand	1,309,843	1,161,404
Laos	28,802	30,577
Cambodia	19,502	17,611
Hongkong	27,330	8,743
Vietnam	6,868	6,408
Other	13,839	13,746
<b>Total revenue from sales and rendering of services</b>	<b>1,406,184</b>	<b>1,238,489</b>

Revenues from one customer of the Group's segment for pharmaceuticals and medicinal chemical products represents approximately Baht 476.3 million (2022: nil) of the Group's total revenue.

#### *Promotional privileges*

The Company has been granted promotional certificates by the Office of the Board of Investment for the improvement of production efficiency by using the alternative energy utilisation for manufacturing of conventional and traditional medicines. The Company has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates, which the Company must comply with.



Separate financial statements

	2023			2022		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
<i>Year ended</i>						
<i>31 December</i>						
Revenue from sales and rendering of services	-	840,506	840,506	406,121	339,445	745,566

17. Expenses by nature

	Consolidated financial statement		Separate financial statement	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	(368)	(54,212)	3,615	(35,656)
Employee benefit expenses	431,333	375,579	266,428	227,553
Raw materials and consumables used	352,486	348,620	352,647	348,742
Sales support expenses	170,351	145,269	4,949	5,401



Depreciation and amortisation expenses	52,843	51,191	39,401	37,633
Purchasing finished goods	50,794	63,766	178	142
Transportation and travelling expenses	40,899	42,298	2,353	1,932
Utility expenses	25,415	19,523	22,905	17,205
Repair and maintenance expenses	24,392	18,257	23,303	17,116
Consulting fee	17,127	12,196	11,186	7,455
Laboratory test expenses	12,685	11,647	12,392	11,588
Research and development expense	4,817	4,114	4,817	4,114
Loss from decline in value of inventories	3,032	3,849	2,282	4,063
Others	31,137	27,009	18,125	14,375
<b>Total cost of sale and rendering of services, selling and distribution expenses and administrative expenses</b>	<b>1,216,943</b>	<b>1,069,106</b>	<b>764,581</b>	<b>661,663</b>



## 18. Income tax expense

	Consolidated		Separate	
<i>Income tax recognised</i>	financial statements		financial statement	
<i>in profit or loss</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	19,807	23,792	-	7,455
Over (under) tax adjustment for prior year	(202)	2	(202)	2
<b>Deferred tax expense</b>				
Movements in temporary differences	4,049	(8,943)	2,042	(9,563)
<b>Total income tax expense</b>	<b>23,654</b>	<b>14,851</b>	<b>1,840</b>	<b>(2,106)</b>



### Consolidated financial statement

	2023			2022		
	Before	Tax	Net of	Before	Tax	Net of
<i>Income tax</i>	tax	expenses	tax	tax	expenses	tax
<i>(in thousand Baht)</i>						
<i>Recognised in other comprehensive income</i>						
Defined benefit plan						
actuarial loss	(3,607)	722	(2,885)	(1,905)	890	(1,015)
Revaluation of land	363	(73)	290	-	-	-
<b>Total</b>	<b>(3,244)</b>	<b>649</b>	<b>(2,595)</b>	<b>(1,905)</b>	<b>890</b>	<b>(1,015)</b>

### Separate financial statement

	2023			2022		
	Before	Tax	Net of	Before	Tax	Net of
<i>Income tax</i>	tax	expenses	tax	tax	expenses	tax
<i>(in thousand Baht)</i>						
<i>Recognised in other comprehensive income</i>						
Defined benefit plan						
actuarial loss	(3,590)	718	(2,872)	(5,458)	1,600	(3,858)
<b>Total</b>	<b>(3,590)</b>	<b>718</b>	<b>(2,872)</b>	<b>(5,458)</b>	<b>1,600</b>	<b>(3,858)</b>



<i>Reconciliation of effective tax rate</i>	Consolidated financial statements				Separate financial statements			
	2023		2022		2023		2022	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousan d Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousan d Baht)</i>
Profit before income tax expense		174,476		144,526		107,301		113,199
Income tax using the Thai corporation tax rate	20	34,895	20	28,905	20	21,460	20	22,640
Income not subject to tax from promotional privileges		-		(4,301)		-		(4,301)
Dividend income not subject to tax		-		-		(7,200)		(9,000)
Expenses not deductible for tax purposes		1,112		1,688		-		-
Expense additionally deductible for tax purpose		(11,109)		(529)		(11,037)		(524)
Under (over) provided in prior years		(202)		2		(202)		2
Reversal of utilisation of previously recognised deferred tax and others		(1,042)		(10,914)		(1,181)		(10,923)
<b>Total</b>	<b>14</b>	<b>23,654</b>	<b>10</b>	<b>14,851</b>	<b>2</b>	<b>1,840</b>	<b>(2)</b>	<b>(2,106)</b>



<i>Deferred tax</i>	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
<i>At 31 December</i>	2023	2022	2023	2022	2023	2022	2023	2022
	<i>(in thousand Baht)</i>							
Total	42,827	44,654	(13,184)	(11,611)	15,084	14,927	(12,891)	(11,410)
Set off of tax	(13,184)	(11,611)	13,184	11,611	(12,891)	(11,410)	12,891	11,410
Net deferred tax assets	<u>29,643</u>	<u>33,043</u>	<u>-</u>	<u>-</u>	<u>2,193</u>	<u>3,517</u>	<u>-</u>	<u>-</u>

Consolidate financial statements

(Charged) / Credited to:

	At 1	Profit or	Other	At 31
<i>Deferred tax</i>	January	loss	comprehensive	December
		(in thousand Baht)	income	
<i>2023</i>				
<i>Deferred tax assets</i>				
Allowance for decline in value				
of inventories	2,785	(2,608)	-	177
Allowance for expected credit loss	945	(413)	-	532
Provisions for employee benefits	21,770	2,084	722	24,576
Provisions for return goods	1,522	(467)	-	1,055
Leases	140	71	-	211
Loss carry forward	-	1,873	-	1,873
Others	17,492	(3,089)	-	14,403
Total	44,654	(2,549)	722	42,827



## Consolidate financial statements

(Charged) / Credited to:

	At 1	Profit or	Other	At 31
	January	loss	comprehensive	December
			income	
<i>Deferred tax</i>				
<i>Deferred tax liabilities</i>				
Leases	(3,953)	(1,500)	-	(5,453)
Revaluation of land	(7,658)	-	(73)	(7,731)
<b>Total</b>	<b>(11,611)</b>	<b>(1,500)</b>	<b>(73)</b>	<b>(13,184)</b>
<b>Net</b>	<b>33,043</b>	<b>(4,049)</b>	<b>649</b>	<b>29,643</b>

## Consolidate financial statements

(Charged) / Credited to:

	At 1	Profit or	Other	At 31
	January	loss	comprehensive	December
			income	
<i>Deferred tax</i>				
<i>Deferred tax assets</i>				
Allowance for decline in value				
of inventories	992	1,793	-	2,785
Allowance for expected credit loss	1,422	(477)	-	945
Provisions for employee benefits	10,887	9,993	890	21,770

2022





**Consolidate financial statements**

(Charged) / Credited to:

	At 1	Profit or	Other	At 31
	January	loss	comprehensive	December
			income	
<i>Deferred tax</i>				
		(in thousand Baht)		
Provisions for return goods	2,638	(1,116)	-	1,522
Leases	122	18	-	140
Loss carry forward	923	(923)	-	-
Others	15,447	2,045	-	17,492
<b>Total</b>	<b>32,431</b>	<b>11,333</b>	<b>890</b>	<b>44,654</b>
<i>Deferred tax liabilities</i>				
Leases	(1,563)	(2,390)	-	(3,953)
Revaluation of land	(7,658)	-	-	(7,658)
<b>Total</b>	<b>(9,221)</b>	<b>(2,390)</b>	<b>-</b>	<b>(11,611)</b>
<b>Net</b>	<b>23,210</b>	<b>8,943</b>	<b>890</b>	<b>33,043</b>



Separate financial statements

(Charged) / Credited to:

	At 1	Profit or	Other	At 31
<i>Deferred tax</i>	January	loss	comprehensive income	December
		(in thousand Baht)		
<i>2023</i>				
<i>Deferred tax assets</i>				
Allowance for decline in value				
of inventories	2,712	(2,594)	-	118
Provisions for employee benefits	12,215	1,137	718	14,070
Loss carry forward	-	896	-	896
<b>Total</b>	<b>14,927</b>	<b>(561)</b>	<b>718</b>	<b>15,084</b>
<i>Deferred tax liabilities</i>				
Leases	(3,752)	(1,481)	-	(5,233)
Revaluation of land	(7,658)	-	-	(7,658)
<b>Total</b>	<b>(11,410)</b>	<b>(1,481)</b>	<b>-</b>	<b>(12,891)</b>
<b>Net</b>	<b>3,517</b>	<b>(2,042)</b>	<b>718</b>	<b>2,193</b>



Separate financial statements				
(Charged) / Credited to:				
	At 1	Profit or	Other	At 31
<i>Deferred tax</i>	January	loss	comprehensive income	December
		(in thousand Baht)		
<i>2022</i>				
<i>Deferred tax assets</i>				
Allowance for decline in value				
of inventories	217	2,495	-	2,712
Provisions for employee benefits	1,174	9,441	1,600	12,215
<b>Total</b>	<b>1,391</b>	<b>11,936</b>	<b>1,600</b>	<b>14,927</b>
<i>Deferred tax liabilities</i>				
Leases	(1,379)	(2,373)	-	(3,752)
Revaluation of land	(7,658)	-	-	(7,658)
<b>Total</b>	<b>(9,037)</b>	<b>(2,373)</b>	<b>-</b>	<b>(11,410)</b>
<b>Net</b>	<b>(7,646)</b>	<b>9,563</b>	<b>1,600</b>	<b>3,517</b>



19. Earnings per share

	Consolidated financial statements		Separate financial statements	
Profit attributable to ordinary shareholders for the year ended 31 December	2023	2022	2023	2022
	(in thousand Baht / thousand share)			
Profit attributable to ordinary shareholders of the Company (basic)	145,392	125,720	105,462	115,305
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	480,000	2,000	480,000	2,000
Effect of shares issued on 31 May 2022	-	236	-	236
Effect from change of par value	-	444,887	-	444,887
Effect of shares issued on 19 June 2023	64,438	-	64,438	-
Weighted average number of ordinary shares outstanding (basic) at 31 December	544,438	447,123	544,438	447,123



	Consolidated financial statements		Separate financial statements	
Profit attributable to ordinary shareholders for the year ended				
31 December	2023	2022	2023	2022
Earnings per share (basic) (in Baht)	0.27	0.28	0.19	0.26



## 20. Dividends

The shareholders of the Group and the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share  (Baht)	Amount  (in thousand Baht)
<b><i>Dividend of parent</i></b>				
<b><i>2023</i></b>				
2022 Annual dividend	27 March 2023	April 2023	0.05	24,000
2023 Interim dividend	14 August 2023	September 2023	0.03	18,000
				<b>42,000</b>
<b><i>2022</i></b>				
2021 Annual dividend	28 April 2022	May 2022	7.5	15,000
2022 Interim dividend	13 May 2022	May 2022	12.5	25,000
2022 Interim dividend	14 November 2022	November 2022	0.11	54,000
				<b>94,000</b>
<b><i>Dividend of subsidiaries</i></b>				
<b><i>2023</i></b>				
2022 Annual dividend	31 March 2023	April 2023	180	17,999
2023 Interim dividend	13 December 2023	December 2023	180	17,999
				<b>35,998</b>
<b><i>2022</i></b>				
2021 Annual dividend	22 April 2022	May 2022	5	2,000
2022 Interim dividend	25 April 2022	May 2022	2.5	1,000
2022 Interim dividend	25 April 2022	May 2022	80	8,000
2022 Interim dividend	20 September 2022	September 2022	200	20,000
2022 Interim dividend	21 September 2022	September 2022	10	4,000
2022 Interim dividend	21 December 2022	December 2022	70	7,000
2022 Interim dividend	21 December 2022	December 2022	7.5	3,000
				<b>45,000</b>



## 21. Financial instruments

(a) *Carrying amount and fair values*

The following table shows the carrying amounts and fair values of financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

**Consolidated financial statement**

Carrying amount	Fair value
--------------------	------------

Financial instruments measured at amortised cost	Level 2
<i>(in thousand Baht)</i>	

***At 31 December 2023******Financial liabilities***

Borrowings from financial institutions	280,228	278,252
--	---------	---------

*(in thousand Baht)*

***At 31 December 2022******Financial liabilities***

Borrowings from financial institutions	480,012	479,573
--	---------	---------



## Separate financial statement

Carrying amount	Fair value
--------------------	------------

Financial instruments measured at amortised cost	Level 2
---	---------

(in thousand Baht)

*At 31 December 2023**Financial liabilities*

Borrowings from financial institutions	123,034	122,959
--	---------	---------

*At 31 December 2022**Financial liabilities*

Borrowings from financial institutions	306,018	305,577
--	---------	---------

*Financial instruments measured at amortised cost*

The Group consider fair value level 2 for borrowings from financial institutions by calculating by discounted cash flows technique from market interest rate.





*(b) Financial risk management policies*

*Risk management framework*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

*(b.1) Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.



(b.1.1) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial terms and conditions are offered. The Group's review sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from management.

The Group limits its exposure to credit risk from trade receivables by establishing a payment period of 90 - 180 days. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for groupings of various customer segments with similar credit risks to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade receivables are disclosed in note 6.



(b.1.2) Cash and cash equivalent

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institution which the Group considers to have low credit risk.

(b.1.3) Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries' liabilities. At 31 December 2023, the Company has issued a guarantee to certain banks in respect of credit facilities granted to subsidiaries.

*(b.2) Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.



Consolidated financial statements

Contractual cash flows

<i>At 31 December</i>	Carrying amount	Within 1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
<i>(in thousand Baht)</i>						
<b>2023</b>						
<i>Non-derivative financial liabilities</i>						
Bank overdrafts	93,082	93,082	-	-	-	93,082
Trade payables	96,490	96,490	-	-	-	96,490
Other payables	64,815	64,815	-	-	-	64,815
Borrowings from financial institutions	187,146	144,773	19,264	29,635	3,542	197,214
Lease liabilities	54,065	26,936	17,672	9,982	5,160	59,750
	<b>495,598</b>	<b>426,096</b>	<b>36,936</b>	<b>39,617</b>	<b>8,702</b>	<b>511,351</b>
<b>2022</b>						
<i>Non-derivative financial liabilities</i>						
Bank overdrafts	169,348	169,348	-	-	-	169,348
Trade payables	152,896	152,896	-	-	-	152,896
Other payables	92,631	92,631	-	-	-	92,631
Borrowings from financial institutions	310,664	250,148	34,478	30,559	6,460	321,645
Lease liabilities	64,057	28,251	19,498	17,611	5,880	71,240
	<b>789,596</b>	<b>693,274</b>	<b>53,976</b>	<b>48,170</b>	<b>12,340</b>	<b>807,760</b>



Separate financial statements

Contractual cash flows

<i>At 31 December</i>	Carrying amount	Within 1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
<i>(in thousand Baht)</i>						
<b>2023</b>						
<i>Non-derivative financial liabilities</i>						
Trade payables	84,416	84,416	-	-	-	84,416
Other payables	26,880	26,880	-	-	-	26,880
Borrowings from financial institutions	123,034	113,420	7,693	3,751	-	124,864
Lease liabilities	33,671	17,093	10,116	5,610	5,160	37,979
	<u>268,001</u>	<u>241,809</u>	<u>17,809</u>	<u>9,361</u>	<u>5,160</u>	<u>274,139</u>
<b>2022</b>						
<i>Non-derivative financial liabilities</i>						
Bank overdrafts	55,964	55,964	-	-	-	55,964
Trade payables	114,264	114,264	-	-	-	114,264
Other payables	56,104	56,104	-	-	-	56,104
Borrowings from financial institutions	250,054	221,687	21,014	10,724	-	253,425
Lease liabilities	42,988	20,338	13,066	9,262	5,880	48,546
	<u>519,374</u>	<u>468,357</u>	<u>34,080</u>	<u>19,986</u>	<u>5,880</u>	<u>528,303</u>

*(b.3) Market risk*

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

*(b.3.1) Foreign currency risk*

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. Management closely monitoring the fluctuation of foreign currency. If there is the material impact from the fluctuation, the Group utilizes forward exchange contracts to hedge such risk.

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<i>Exposure to foreign currency at 31 December</i>	USD	USD	USD	USD
		(in thousand Baht)		
Trade receivables	10,486	1,963	-	-
Net statement of financial position exposure	10,486	1,963	-	-

*(b.3.2) Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flow because loan interest rates (see note 12) are mainly variable. So the Group is primarily exposed to interest rate risk. However, management closely monitoring the fluctuation of interest rate and



consider or revise the loan agreements for interest rate when it have the indicators that the fluctuation of interest rate made the significant change in interest expense of the Group in the financial statement.

## 22. Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board regularly monitors the return on capital, by evaluating result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

## 23. Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<b><i>Capital commitment</i></b>				
Land and buildings	7,062	8,500	7,062	-
Machinery and equipment	1,065	6,789	1,065	6,789
Office equipment	40	4	40	4
<b>Total</b>	<b>8,167</b>	<b>15,293</b>	<b>8,167</b>	<b>6,793</b>
<b><i>Other commitments</i></b>				
Unused letters of credit for goods and supplies				



	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
	54,930	16,622	54,930	16,622
Consulting service agreement	294	14,550	294	14,550
Bank guarantees	4,014	5,215	1,998	1,623
<b>Total</b>	<b>59,238</b>	<b>36,387</b>	<b>57,222</b>	<b>32,795</b>

#### *Letter of guarantee*

As at 31 December 2023, the Group and the Company have letter of guarantees issued by a financial institution in favour of a government agency for the use of electricity amounting to Baht 4.0 million and Baht 2.0 million, respectively (2022: Baht 5.2 million and Baht 1.6 million, respectively).





## 24. Reclassification of accounts

Certain accounts in the 2022 financial statements have been reclassified to conform to presentation in the 2023 financial statement as follows:

	Consolidated financial statements		
	2022		
	Before reclass	Reclass	After reclass
	(in thousand Baht)		
<b><i>Statement of comprehensive income</i></b>			
Revenue from sales and rendering service	(1,296,038)	57,549	(1,238,489)
Cost of sales and rendering service	595,088	<u>(57,549)</u>	537,539
		-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

## 25. Events after the reporting period

At the Board of Directors of the Company's meeting held on 28 February 2024, the Directors resolved to consider and propose the resolutions to Annual Shareholder meeting to approved dividend payment for the year ended 31 December 2023 at Baht 0.07 per share, totaling amount of Baht 42 million, which the dividend payment shall be paid within April 2024 and the appropriation of legal reserve of Baht 6 million.



#### Attachment 1

Details about directors, executives, and controlling persons The person assigned the highest responsibility in the accounting and finance field. Person assigned to be directly responsible for supervising accounting and company secretary.



Assistant Professor

**Dr. Wanchai Sutananta**

Chairman

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**Position**

Chairman (Independent Director) / Chairman of the Audit Committee /  
Chairman of the Nominating and Remuneration Committee

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**Profile**

Age 63 years

Nationality Thai

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**Education**

Bachelor's degree: Pharmacy, Mahidol University

Master's degree: Pharmacy, Mahidol University

Master's degree: Pharmaceutical Technology

King's College University of London

Doctoral degree: Pharmaceutics

University College, University of London

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**Training of Director**

Director Accreditation Program DAP 182/2021

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**Year as Director**

3 Year 1 Mouth (As of 9/12/2020)

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**Important Position in other listed company**

None

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**Shareholding Proportion in the Company**

None

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**Family Relationship between Directors and Executives**

None

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**Work experience.**

- 1996 - 2000  
Dean of the Faculty of Pharmacy  
Silpakorn University
- 2002 - 2012  
Dean of Faculty of Management Science  
Silpakorn University
- 2017-2018  
President  
Silpakorn University
- 1986 – Present  
Dean of Faculty of Management Science  
Silpakorn University  
Director  
Bangkok Lab and Cosmetic Public Company Limited

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**Skill and Expert**

- Pharmacy
- Corporate Governance



## Mr. Worathep Gorgitpoonpol B.Sc.(Pharm.)

Director

### Position

Director (Independent Director) / Member of the Audit Committee/  
Member of the Nominating and Remuneration Committee

### Profile

Age 64 Year

Nationality Thai

### Education

Bachelor's degree: Pharmacy, Chulalongkorn University

### Training of Director

Director Accreditation Program DAP 182/2021

### Year as Director

3 Year 1 Mouth (As of 9/12/2020)

### Important Position in other listed company

None

### Shareholding Proportion in the Company

None

### Family Relationship between Directors and Executives

None

### Work experience.

- 2010 – 2018  
General Manager Sales and Marketing and Director  
DKSH (Thailand) Co., Ltd.
- 2020 - 2021  
Director  
PL Medicare (1959) Co., Ltd (Not Operating)
- 2020 - Present  
Director  
Bangkok Lab and Cosmetic Public Company Limited

### Skill and Expert

- Pharmacy
- Marketing and Distribution
- Pharmaceutical and Medicine industry



## Dr. Thanadol Ruksapol

Director

### Position

Director (Independent Director) / Member of the Audit Committee/ Chairman of the Risk Management Committee

### Profile

Age 40 year

Nationality Thai

### Education

Bachelor's degree: Accounting, Chulalongkorn University

Master's degree: Accounting, Chulalongkorn University

Doctoral degree: Accounting, Chulalongkorn University

### Training of Director

Director Accreditation Program DAP 2018

### Year as Director

3 Year 1 Mouth (As of 9/12/2020)

### important Position in other listed company

None

### Shareholding Proportion in the Company

None

### Family Relationship between Directors and Executives

None

### Work Experience

- 2005 – 2011  
Certified Public Accountant EY Office Limited
- 2011 – Present  
Partner Auditor Division and Certified Public Accountant Thana Accounting Co., Ltd. Group and THIRTY-FOUR Audit Office Co.,
- 2018 – 2021  
Director  
Best Energy Plus, Public Company Limited
- 2023 - Present  
Director  
Bangkok Lab and Cosmetic Public Company Limited

### Skill and Expert

- Accounting
- Financial



## Mr.Suvit Ngampoopun B.Sc.(Pharm.)

Director

### Position

Director / Member of the Nominating and Remuneration Committee /  
Chairman of Executive director / Chief Executive Officer

### Profile

Age 61 year

Nationality Thai

### Education

Bachelor's degree: Pharmacy, Mahidol University

Master's degree: Business Administration, Chulalongkorn University

### Training of Director

Director Accreditation Program

DAP 185/2021

### Year as Director

31 year 2 Month (As of 16/10/1992)

### important Position in other listed company

None

### Shareholding Proportion in the Company

131,961,600 share or 21.99%  
(As of 28/12/2023)

### Family Relationship between Directors and Executives

Mr. Suvit's son (Mr. Surasilp Ngampoopun) is the Director of BLC

### Work experience.

- 1989 – Present  
Director and Chief Executive officer  
Bangkok Drug Co., Ltd.
- 1992 – Present  
Director and Chief Executive officer  
Bangkok Lab and Cosmetic Public Company Limited
- 1994 – Present  
Director  
Bangkok Medica Co., Ltd.
- 1994 – Present  
Director  
Berich (Thailand) Co., Ltd.
- 2000 – Present  
Director  
Farmaline Co., Ltd.
- 2008- Present  
Director and Chief Executive officer  
Pharma Alliance Co., Ltd.

### Skill and Expert

- Pharmacy
- Administration business
- Pharmaceutical and Medicine industry



## Mr. Subhachai Saibour B.Sc.(Pharm.)

Director

### Position

Director / Member of the Risk Management Committee/ Executive  
director / Chief Operating Officer

### Profile

Age 65 year

Nationality Thai

### Education

Bachelor's degree: Pharmacy, Mahidol University

Bachelor's degree: Public Health (Occupational Health)  
Sukhothai Thammathirat Open University

Bachelor's degree: Thai Traditional Medicine,  
Sukhothai Thammathirat Open University

### Training of Director

Director Accreditation Program

DAP 182/2021

### Year as Director

31 year 2 Month (As of 16/10/1992)

### Important Position in other listed company

None

### Shareholding Proportion in the Company

22,500,00 Share or 3.75% (As of 28/12/2023)

### Family Relationship between Directors and Executives

None

### Work experience.

- 1989 – Present  
Director  
Bangkok Drug Co., Ltd.
- 1992 – Present  
Director and Chief Operating Officer  
Bangkok Lab and Cosmetic Public Company Limited
- 1994 – Present  
Director  
Berich (Thailand) Co., Ltd.
- 2000 – Present  
Director  
Farmaline Co., Ltd.
- 2008- Present  
Director and Chief Operating Officer  
Pharma Alliance Co., Ltd.

### Skill and Expert

- Pharmacy
- Production of health products
- Pharmaceutical and Medicine industry



## Somchai Phisphahutharn B.Sc.(Pharm.)

Director

### Position

Direction / Member of the Risk Management Committee/ Executive director / Chief Financial Officer

### Profile

Age 64 year

Nationality Thai

### Education

Bachelor's degree: Pharmacy, Mahidol University

Master's degree: Information Technology

Chulalongkorn University

Master's degree: Business Administration,

Thammasat University

### Training of Director

Director Accreditation Program DAP 182/2021

Director Certification Program DCP 333/2023

Subsidiary Governance Program SGP 5/2023

### Year as Director

31 year 2 Month (As of 16/10/1992)

### Important Position in other listed company

None

### Shareholding Proportion in the Company

90,000,000 Share or 15.00% (As of 28/12/2023)

### Family Relationship between Directors and Executives

None

### Work experience.

- 1989 – Present  
Director  
Bangkok Drug Co., Ltd.
- 1992 – Present  
Director and Chief Financial Officer  
Bangkok Lab and Cosmetic Public Company Limited
- 1994 – Present  
Director  
Bangkok Medica Co., Ltd.
- 1994 – Present  
Director  
Berich (Thailand) Co., Ltd.
- 2000 – Present  
Director  
Farmaline Co., Ltd.
- 2008- Present  
Director and Chief Financial Officer  
Pharma Alliance Co., Ltd.
- 

### Skill and expert

- Pharmacy
- Administration business (Accounting and Financial)
- Pharmaceutical and Medicine industry





## Mr.SuraSilp Ngampoopun

Director

### Position

Director / Executive director

### Profile

Age 32 year

Nationality Thai

### Education

B.Sc.University : Bangkok University International

Major : Marketing

### Training of Director

Director Accreditation Program

DAP 184/2021

### Year as Director

3 year 1 Month (As of 9/12/2020)

### important Position in other listed company

None

### Shareholding Proportion in the Company

None

### Family Relationship between Directors and Executives

Mr. Surasilp's father (Mr. Suvit Ngampoopun) is Director/CEO)

### Work experience.

- 2019 – Present  
Deputy CEO  
Bangkok Drug Co., Ltd.
- 2020 – Present  
Director  
Bangkok Lab and Cosmetic Public Company Limited

### Skill and Expert

- Marketing plan



**Mr.Suvit Ngampoopun**  
**B.Sc.(Pharm.)**

Chief Executive Officer

Age 61 Year

**Education**

Bachelor's degree: Pharmacy, Mahidol University

Master's degree: Business Administration, Chulalongkorn University

**Date of Appointment**

1 Year 2 Month (October 19, 2022)

**Work Experience**

- 1989 – Present  
Director and Chief Executive Officer  
Bangkok Drugs co.,Ltd
- 1992 – Present  
Director and Chief Executive Officer  
Bangkok Lab and Cosmetic PLC
- 1994 – Present  
Director  
Bangkok Medica Co.,Ltd
- 1994 – Present  
Director  
Berich (Thailand) Co.,Ltd
- 2000 – Present  
Director  
Farmaline Co.,Ltd
- 2008 – Present  
Director and Chief Executive Officer  
Pharma Alliance Co.,Ltd

**Shareholding Proportion in the Company**

131,961,600 Shares or 21.99% (As of 28/12/2023)

**Family Relationship between Directors and Executives**

Father of Mr. Surasilp Ngampoopun (Director)



## Mr. Subhachai Saibour

**B.Sc.(Pharm.)**

Chief Operating Officer (COO)

Age 65 Year

### Education

Bachelor's degree: Pharmacy, Mahidol University

Bachelor's degree: Public Health (Occupational Health)

Sukhothai Thammathirat Open University

Bachelor's degree: Thai Traditional Medicine,

Sukhothai Thammathirat Open University

### Date of Appointment

1 Year 2 Month (October 19, 2022)

### Work Experience

- 1989 – Present  
Director  
Bangkok Drugs co.,Ltd
- 1992 - Present  
Director and Chief operating Officer  
Bangkok Lab and Cosmetic PLC
- 1994 – Present  
Director  
Berich (Thailand) Co.,Ltd
- 2000 – Present  
Director  
Farmaline Co.,Ltd
- 2008 – Present  
Director and Deputy Managing Director of operating.  
Pharma Alliance Co.,Ltd

### Shareholding Proportion in the Company

22,500,000 Shares or 3.75% (As of 28/12/2023)

### Family Relationship between Directors and Executives

None



**Mr. Somchai Phisphahutharn**

**B.Sc.(Pharm.)**

Chief Financial Officer (CFO)

Age 64 Year

#### **Education**

Bachelor's degree: Pharmacy, Mahidol University

Master's degree: Information Technology Chulalongkorn University

Master's degree: Business Administration, Thammasat University

#### **Date of Appointment**

1 Year 2 Month (October 19, 2022)

#### **Work Experience**

- 1989 – Present  
Director  
Bangkok Drug Co., Ltd
- 1992 – Present  
Director and Chief Financial Officer  
Bangkok Lab and Cosmetic PLC
- 1994 – Present  
Director  
Bangkok Medica Co., Ltd
- 1994 – Present  
Director  
Berich (Thailand) Co.,Ltd
- 2000 – Present  
Direct  
Farmaline Co., Ltd
- 2008 – Present  
Director and Deputy Managing Director of Financial.  
Pharma Alliance Co.,Ltd

#### **Shareholding Proportion in the Company**

90,000,000 Share or 15.00% (As of 28/12/2023)

#### **Family Relationship between Directors and Executives**

None



## Mr. Alongkorn Leela-Uppatikarn

**B.Sc.(Pharm.)**

Assistant Chief Operating officer

Age 54 Year

### Education

Bachelor's degree: Pharmacy, Prince of Songkla University

Master's degree: Business Administration, Srinakharinwirot University

### Date of Appointment

1 Year 2 Month (October 19, 2022)

### Work Experience

- 1992 – 1994  
Pharmacists Khemmarat Hospital Ubonratchathani
- 1994 – 1995  
Production Manager Vesco Pharmaceutical Co., Ltd.
- 1995 – 2005  
Production Manager Bangkok Lab and Cosmetic PCL
- 2005 – 2015  
Quality control Manager PHARMATECH CO.,LTD.
- 2015 – Present  
Regulatory Affairs and Intellectual Property Manager  
Assistant Chief Operating Officer  
Bangkok Lab and Cosmetic PLC

### Shareholding Proportion in the Company

5,000 Share or 0.00% (As of 28/12/2023)

### Family Relationship between Directors and Executives

None



**Ms. Phiraya Chanpatya**

Assistant Chief Financial Officer  
Age 34 year

#### Education

Bachelor's degree: Accounting,  
Srinakharinwirot University

#### Year as executive

- 1 year 1 Month (As of 14/11/2022)

#### Work experience

- 2011 – 2021  
Assistant Auditor  
Auditor Manager  
Auditor Senior Manager  
Deloitte Touche Tohmatsu Jaiyos Co., Ltd
- 2022 – Present  
Assistant Chief Financial Officer  
Bangkok Lab and Cosmetic PLC

#### Shareholding Proportion in the Company

2,500 Share or 0.00% (As of 28/12/2023)

#### Family Relationship between Directors and Executives



**Mr. Pakorn Thongklawe**

Assistant Chief Financial Officer  
Age 33 year

#### Education

Bachelor's degree: Accounting,  
Kasetsart University

#### Year as executive

1 year 1 Month (As of 14/11/2022)

#### Work experience

- 2012 – 2013  
Assistant Auditor  
ANS Audit Co., Ltd.
- 2013 – 2022  
Auditor Manager  
PricewaterhouseCoopers ABAS Ltd.
- 2022 – Present  
Assistant Chief Financial Officer  
Bangkok Lab and Cosmetic PLC

#### Shareholding Proportion in the Company

4,000 Share or 0.00% (As of 28/12/2023)

#### Family Relationship between Directors and Executives

None



**MR. Wongsatorn Ngam-Anak**

**B.Sc.(Pharm.)**

Executive Director of Support  
Age 44 year



**Mr. Rachain Sittisang**

Executive Director of Manufacture  
Age 52 year

#### Education

Bachelor's degree: Pharmacy, Silpakorn University

Master's degree: Business Administration,  
Rajamangala University  
of Technology Rattanakosin

#### Year as executive

- 1 Year 2 Month (As of 19/10/2022)

#### Work experience

- 2001 – Present  
Head of Quality Assurance  
Quality Assurance Department Manager  
Laboratory Manager Division  
Executive Director of Support  
Bangkok Lab and Cosmetic PLC

#### Shareholding Proportion in the Company

72,000 Share or 0.01% (As of 28/12/2023)

#### Family Relationship between Directors and Executives

None

#### Education

Bachelor's degree: Business Administration, Rajabhat  
University Chom Bueng Village

#### Year as executive

- 1 Year 2 Month (As of 19/10/2022)

#### Work experience

- 1994 - Present  
Warehouse department Manager  
Supplies and Warehouse Division Manager  
Vice Executive Director Manufacture  
Executive Director Manufacture  
Bangkok Lab and Cosmetic PLC

#### Shareholding Proportion in the Company

2,000 Share or 0.00 (As of 28/12/2023)

#### Family Relationship between Directors and Executives

None



**Ms.Woranuch Kongsupapsiri**

**B.Sc.(Pharm.)**

Executive Director of Marketing

Age 53 year

### Education

Bachelor's degree: Pharmacy, Mahidol University

Master's degree: Business Administration, Ramkhamhaeng University

Master's degree: International Business Chulalongkorn University

### Year as executive

- 1 Year 2 Month (As of 19/10/2022)

### Work experience

- 2004 – 2010  
Senior Product Manager  
Roche Thailand Co., Ltd.
- 2011 – 2014  
Marketing Manager  
Paradigm Pharma (Thailand) Co.,Ltd.
- 2016 – 2019  
Regional Business Manager  
Biopharm Co.,Ltd.
- 2019 – 2021  
Business Development Manager  
Apexcela Co.,Ltd
- 2022 – Present  
Executive Director of Marketing  
Bangkok Lab and Cosmetic PLC

### Shareholding Proportion in the Company

40,000 Share or 0.01% (As of 28/12/2023)

### Family relationship between directors and executives or management team

None





## Mrs. Anuporn Pattravanichkun

Executive Director of Accounting & Financial  
Age 56 Year

### Education

Bachelor's degree: Business Administration,  
Sukhothai Thammathirat Open University

Master's degree: Business Administration,  
Ramkhamhaeng University

### Year as executive

- 1 Year 2 Month (As of 19/10/2022)

### Work experience

- 1991 – 2004  
Financial Department Manager  
Bangkok Drug Co., Ltd.
- 2005 – 2009  
Financial Department Manager  
Bangkok Lab and Cosmetic PLC
- 2010 – 2020  
Financial Division Manager  
Pharma Alliance Co., Ltd.
- 2021 – Present  
Executive Director of Accounting & Financial  
Bangkok Lab and Cosmetic PLC

### Shareholding Proportion in the Company

124,700 Share or 0.02% (As of 28/12/2023)

### Family relationship between directors

None



## Pattarnan Chuwangcha Company Secretary

Age 34 Year

(Appointed on December 28, 2021 ,  
effective from January 1, 2022 onwards)

### Education

Bachelor's degree : Business administration General management  
Sukhothai Thammathirat Open University

### Training History

- Company Secretary Program (CSP123/2564)
- Effective Minute Taking (EMT 50/2022)
- COSO Enterprise Risk Management 2017
- Integrated Management System Internal Audit Techniques  
For ISO 9001, ISO 14001, ISO 45001, ISO 50001

### Work Experience

- 2011 - 2016  
Assistant Secretary
- 2017 - 2021  
Head of Secretary  
Factory Director's Office Department
- 2022 - Present  
Company Secretary

### Shareholding Proportion in the Company

7,300 Share or 0.00% (As of 28/12/2023)

### Family relationship between directors

None



**Scope of duties and responsibilities of the Company Secretary:**

- 1) Conducting board meetings and shareholders' meetings in accordance with the Company's regulations and relevant laws.
- 2) Monitoring and coordinating to ensure that the Company and the Board of Directors act in compliance with the law, objectives, regulations of the Company, and principles of good corporate governance. This includes resolutions passed during board meetings and shareholders' meetings.
- 3) Supporting initiatives for directors and executives to acquire knowledge and participate in training courses related to their duties as directors and ad hoc committee.
- 4) Arrange training and orientation sessions, providing relevant documents and information related to the current and newly appointed directors' responsibilities.
- 5) Provide basic information on the Company's laws, rules, and regulations that the Board of Directors and executives should be aware of, including best practices for governing the Company's operations in accordance with the law.
- 6) Implement performance evaluations for the Board of Directors and sub-committees to assess their job performance.
- 7) Coordinate with regulatory authorities such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Ensure accurate and complete disclosure of information and reports to regulatory bodies and the public.
- 8) Serve as a central hub for communication, facilitating the exchange of information and news between the Board of Directors, executives, and shareholders.
- 9) Prepare and maintain essential Company documents, including directors register, meeting notices, reports of board meetings, shareholders' meeting notices and reports, as well as the Company's annual reports.
- 10) Conduct an annual examination of items of interest involving directors and executives, presenting the information to the Audit Committee and the Board of Directors at least once a year.
- 11) Maintain documents reporting the interests of directors and executives as reported by the directors or executives. Distribute copies of such reports to the Chairman of the Board of Directors and of the Audit Committee within 7 business days from the date the Company receives the report.
- 12) Carry out other duties as specified by the Capital Market Supervisory Board.



### 3. Holding positions of directors, executives, and persons with controlling authority

Company		1. Mr. Wanchai Sutananta	2. Mr. Thanadol Ruksapol	3. Mr. Worathep Gorgitpoonpol	4. Mr. Suvit Ngampoopun	5. Mr. Somchai Phisphahutharn	6. Mr. Subhachai Saibour	7. Mr. Surasilp Ngampoopun	8. Ms. Anuporn Pattravanichkun	9. Ms. Phiraya Chanpatya	10. Mr. Pakorn Thongklawe	11. Ms. Woranuch Kongsupapsiri	12. Mr. Wongsatorn Ngam-Anak	13. Mr. Rachain Sittisang	14. Mr. Alongkorn Leela-Uppatikarn	15. Ms. Supaporn Kumyoo
1	Bangkok Lab and Cosmetic PLC	X / Ax / Nx / ID	D / A / Rx / ID	D / A / N / ID	D / N / Ex / M	D / R / E / M	D / R / E / M	D / E	M / E	M / E	M / E	M / E	M / E	M / E	M / E	E
2	Bangkok Drug Co., Ltd	-	-	-	D / M	D	D	M	-	-	-	-	-	-	-	-
3	Berich (Thailand) Co., Ltd	-	-	-	D	D	D	-	-	-	-	-	-	-	-	-
4	Pharma Alliance Co., Ltd	-	-	-	D / M	D / M	D / M	-	-	-	-	-	-	-	-	-
5	Farmaline Co., Ltd	-	-	-	D	D	D	-	-	-	-	-	-	-	-	-
6	Bangkok Medica Co., Ltd	-	-	-	D	D	-	-	-	-	-	-	-	-	-	-



Company		1. Mr. Wanchai Sutananta	2. Mr. Thanadol Ruksapol	3. Mr. Worathep Gorgitpoonpol	4. Mr. Suvit Ngampoopun	5. Mr. Somchai Phisphahutharn	6. Mr. Subhachai Saibour	7. Mr. Surasilp Ngampoopun	8. Ms. Anuporn Pattavanichkun	9. Ms. Phiraya Chanpatya	10. Mr. Pakorn Thongklawe	11. Ms. Woranuch Kongsupapsiri	12. Mr. Wongsatorn Ngam-Anak	13. Mr. Rachain Sittisang	14. Mr. Alongkorn Leela-Uppatikarn	15. Ms. Supaporn Kумыoo
7	Viva Sonata Pte. Ltd.	-	-	-	D	D	D	-	-	-	-	-	-	-	-	-
8	Thana Brothers Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Thana 34 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Thana 40 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Thana 42 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Thana 44 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Thana 65 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Thana 65.1 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Thana 57 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Thana 57.1 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-



Company		1. Mr. Wanchai Sutananta	2. Mr. Thanadol Ruksapol	3. Mr. Worathep Gorgitpoonpol	4. Mr. Suvit Ngampoopun	5. Mr. Somchai Phisphahutharn	6. Mr. Subhachai Saibour	7. Mr. Surasilp Ngampoopun	8. Ms. Anuporn Pattravanichkun	9. Ms. Phiraya Chanpatya	10. Mr. Pakorn Thongklawe	11. Ms. Woranuch Kongsupapsiri	12. Mr. Wongsatorn Ngam-Anak	13. Mr. Rachain Sittisang	14. Mr. Alongkorn Leela-Uppatikarn	15. Ms. Supaporn Kумыoo
17	Thana 75 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Thana 71 Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Thana Resident Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Thana Management Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Thana Accounting Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Thirty-Four Audit Co., Ltd	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Arrow Metalsheet Co., Ltd	-	-	-	-	-	-	-	D	-	-	-	-	-	-	-
24	Arrow Steel Products Co., Ltd	-	-	-	-	-	-	-	D	-	-	-	-	-	-	-



## หมายเหตุ

X = Chairman of the Board of Directors

D = Director

Ex = Chairman of Executive Committee

E = Executive Committee

Rx = Chairman of the Risk Management Committee

R = Risk Management Committee

Ax = Chairman of the Audit Committee

A = Audit Committee

Nx = Chairman of the Nomination and Remuneration Committee

N = Nomination and Remuneration Committee

M = Management

ID = Independent Director



5. History of punishment due to violations under the Securities and Exchange Act of directors, executives, and controlling persons in the past 5 years.

None





## Attachment 2

### Details about directors of subsidiaries

**1. Details about directors of subsidiaries**

<b>subsidiaries</b>	Mr. Suvit Ngampoopun	Mr. Somchai Phisphahutharn	Mr. Subhachai Saibour	Mr. Prasit Chulputipong	Wirot Phichitnitikorn
Bangkok Drug Co., Ltd	D/M	D	D	-	-
Berich (Thailand) Co., Ltd	D	D	D	D/M	-
Pharma Alliance Co., Ltd	D/M	D/M	D/M	-	-
Farmaline Co., Ltd	D	D	D	-	D/M
Bangkok Medica Co., Ltd	D	D	-	-	-

D = Director    M = Management



### Attachment 3

Details about the Company's Head of Internal Audit and Head of Work Supervision

**details about the Company's Head of Internal Audit and Head of Work Supervision**

BLC has engaged Dharmniti Internal Audit Company Limited (hereinafter referred to as "DIR") to perform the duties of examining and evaluating the adequacy of internal control systems within various operational processes. Currently, DIR serves as the internal auditor appointed by the Company since the year 2021, including monitoring the results of improvements and corrections made to various issues that have arisen. The individuals entrusted with the responsibilities as the Head of Internal Audit have the following details:

Individual appointed to the position of Head of Internal Audit for the year 2023:

Company Affiliation	Dharmniti Internal Audit Company Limited
Individual appointed as Head	Ms. Anatsaya Raksasorn
Position	Head of Internal Audit
Educational Qualifications	<ul style="list-style-type: none"><li>■ Master's Degree, Faculty of Commerce and Accountancy, Actuarial Statistics Major (Chulalongkorn University)</li><li>■ Bachelor's Degree, Faculty of Management Science, Accounting Major (Prince of Songkla University)</li></ul>
Certificate	<ul style="list-style-type: none"><li>■ Dharmniti Young Executive, Class 1.</li><li>■ Certified Professional Internal Audit of Thailand (CPIAT)</li><li>■ Internal Audit Project Certificate for preparing to be a licensed internal auditor, Class 26.</li><li>■ Internal Auditor Certificate, CAC SME Project</li></ul>
Training	<ul style="list-style-type: none"><li>■ COSO 2013 Theory and Practice Course Training</li><li>■ Internal Audit (IA) Standards and the Enhancement of Internal Audit Processes</li><li>■ Sustaining and Improving the Quality of Internal Audit Operations within the Organizational Project</li><li>■ CAC Self-assessment regarding Anti-Corruption Measures</li><li>■ Internal Audit Project Certificate for preparing to be a licensed internal auditor, Class 26.</li><li>■ Asian Confederation of Institutes of Internal Auditors (ACIIA) Conference, Japan</li></ul>



	<ul style="list-style-type: none"><li>■ Internal Audit Comprehensive: IAC</li><li>■ The Convergence of Security 2021</li><li>■ Fraud Prevention and Detection 2021</li><li>■ CAC SME</li><li>■ IA Academy _Top risk 2021</li><li>■ Internal Audit Modernization 2021</li><li>■ Current status and future direction of TFRSs.</li><li>■ Preparation of Form 56-1 One Report</li><li>■ Thailand's Personal Data Protection Act "PDPA"</li><li>■ Agile Auditing 2022</li><li>■ Analytical concepts after COVID-19 2022</li><li>■ Future Trends Cybersecurity in Internal Audit 2022</li><li>■ IA Clinic : Digital Transformation of Internal Audit and Change</li><li>■ IA Clinic : TOP Risk for Internal Audit 2023</li><li>■ IA Clinic : How ready you are with SorThor. 38/2565 regarding requirements on the provision of information technology systems</li><li>■ Cyber Risk Management</li><li>■ Internal audit guidelines related to the PDPA law</li><li>■ Risk management to prevent corruption.</li><li>■ COSO ESG</li><li>■ QUALITY ASSESSMENT REVIEW (QAR)</li></ul>
Work Experience	<ul style="list-style-type: none"><li>■ 2015-2017, Assistant Manager, Dharmniti Internal Audit Company Limited</li><li>■ 2018 – Present, Manager, Dharmniti Internal Audit Company Limited</li></ul>



### **Head of Work Supervision**

The Company does not have a position for Head of Work Supervision. In coordinating with the internal auditors, the Company Secretary will serve as the primary coordinator, with supporting staff assisting in the coordination efforts.

The Company Secretary has been assigned the responsibilities of the Head of Work Supervision. In this capacity, they will oversee and coordinate various departments to ensure compliance with laws, regulations, relevant criteria, resolutions from Board of Directors meetings, and resolutions from shareholder meetings. Additionally, they will ensure adherence to policies governing good corporate governance and code of conduct (please refer to the details regarding the educational qualifications and work experience of the Company Secretary in Attachment 1 for information on the Board of Directors, Executives, Controlling Persons, and the Company Secretary).

### **Duties and Responsibilities of the Head of Internal Audit**

- Audit Program Develop the annual Audit Program in alignment with the organization's policies and primary plans.
- Define the audit methodology as assigned and in accordance with auditing principles.
- Report the progress of audit work and report audit findings promptly, and prepare summaries of significant and urgent issues discovered.
- Conduct discussions and exchange opinions with the audit-receiving units and relevant departments regarding identified issues, in order to formulate improvement recommendations.
- Prepare summary reports of audit findings for presentation to the Audit Committee and senior management.



Attachment 4  
Assets Used in Business Operations

## Assets Used in Business Operations

Please refer to the details of assets used in business operations in Section 1 Company Structure and Operations.”

### Summary of Land Appraisal Report



#### 1. Leasehold Rights for Parking Purposes

- The company engaged in the appraisal is UK Valuation and Agency Co., Ltd., an appraisal company approved by the Securities and Exchange Commission (SEC).
- The principal appraiser is Mr. Nathee Tangtidtham, who is the lead appraiser approved by the SEC.
- The summary of the property appraisal report is as follows:





Appraisal Date	13 Nov 23
Appraised Property	Leasehold rights for parking purposes with a land size of 15 rai 3 ngan 7 square meters according to Title Deed No. 72025, located on Sai Khao Kruad-Nong Chae Sao Road (Highway No. 3207), Nampu Sub-district, Mueang Ratchaburi District, Ratchaburi Province.
Landowner	Ms. Sunisa Mongkolaripong
Encumbrances - Mortgage	None
Purpose of the Appraisal	1. For public interest purposes 2. To comply with accounting standards 3. To determine the appropriate market rental rate for the land over a 3-year period
Appraisal Method	Comparative approach with market data, utilizing information from 8 datasets for comparison.
Urban Planning and Expropriation	Green areas (rural and agricultural types) and properties not within expropriation zones
Legal Consultant's Opinion on Urban Planning Regulations	Due to the factory specified in the operating license falling under the category and type of: (1. Factory Type 3, engaged in the production of substances intended to affect the health, structure, or any function of the human or animal body, as declared by the Minister of Public Health (Order No. 46(3)). 2. Factory Type 1, 2, or 3, engaged in the business of manufacturing cosmetics or items for body adornment (Order No. 47(3)), and 3. Factory Type 3, engaged in the production of electricity from solar energy, excluding installations on rooftops, decks or parts of a building that can be inhabited or utilized, with a maximum combined installed capacity of solar panels not exceeding 1,000 kilowatts (Order No. 88(1)). Given these exemptions, BLC is eligible to utilize the land for factory operations without being subject to restrictions under land-use regulations governed by urban planning regulations.
Fair Market Rental Value	70,953.75 Baht/month

## 2. Factory Land

- The company conducted an appraisal of the land to reflect its market value and to assist in increasing the capital to comply with the bank's requirements regarding the debt-to-equity ratio. This valuation adjustment occurred in the year 2021, and the auditor disclosed this information in the notes to financial statements for the year ended December 31, 2021. The auditors provided an unqualified opinion on the aforementioned financial statements.



- The company engaged in the appraisal is The Valuation and Consultant Co., Ltd., an appraisal company approved by the Securities and Exchange Commission (SEC).
- The principal appraiser is Mrs. Karnchana Chanakanon, who is the lead appraiser approved by the SEC.
- The summary of the property appraisal report is as follows:

Appraisal Date	31 May 21	31 May 21
Appraised Property	Factory Land with an area of 145 rai 3 ngan 8.5 square wah, located at No. 48/1 Moo 5, Sai Khao Kruad-Nong Chae Sao Road (Highway No. 3207), kilometer 9+200, Nampu Sub-district, Mueang Ratchaburi District, Ratchaburi Province. The land is registered under Title Deeds No. 71054, 71553, 71741, 71742, 72023 and 72026.	Factory Land with an area of 145 rai 3 ngan 8.5 square wah, located at 48/1 Moo 5, Sai Khao Kruad-Nong Chae Sao Road (Highway 3207), kilometer 9+200, Nampu Subdistrict, Mueang Ratchaburi District, Ratchaburi Province. The land is registered under Title Deeds No. 71054, 71553, 71741, 71742, 72023, and 72026.
Landowner of the land where the factory is located	Bangkok Lab and Cosmetic Public Company Limited	Bangkok Lab and Cosmetic Public Company Limited
Encumbrances	Title Deed No. 71054 - No encumbrances Title Deed No. 71553 - Mortgage with SCB Title Deed No. 71741, 71742, and 72023 - Mortgage with KBANK Title Deed No. 72026 - Mortgage with TTB	Title Deed No. 71054 - No encumbrances Title Deed No. 71553 - Mortgage with SCB Title Deed No. 71741, 71742, and 72023 - Mortgage with KBANK Title Deed No. 72026 - Mortgage with TTB
Purpose of the Appraisal	For accounting consideration	For accounting consideration
Appraisal Method	Comparative approach with market data, utilizing information from 4 datasets for comparison.	Comparative approach with market data, utilizing information from 8 datasets for comparison.
Urban Planning and Expropriation	Green areas (rural and agricultural types) and properties not within expropriation zones	Green areas (rural and agricultural types) and properties not within expropriation zones



Legal Consultant's Opinion on Urban Planning Regulations	The legal consultant's opinion is similar to Item 1 since it pertains to the same area.	The legal consultant's opinion is similar to Item 1 since it pertains to the same area.
Appraised Market Value	450,000 Baht/rai or approximately 65,597,063 Baht.	450,000 Baht/rai or approximately 65,597,063 Baht.



Attachment 5  
Corporate Governance Policy and Code of conduct



## Corporate Governance Policy

Bangkok Lab and Cosmetic Public Company Limited and its group (hereinafter referred to as the “**Company**”) adhere to laws, objectives, regulations, and resolutions passed at shareholder meetings, while also recognizing the importance of corporate governance. The Company is committed to conducting business in accordance with the core principles of corporate governance for registered companies, as stipulated by the Office of the Securities and Exchange Commission (hereinafter referred to as the “**SEC Office**”). This commitment serves as a guideline for the Company’s operations to enhance efficiency and transparency, instilling confidence in investors and fostering trust in the Company’s business operations. The Company’s corporate governance policy encompasses 8 key principles, as follows:

### **Principle 1: Establish Clear Leadership Role and Responsibilities of the Board**

1.1 The Board of Directors understands and acknowledges the importance of its role and responsibilities as leaders tasked with overseeing the effective governance of the Company. This encompasses:

- (1) Formulating objectives and goals.
- (2) Formulating strategies, operational policies, and resource allocation crucial for achieving objectives and goals.
- (3) Monitoring, evaluating performance, and overseeing the reporting of operational results.

1.2 To consistently create value for the Company, the Board of Directors oversees operations to achieve at least the following governance outcomes:

- (1) Competitiveness and Performance with Long-Term Perspective
- (2) Ethical and Responsible Business
- (3) Good Corporate Citizenship
- (4) Corporate Resilience

1.3 The Board of Directors ensures that each director and executive performs their duties with a sense of responsibility, exercising duty of care, and duty of loyalty. The Board also oversees that operations are conducted in compliance with laws, regulations and resolutions from shareholders’ meetings.

1.4 The Board of Directors understands the scope of duties and responsibilities of the Board and delineates clear boundaries for assigning duties and responsibilities to the Chief Executive Officer and management, and closely monitors and supervises the Chief Executive Officer and management in the execution of their assigned duties.



**Principle 2: Define Objectives that Promote Sustainable Value Creation**

2.1 The Board of Directors will establish and oversee the objectives of the Company in a sustainable manner, aligning them with the value creation for the Company, customers, stakeholders, and society as a whole.

2.2 The Board of Directors ensures that the objectives and goals, as well as the strategies for the mid-term and/or annual periods of the Company, align with the primary objectives and goals of the Company. This involves the prudent and secure utilization of innovations and technologies.

**Principle 3: Strengthen Board Effectiveness**

3.1 The Board of Directors is responsible for establishing and reviewing the structure of the Board, considering its size, composition, and the appropriate and necessary proportion of independent directors to lead the Company towards its defined objectives and primary goals.

3.2 The Board of Directors selects individuals suitable to serve as the Chairman of the Board, ensuring that the composition and operations of the Board facilitate the exercise of independent judgment in decision-making.

3.3 The Board of Directors oversees a transparent and clear process for the recruitment and selection of directors to ensure the selection of a Board with qualifications that align with the defined criteria.

3.4 When proposing remuneration for approval by shareholders, the Board of Directors considers a structure and compensation rates that are appropriate for the responsibilities and motivation to lead the Company in achieving both short-term and long-term objectives.

3.5 The Board of Directors ensures that each director bears responsibility for their duties and allocates sufficient time.

3.6 The Board of Directors oversees the establishment of frameworks and mechanisms for supervising policies and operations of subsidiaries and other invested businesses at a level appropriate to each business, as well as ensuring that subsidiaries and invested businesses have a mutually aligned and accurate understanding.

3.7 The Board of Directors organizes an annual performance evaluation for the Board of Directors, subcommittees, and individual directors. The evaluation results are utilized for continuous improvement of their performance.

3.8 The Board of Directors ensures that each director possesses knowledge and understanding of their roles, the nature of the business operations, and relevant laws associated



with conducting business. Additionally, it supports continuous skill enhancement and knowledge development for all directors on a regular basis.

3.9 The Board of Directors oversees that its operations are conducted in an orderly manner, ensuring access to necessary information. It ensures the presence of a competent company secretary with the essential knowledge and experience suitable for supporting the Board of Directors' operations.

3.10 The Board of Directors establishes policies for conflict of interest and policies for related transactions or interconnected transactions.

#### **Principle 4: Ensure Effective CEO and People Management**

4.1 The Board of Directors takes measures to ensure the recruitment and development of the Chief Executive Officer and senior executives with the necessary knowledge, skills, experience, and qualities essential for driving the company toward its goals.

4.2 The Board of Directors oversees the establishment of a compensation structure and performance evaluation system that is appropriate.

4.3 The Board of Directors understands the structure and relationships of shareholders that may impact the management and operations of the Company.

4.4 The Board of Directors monitors and oversees the management and development of personnel to ensure an appropriate balance of knowledge, skills, experience, and motivation.

#### **Principle 5: Nurture Innovation and Responsible Business**

5.1 The Board of Directors prioritizes and supports the creation of innovation that generates value for the Company in tandem with delivering benefits to consumers, customers, stakeholders and demonstrating responsibility to society and the environment.

5.2 The Board of Directors monitors and ensures that the business units operate responsibly towards society and the environment, reflecting in the Operational Plan to ensure that every department of the Company aligns with its objectives, main goals, and strategies.

5.3 The Board of Directors will monitor and oversee the efficient allocation and management of resources, considering the impacts and development of resources throughout the value chain. This is to ensure sustainable achievement of objectives and primary goals.

5.4 The Board of Directors establishes a framework for supervising and managing organizational-level information technology that aligns with the Company's needs, and ensure the strategic use of information technology to enhance business opportunities and operational



development while managing risks. This is to enable the Company to achieve its objectives and primary goals.

#### **Principle 6: Strengthen Effective Risk Management and Internal Control**

6.1 The Board of Directors oversees to ensure that the Company has a risk management and internal control that effectively facilitates the achievement of the Company's objectives and complies with relevant laws and standards.

6.2 The Board of Directors appoints an audit committee capable of performing its duties efficiently and independently.

6.3 The Board of Directors monitors and manages potential conflicts of interest that may arise between the Company, management, the Board of Directors, or shareholders. This includes safeguarding against the unwarranted use of Company assets, information and opportunities, as well as transactions with related parties in an inappropriate manner.

6.4 The Board of Directors oversees the establishment of clear policies and practices related to anti-corruption, ensuring clarity and communication at all levels within the organization and with external parties to enable effective implementation.

6.5 The Board of Directors oversees the implementation of mechanisms for handling complaints and addressing cases where whistleblowing is indicated.

#### **Principle 7: Ensure Disclosure and Financial Integrity**

7.1 The Board of Directors is responsible for overseeing the establishment of financial reporting and disclosure systems to ensure the accuracy, adequacy, and timeliness of key information in accordance with relevant standards, criteria, and practices.

7.2 The Board of Directors monitors the adequacy of the financial liquidity and debt repayment capabilities.

7.3 In the event of financial difficulties or potential issues, the Board of Directors must ensure that the Company has a plan to address the problem or alternative mechanisms to resolve financial issues, all while considering the rights of stakeholders.

7.4 The Board of Directors considers producing sustainability reports as appropriate.

7.5 The Board of Directors oversees the management to ensure that there is a department or individuals responsible for investor relations, tasked with communicating effectively with shareholders and other stakeholders, such as investors and analysts, in an equitable, timely and appropriate manner.





7.6 The Board of Directors promotes the use of information technology for disseminating information.

**Principle 8: Ensure Engagement and Communication with Shareholders**

8.1 The Board of Directors ensures that shareholders participate in making significant decisions for the Company.

8.2 The Board of Directors oversees that the proceedings on the shareholders' meeting day are conducted in an orderly, transparent, efficient manner, allowing shareholders to exercise their rights.

8.3 The Board of Directors ensures the accuracy and completeness of resolutions at the meeting and the preparation of shareholder meeting reports.



## Code of Conduct

In order for the operations of Bangkok Lab and Cosmetic Public Company Limited and its group (hereinafter referred to as the “**Company**”) to be carried out efficiently, achieving the established objectives and goals, and promoting business based on responsibility, transparency and integrity, the Company has established a Code of Conduct. This Code serves as guidelines for the Board of Directors, management and employees to adhere to in their conduct, as follows:

### Section 1 Code of Conduct for the Board of Directors, Management, and Employees

#### 1. Respect for Laws and Related Regulations

1.1 Comply with laws, regulations, rules and respect the cultural traditions relevant to the business.

1.2 Strictly adhere to the regulations and rules of the Company.

#### 2. Conduct

2.1 Uphold morality, correctness and fairness, refraining from seeking positions, favoritism or any other benefits improperly from superiors or other individuals.

2.2 Abstain from immoral and addictive behaviors that could tarnish one’s own dignity and the reputation of the Company.

2.3 Avoid engaging in professions or activities that may interfere with duties or tarnish one’s own and the Company’s reputation.

2.4 Refrain from disclosing or distorting information or stories related to employees’ work or privacy in a manner that could harm the employees or the Company’s image.

2.5 Contribute to the creation and maintenance of a harmonious working environment within the team.

#### 3. Duties and Responsibilities

3.1 Perform tasks with a sense of responsibility, diligence, dedication and a wholehearted commitment to the Company’s work, utilizing one’s abilities to their fullest extent and striving for the success of the work for the benefit of the Company. Act with honesty and integrity, fostering cooperation in the Company’s activities aimed at enhancing quality, efficiency and the development of the Company towards excellence.

3.2 Execute assigned tasks with full knowledge and capabilities, while maintaining awareness of duties and taking responsibility for the outcomes of task performance.

3.3 Allocate time efficiently for task execution, ensuring productive and effective results as stipulated, and refrain from influencing or encouraging others to allocate time to activities unrelated to the Company’s interests.

3.4 Cultivate personal virtues, ethics, and a commitment to continuous learning to enhance skills and abilities.



- 3.5 Collaborate to reinforce, protect and maintain the Company's reputation by demonstrating a positive attitude and being a good employee of the Company. Express admiration and pride, while also contributing to building a positive image of the Company to the public.
- 3.6 Supervisory employees should interact with colleagues and subordinates with politeness, empathy, and good interpersonal relationships. Serve as leaders and role models who genuinely care about subordinates, inspire enthusiasm and are open to receiving feedback. Govern subordinates with fairness, principles and well-founded reasoning.
- 3.7 Subordinate employees should avoid displaying aggression, defiance, or insubordination towards supervisors. Show respect and humility, refrain from any disrespectful actions towards supervisors, including stakeholders, government agencies and external organizations.

#### 4. Information Confidentiality

- 4.1 Refrain from seeking personal or others' advantages through the use of Company information, and use Company information solely for the benefit of the Company.
- 4.2 Do not disclose Company information that is not meant to be disclosed unless authorized by the empowered party or unless the information has been made public.
- 4.3 Avoid disclosing business-sensitive information to competitors, even after ceasing to be a director, executive, or employee of the Company.

#### 5. Asset and Information Preservation

- 5.1 Utilize the Company's assets prudently and maximize their benefits.
- 5.2 Systematically store, maintain, and preserve information and assets of the Company to ensure they remain in good condition, preventing damage or loss for efficient and sustainable utilization.
- 5.3 Refrain from using Company assets or information for personal gain or in a manner that benefits third parties.

#### 6. Utilization of Social and Political Rights

- 6.1 Adhere to the democratic system with the revered monarchy, promoting the exercise of rights in accordance with the constitutional and relevant legal principles.
- 6.2 Exercise rights and freedoms to participate in various social activities, while avoiding any actions that are unlawful, unethical, disrupt societal peace and preserving one's dignity and honor.
- 6.3 Refrain from engaging in activities that might imply the Company's involvement or endorsement of any political party.



## Section 2 Code of Conduct of the Company

### Code of Conduct Regarding Fair Treatment of Stakeholders

#### 1. Treatment of Shareholders and Investors

- 1.1 Foster the advancement and progressive growth of the business, ensuring good business performance and providing appropriate returns on investment for shareholders and investors consistently and sustainably.
- 1.2 Conduct business with integrity, making decisions with transparency, caution, diligence, and fairness towards all shareholders, ensuring equal treatment for the overall benefit of shareholders.
- 1.3 Present regular reports on the Company's status, financial performance, accounting information and other relevant reports consistently and accurately, reflecting the actual situation.
- 1.4 Inform all shareholders about the future trends of the Company, both positive and negative, based on realistic possibilities, supported by sufficient information and reasoning.
- 1.5 Avoid seeking personal or others' benefits by using undisclosed information of the Company and refrain from engaging in activities that could create conflicts of interest with the Company.

#### 2. Treatment of Customers

The Company is cognizant of the paramount importance of customer satisfaction and has implemented standardized quality management systems within the Company. The primary objective of the Company is to enhance customer satisfaction.

#### 3. Treatment of Business Partners and/or Creditors

- 3.1 Foster positive business relationships with business partners and/or creditors, conducting business based on fair dealings for the mutual benefit of both parties. Consistently act towards business partners and/or creditors, avoiding situations that may lead to conflicting interests.
- 3.2 Avoid engaging in dishonest practices in trade with business partners and/or creditors. In case there is information about any unethical conduct, disclose the details to the business partners and/or creditors for collaborative and expedient resolution of issues with fairness.
- 3.3 Adhere strictly to the terms and conditions applicable to business partners and/or creditors. In situations where compliance is not feasible, promptly notify the business partners and/or creditors to collaboratively seek solutions.



4. Treatment of Business Competitors

- 4.1 Conducting dealings with business competitors within the framework of fair competition rules and in compliance with legal requirements.
- 4.2 Avoiding tarnishing the reputation of business competitors through negative allegations.
- 4.3 Abstaining from violating confidentiality or obtaining knowledge of the trade secrets of business competitors through improper means.

5. Treatment of Employees

- 5.1 Adhering strictly to laws, regulations, and relevant provisions associated with employees.
- 5.2 Creating a conducive working environment that is safe for the lives and properties of employees.
- 5.3 Interacting with employees with courtesy, showing respect for individuality and human dignity.
- 5.4 Providing fair compensation to employees.
- 5.5 Consideration of appointments and transfers is carried out with fairness, taking into account the knowledge, abilities and suitability of employees, along with the administration of rewards and penalties.
- 5.6 Prioritizing the development of the potential of employees.
- 5.7 Avoiding any unfair actions that may impact the stability of employees' job responsibilities, lead to intimidation, or create pressure on the mental well-being of employees.
- 5.8 Employees have the right to file complaints in cases where they do not receive fair treatment according to established systems and procedures.
- 5.9 Listening to feedback and suggestions from employees at all levels in an equitable and impartial manner.

6. Treatment of Government Agencies

- 6.1 The Company conducts business to promote and contribute to the progress of the country, adhering to relevant laws, standards, rules, and regulations. The Company will establish positive relationships with government agencies and related organizations in providing information, exercising caution and being vigilant.

7. Treatment of Communities, Society, and the Environment

- 7.1 The Company operates its business with a focus on the quality of professional, occupational health and safety for employees, society, communities, and the environment, and promoting efficient energy management.



- 7.2 The Company adheres strictly to laws related to the protection of natural resources and the environment.
- 7.3 The Company does not endorse any activities that pose a threat to society or compromise ethical values and/or promote unethical practices.
- 7.4 Encourage employees to actively participate in the development of communities, society and the environment, fostering a sense of responsibility towards these entities among all levels of employees consistently.
- 7.5 Establish a reporting system for complaints that may impact the community and implement a system for managing complaints, suggestions, and feedback, especially those with potential consequences for the community or the Company's operations. Ensure timely communication of the outcomes to the complainants, promote mutual benefits between the Company and the community, and encourage sustainable coexistence.
- 7.6 Respond promptly and efficiently to events that impact communities, society and the environment resulting from the Company's operations. Collaborate fully with government officials and relevant agencies, fostering a cooperative relationship.
- 7.7 Allocate a portion of profits for activities contributing to the positive development of society and the environment.

This **Code of Conduct** policy was approved at the Board of Directors' meeting no. 6/2022 on October 19, 2022. It has been effective since November 10, 2022, and shall continue to be enforced following the transformation of the Company into a public limited company.



Attachment 6  
Audit Committee Report



## Audit Committee Report

The Audit Committee of Bangkok Lab and Cosmetic Public Company Limited (“the Company”) has carried out its duties independently and transparently to uphold the Company’s interests as a priority. The Committee operates within the scope defined in the Audit Committee Charter. Additionally, the Audit Committee places significant importance on the examination of financial reports, internal control systems, and related transactions, which are crucial for the effective management and good corporate governance of the Company. This is done to instill confidence in shareholders, as well as stakeholders of the Company.

The Board of Directors has assigned the Audit Committee to assess and review the effectiveness of the internal control system established by the management. The Audit Committee considers the results of the internal audit unit’s audit and the opinions of external auditors regarding the internal control system of the Company. Additionally, collaborative meetings have been conducted with the management, internal auditors, and auditors to exchange information, discuss, and formulate appropriate measures. During the period from 2023 to February 28, 2024, the Audit Committee held significant meetings with the following key summaries:

### 1. Financial Statement Audit

The Audit Committee has audited the quarterly and annual financial statements of the Company and its subsidiaries, which have undergone examination by external auditors. The audit involved reviewing data including numbers, key information in the financial statements, significant matters, and various special transactions. Clarifications and verifications were obtained from both the external auditors and relevant management regarding the information used in preparing the financial statements. Additionally, the audit included reviewing the disclosure of notes to the financial statements to ensure compliance with legal requirements, financial reporting standards, and generally accepted accounting principles. There has been proper and sufficient disclosure of financial information in a timely manner. The Audit Committee has expressed its approval for the audited financial statements based on the examination and review conducted by the external auditors.

### 2. Internal Control Audit

The Audit Committee has conducted an audit of the internal control system to ensure that the Company has an adequate and effective internal control system, encompassing budget management, expense control, inventory management, and overall operational processes. This evaluation was based on the findings of external auditors specializing in internal control systems, including monitoring the Company’s actions in addressing and rectifying identified issues, as reported directly to the Audit Committee. This is to ensure that the management has undertaken the necessary improvements in response to recommendations from the internal control auditors within the specified timeframe. Following the aforementioned audit, the Audit Committee is of the opinion that the overall internal control system of the Company is adequate and sufficient. Additionally, no significant deficiencies were identified that could have a material impact on the Company’s financial statements.

### 3. Internal Audit Oversight

The Audit Committee has deliberated on and reviewed the scope of operations, duties, and responsibilities of the internal audit function, including the annual plan of the internal auditors who are from external parties. This encompasses providing support to ensure that internal auditors perform their duties independently and offer beneficial recommendations for the internal audit, aiming to establish an





appropriate, tightly controlled, and effective internal control and audit system for the Company. This is to ensure the absence of any significant errors that may impact the Company's financials and business operations

**4. Selection Consideration and Proposal for the Appointment of Auditors and Auditor Remuneration**

The Audit Committee has reviewed the selection, proposed appointment, and remuneration of auditors for the year 2023, intending to present them to the Board of Directors and at the shareholders' meeting for approval. The assessment is based on the independence of the auditors, their knowledge, skills, experience, past audit work, and the appropriateness of audit fees. The Audit Committee is of the opinion that the auditors from KPMG Phoomchai Audit Company Limited possess the qualifications necessary to serve as auditors for the Company, meeting the established criteria for consideration

**5. Good Corporate Governance Audit**

The Audit Committee has examined and approved the Company's policies before presenting them to the Board of Directors. These policies include those related to related transactions, good corporate governance, and the scrutiny of the Company's operations to ensure compliance with relevant regulations and laws governing its business operations. This scrutiny aims to ensure that the Company's operations are conducted accurately, efficiently, transparently, and in a justifiable and reasonable manner, available for verification. The operations shall be responsible for all stakeholders and strives to create sustainable value for the business. This commitment is aimed at building confidence among shareholders. The Audit Committee is of the view that the Company has effectively overseen and scrutinized the operations of various units, ensuring compliance with laws, rules, and regulations to an appropriate extent.

**6. Audit and Opinion on Related Transactions or Transactions that May Pose a Conflict of Interest**

The Audit Committee has audited related transactions to ensure completeness, accuracy, reasonableness, and fairness. These transactions comply with relevant regulations and criteria. The Audit Committee is of the opinion that related transactions that occurred are reasonable and do not involve the transfer of benefits from BLC or its shareholders. Instead, they are transactions where BLC has considered the maximum benefit for itself and all shareholders. The Company will adhere to the Securities Act, regulations, announcements, orders, or requirements of the Capital Market Supervisory Board, the Office of the Securities and Exchange Commission, and the SET.

**7. Audit of Risk Management**

The Audit Committee has examined the risk management processes of the Company to ensure confidence that the risk management approach aligns with the Company's mission and business plan. It covers all operational aspects in accordance with COSO ERM principles. This evaluation considers the results of the quarterly risk management assessments and the summary of the annual risk management report for the year 2023 provided by the Risk Management Committee. The Audit Committee is of the opinion that the Company's risk management system is sufficiently effective.

In summary, the Audit Committee has diligently fulfilled its responsibilities as outlined in the Audit Committee Charter. This has been accomplished by applying knowledge and expertise with vigilance and thoroughness. The Committee has maintained independence in carrying out its duties and has received valuable



information and cooperation from the management of the Company. The Audit Committee expresses the following opinions regarding the Company:

- (1) The Company produces accurate financial reports in accordance with financial reporting standards and discloses information that is sufficiently comprehensive and relevant.
- (2) The Company maintains internal control and internal audit systems that are appropriate, effective, and adequate without significant errors that could impact financial and business operations.
- (3) Related transactions that occur are reasonably justified and adequate.
- (4) The organization's risk management system is sufficiently effective.
- (5) The Company complies appropriately with relevant laws, rules, and regulations.

On behalf of the Audit Committee.

(Asst. Prof. Dr. Wanchai Sutananta)  
Chairman of Audit Committee



# BLC

Bangkok Lab & Cosmetic

**Trusted Solutions For  
Lifelong Well-Being**

## **Bangkok Lab and Cosmetic Public Company Limited**

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