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14 August 2023

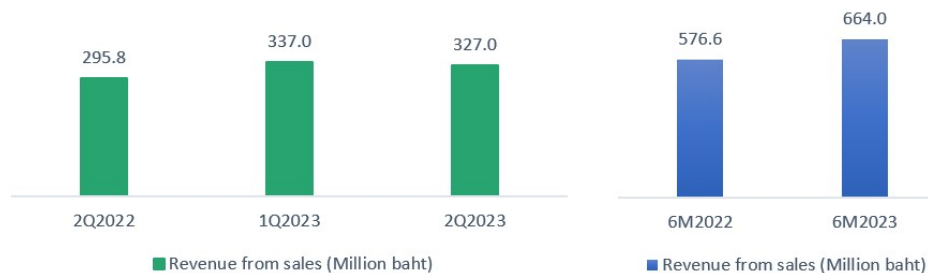
 Subject: Management Discussion and Analysis for the 2nd quarter in 2023

To: President of Stock Exchange of Thailand

Overall Financial performance

Statement of profit or loss	Q2/2023		Q2/2022		Change		6M 2023		6M 2022		Change	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
Revenue from sales and rendering service	327.0	100.0%	295.8	100.0%	31.2	10.5%	664.0	100.0%	576.6	100.0%	87.4	15.2%
Gross Profit	184.9	56.5%	159.0	53.8%	25.9	16.3%	376.6	56.7%	319.4	55.4%	57.2	17.9%
Selling expenses	87.3	26.7%	72.6	24.5%	14.7	20.2%	169.8	25.6%	145.1	25.2%	24.7	17.0%
Administrative expenses	61.5	18.8%	57.1	19.3%	4.4	7.7%	124.8	18.8%	107.4	18.6%	17.4	16.2%
Earnings before finance costs and tax expense	36.8	11.3%	29.7	10.0%	7.1	23.9%	83.3	12.5%	68.7	11.9%	14.6	21.3%
Finance costs	8.5	2.6%	6.9	2.3%	1.6	23.2%	16.8	2.5%	13.6	2.4%	3.2	23.5%
Tax expense	(5.1)	-1.6%	3.9	1.3%	(9.0)	-230.8%	2.8	0.4%	8.2	1.4%	(5.4)	-65.9%
Net profit	33.4	10.2%	18.9	6.4%	14.5	76.7%	63.7	9.6%	46.9	8.1%	16.8	35.8%

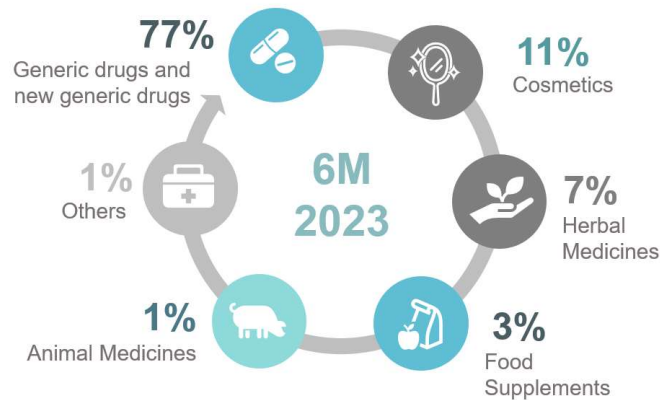
Revenue from operation



Bangkok Lab and Cosmetic Public Company Limited (“the Company”) and its subsidiaries had revenue from sales and rendering services in 2Q2023 in the amount of 327.0 million baht which increased by 31.2 million baht or 10.5% compared to the same period in 2022 and had revenue from sales and rendering services for the 6-month period ended June 30, 2023 in the amount of 664.0 million baht which increased from 6-month period in prior year by 87.4 million baht or 15.2%. The rise in sales was driven by continual implementation of aggressive marketing strategies since 2022 including sales promotions and exhibition booths set up to advertise and raise brand awareness. Marketing strategies included ‘BLC to Customers’ event and medical & health exhibition of Thai Pharmacies Association in April 2023. Besides, the Company participated in the 20th National Herb Expo in June 2023 which also led to the growth of sales quantity and the Groups’ revenue.

Revenue by products	Q2/2023		Q2/2022		Change		6M 2023		6M 2022		Change	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
Generic drugs and new generic drugs	253.3	77.5%	219.7	74.3%	33.6	15.3%	509.8	76.8%	423.0	73.4%	86.8	20.5%
Cosmetics	35.3	10.8%	41.1	13.9%	(5.8)	-14.1%	74.4	11.2%	77.1	13.4%	(2.7)	-3.5%
Herbal medicines	24.0	7.3%	18.9	6.4%	5.1	27.0%	48.8	7.3%	39.0	6.8%	9.8	25.1%
Food supplements	11.9	3.6%	7.1	2.4%	4.8	67.6%	19.8	3.0%	14.2	2.5%	5.6	39.4%
Animal medicines	0.7	0.2%	4.4	1.5%	- 3.7	-84.1%	2.0	0.3%	14.1	2.4%	- 12.1	-85.8%
Others	1.8	0.6%	4.6	1.6%	(2.8)	-60.9%	9.2	1.4%	9.2	1.6%	-	0.0%
Total revenue	327.0	100.0%	295.8	100.0%	31.2	10.5%	664.0	100.0%	576.6	100.0%	87.4	15.2%

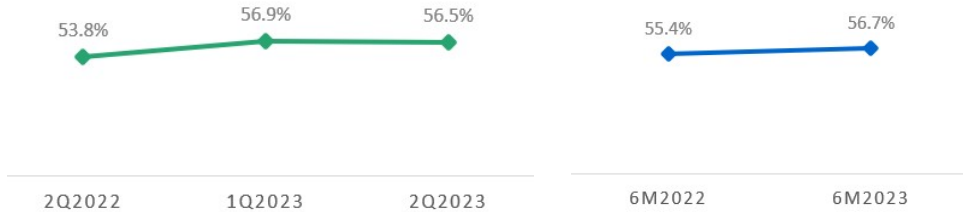
Revenue by types of products



For the 3-month and 6-month periods ended June 30, 2023, thanks to continually aggressive marketing strategy, revenue of generic drugs and new generic drugs increased by 33.6 million baht or 15.3% and by 86.8 million baht or 20.5%, respectively, from prior year. The contributing factors were from the economic recovery and the increase in number of 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. Besides, the Group's herbal medicines were increasingly distributed to hospitals. Accordingly, revenue from herbal medicines and food supplements increased in 2Q2023 by 5.1 million baht or 27.0% and 4.8 million baht or 67.6%, respectively, and increased in 6M2023 by 9.8 million baht or 25.1% and 5.6 million baht or 39.4%, respectively.

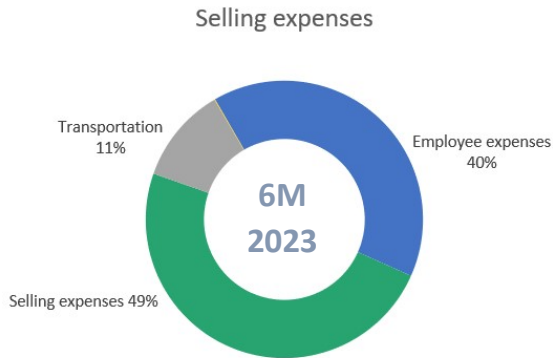
On the other hand, revenue from cosmetics decreased for the 3-month and 6-month period ended June 30, 2023, by 5.8 million baht or 14.1% and 2.7 million baht or 3.5% from prior period as the situation of Covid-19 has improved. Thus, revenue from mouth & nose products including 'Vitara Propolis Plus Mouth Spray' gradually decreased. Moreover, animal products were still negatively affected by the decline in number of Livestock animals.

Gross profit margin



Gross profit margin increased from 53.8% in 2Q2022 to 56.5% in 2Q2023 and rose from 55.4% in 6M2022 to 56.7% in 6M2023 as the Company continually gained benefits from economies of scale which positively led to unit cost reduction and the decrease in manufacturing overhead per unit, coupling with product portfolio management to focus on sales of high profit margin products instead of low profit margin products.

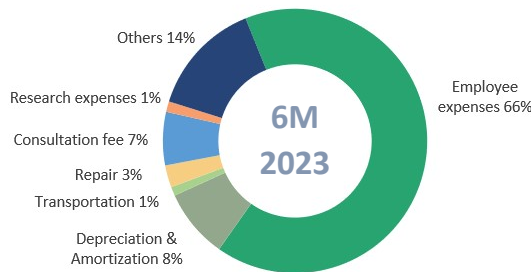
Selling and administrative expenses



Selling expenses for the 3-month and 6-month periods ended June 30, 2023, rose by 14.7 million baht or 20.2% and increased by 24.7 million baht or 17.0% from the same period in prior year. Apart from the increase in-line with the growth of revenue during the period, the Group participated in booths and exhibitions during April - June 2023 as stated before which were parts of marketing

strategies to enhance brand awareness and expand customer base. The strategies reasonably caused the increase in selling expenses in the current period. Moreover, as the Group entered into the agreement with Zuellig Pharma in January 2023, there was an increase in service fee paid to Zuellig Pharma in relation to logistics and payment collection from hospitals. Lastly, employee expenses also increased because of the increment in salary adjustments based on the Group's policy.

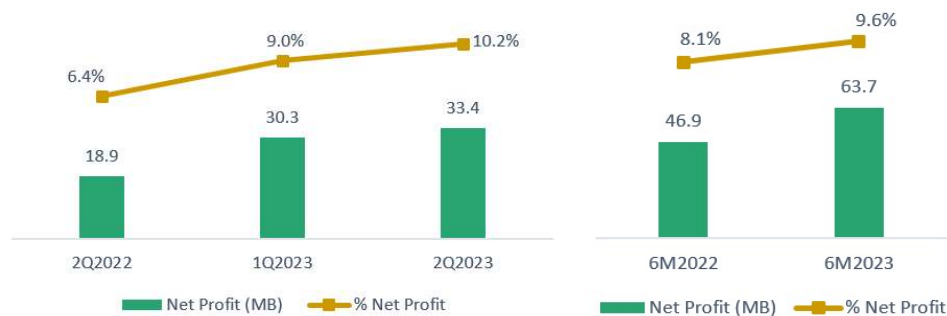
Administrative expenses



Administrative expenses for the 3-month and 6-month period ended June 30, 2023, raised by 4.4 million baht or 7.7% and increased by 17.4 million baht or 16.2%, respectively, compared to the same period in the prior year. The reasons for the increase were mainly due to the annual salary increment based on the Group's policy, the increase in the number of management and from the rise of fees

for consultancy services related to initial public offering (IPO). Furthermore, the Company additionally paid for public relations services including organization of events related to IPO process in the 2nd quarter of 2023.

Net profit



The Group's net profit for the 3-month and 6-month periods ended were 33.4 million baht and 63.7 million baht, respectively. Net profit margin profit for the 3-month and 6-month periods ended were 10.2% and 9.6%, respectively. The increase in net profit and net profit margin was due to the growth of the Group's revenue from sales and rendering services and the increase in gross profit margin. Then, earnings before interest and tax expenses (EBIT) increased by 23.9% from 2Q2022 and by 21.3% from 6M2022. Furthermore, the Company had tax income due to IPO-related expenses that could be additionally deducted for tax purposes and caused corporate income tax income in this quarter.

Statement of financial position

Statement of financial position	June 30, 2023		December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	2,292.0	100.0%	1,212.6	100.0%	1,079.4	89.0%
Total liabilities	766.7	33.5%	931.1	76.8%	(164.4)	-17.7%
Total shareholders' equity	1,525.3	66.5%	281.5	23.2%	1,243.8	441.8%

Assets

As at June 30, 2023, total assets of the Group were 2,292.0 million baht which increased by 1,079.4 million baht compared to December 31, 2022 which mainly resulted from an increase in current assets by 1,053.9 million baht and non-current assets by 25.5 million baht as the following items:

- **Cash and cash equivalents** significantly increased by 1,014.3 million baht compared to prior year because of cash received from capital increase for initial public offerings (IPO) of 120 million shares.
- **Inventories** were 443.1 million baht as at the end of June 2023 which increased from the previous year by 42.7 million baht from the increment in purchase of raw materials. Besides, the Group increasingly produced goods to support sales orders and revenue growth expectation in the current year as well.
- **Property, plant and equipment** was 312.9 million baht which increased from December 31, 2022, in the amount of 11.9 million baht due to the acquisition of land and office building in Bangkok and plant construction at Ratchaburi factory.
- **Intangible assets** rose by 2.1 million baht from the previous year due to the acquisition of programs to develop computer systems and servers to improve efficiency.
- **Deferred tax assets** increased by 6.6 million baht from prior year in consequence of expenses additionally deductible for tax purposes related to IPO expenses which led to loss carried forward and the increase in deferred tax assets compared to prior year.

Liabilities

Total liabilities of the Group were 766.7 million baht at the end of June 2023 which reduced by 164.4 million baht compared to 2022. The reasons were mainly from a decrease in current liabilities by 161.8 million baht and non-current liabilities by 2.7 million baht as follows:

- **Other payables** decreased by 18.1 million baht compared to prior year mainly because of accrued dividends which were paid to shareholders during the year.
- **Bank overdraft and borrowings from financial institutions** lowered by 164.6 million baht from repayments during the year.
- **Provision for employee benefits** increased by 9.9 million baht from prior year due to current service cost and interest on the obligations during the period and due to actuarial assumptions related to discount rate based on interest rates announced by the Bank of Thailand as well.



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Shareholders' equity

Total shareholders' equity increased by 1,243.8 million baht resulting from total comprehensive income for the period by 60.2 million baht and the increase in share capital by 1,207.6 million baht, offset by dividend announcement by 24.0 million baht during the year.

Please be informed accordingly.

Sincerely yours,

(Mr. Somchai Phisphahutharn)

Chief Financial Officer



We have been certified: GMP Standard, ISO 9001, ISO 14001, ISO 45001, ISO 22000, HACCP, TLS 8001, ISO/IEC 17025*.

*Only accredited scopes in the field of drug and cosmetics testing.