

No. BLC 086/2024

13 May 2024

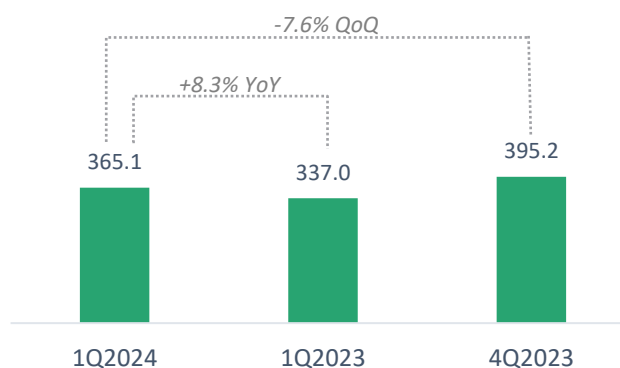
Subject: Management Discussion and Analysis for the 1st quarter in 2024

To: President of Stock Exchange of Thailand

Overall Financial performance

Statement of profit or loss Unit : Million Baht	Q1 of 2024	Q1 of 2023	Q4 of 2023	Change	
	1Q2024	1Q2023	4Q2023	%YoY	%QoQ
Revenue from sales and rendering service	365.1	337.0	395.2	8.3%	-7.6%
Gross profit	208.1	191.7	222.0	8.6%	-6.3%
Gross profit Margin (%)	57.0%	56.9%	56.2%		
Other income	5.7	0.7	5.7	738.2%	0.0%
Selling expenses	92.4	82.5	95.7	12.0%	-3.4%
Administrative expenses	67.6	63.3	66.2	6.8%	2.1%
EBIT	53.9	46.5	65.9	15.9%	-18.2%
Finance costs	3.7	8.3	4.0	-55.4%	-7.5%
EBITDA	67.8	59.3	79.4	14.3%	-14.6%
Tax expense	9.0	7.9	11.7	13.9%	-23.1%
Net profit	41.2	30.3	50.2	36.0%	-17.9%
Net profit margin (%)	11.3%	9.0%	12.7%		

Revenue from operation



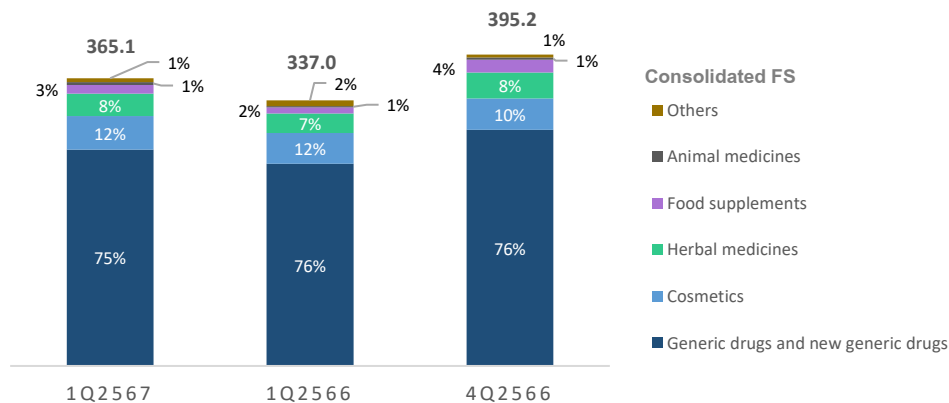
Bangkok Lab and Cosmetic Public Company Limited (“the Company”) and its subsidiaries had revenue from sales and rendering services in the first quarter of 2024 (1Q2024) in the amount of 365.1 million baht which increased by 28.1 million baht or 8.3% compared to the same period in 2023 (1Q2023). The growth 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, coupling with an increase in overall demand for medicines. Moreover, the Group launched new generic drugs in the last quarter of 2023 which help to prevent further hair loss for men (Finasteride) and recently launched health food products for women (Kachalis) and cough syrup for children (Clinipect) in the 1st quarter of 2024. Accordingly, those caused the rise in sales quantity and the Group's revenue compared to the same period in the prior year.

On the other hand, revenue in 1Q2024 decreased 7.6% compared to the previous quarter (4Q2023) which essentially due to the end of the government's fiscal year in September. Therefore, it led to a higher demand for medicines in 4Q2023 and then a decrease in 1Q2024.

Revenue by types of products

Revenue by types of products Unit : Million Baht	Q1 of 2024	Q1 of 2023	Q4 of 2023	Change	
	1Q2024	1Q2023	4Q2023	%YoY	%QoQ
Generic drugs and new generic drugs	274.7	256.5	299.6	7.1%	-8.3%
Cosmetics	42.4	39.1	40.0	8.4%	6.0%
Herbal medicines	28.4	24.8	32.7	14.5%	-13.1%
Food supplements	11.2	7.9	16.3	41.8%	-31.3%
Animal medicines	3.5	1.3	2.9	169.2%	20.7%
Others	4.9	7.4	3.7	-33.8%	32.4%
Total revenue from sales and rendering services	365.1	337.0	395.2	8.3%	-7.6%



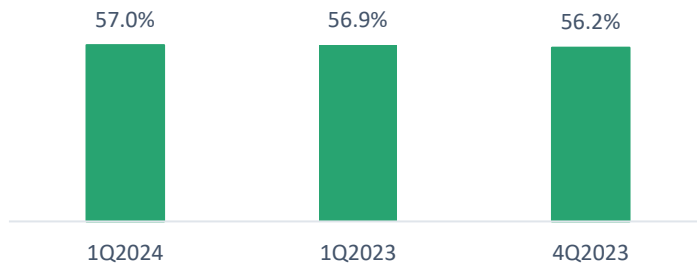
For the 3-month period ended March 31, 2024, compared to the same period in 2023, thanks to continually aggressive marketing strategy, revenue of generic drugs and new generic drugs increased by 18.2 million baht or 7.1%. The contributing factors were from the economic recovery. In addition, health and wellness trends have growth potential and medical information is more accessible owing to current technology usage. Then, the increase in the number of tourists and foreign patients visiting domestic hospitals caused higher demand for medical products. Furthermore, the Group has increasingly expanded its distribution channel via online platforms and continued marketing strategies to attend Clenascar x Pitbabe project to build and reach a new

customer base. Moving on to the Group’s herbal medicines and health food products which were increasingly distributed to hospitals, revenue from herbal medicines and food supplements increased in 1Q2024 by 14.5% and 41.8%, respectively.

Additionally, revenue from cosmetics grew 8.4% and 6.0% compared to 1Q2023 and 4Q2023, respectively, especially from Vitara and Burnova brands due to the growing number of tourists in the first quarter of 2024.

Lastly, the situation of livestock has improved along with the expansion of the overseas customer base. Thus, revenue from animal products stepped up during 1Q2024 by 2.2 million baht and 0.6 million baht from 1Q2023 and last quarter of 2023, respectively.

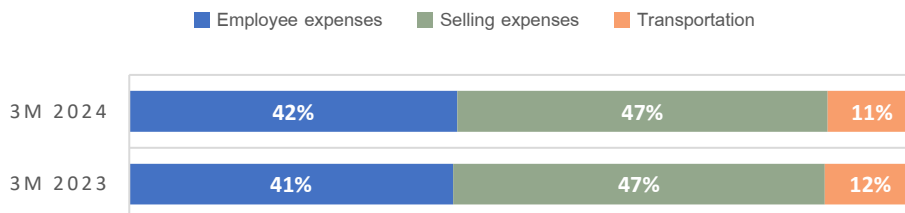
Gross profit margin

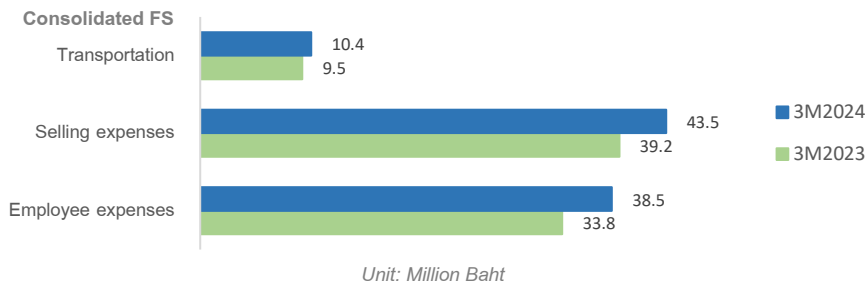


Gross profit margin in 1Q2024 was at 57.0% which slightly grew compared to both 1Q2023 and 4Q2023 because the Group continually gained benefits from economies of scale that positively led to unit cost reduction and the decrease in manufacturing overhead per unit as well as product portfolio management to focus on sales of high profit margin products.

Selling and administrative expenses

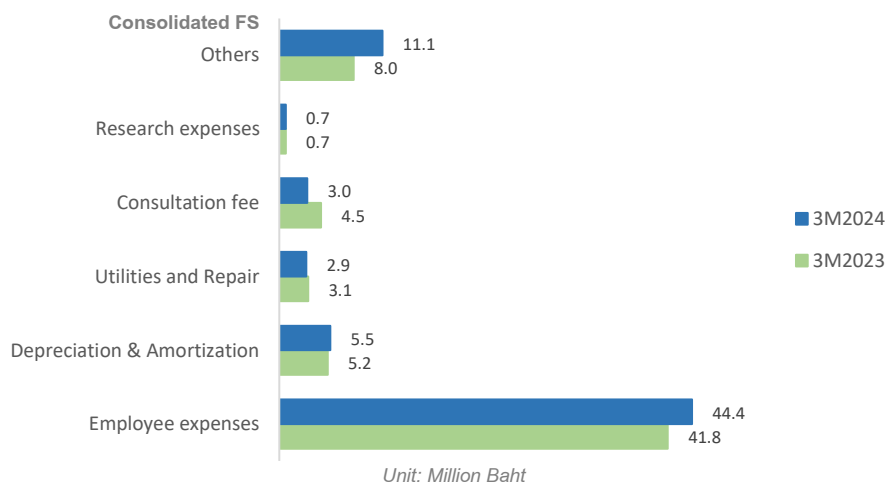
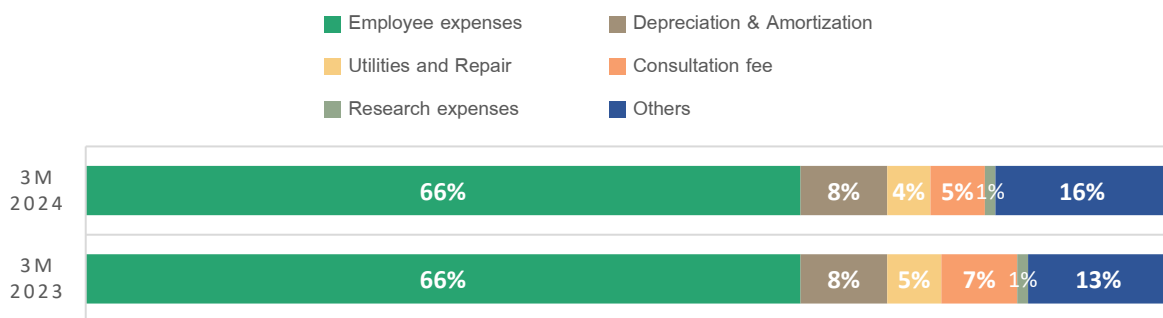
SELLING EXPENSES





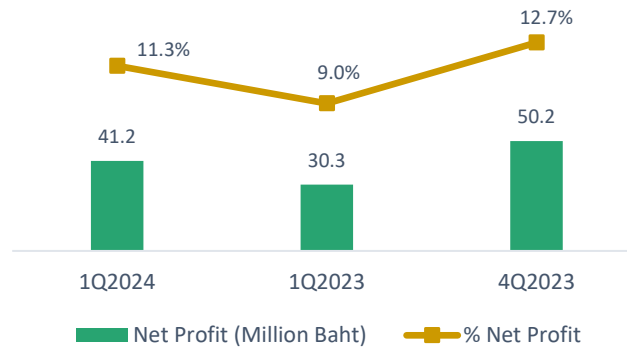
In the first three month of the year 2024, selling expenses rose by 9.9 million baht or 12.0% compared to the same period in 2023 mainly because (1) selling expenses increased from distribution fee in-line with the growth of revenue during the period and (2) employee expenses climbed from number of headcounts to support the growth of revenue, particularly for export sales which raised from prior year.

ADMINISTRATIVE EXPENSES



Administrative expenses for the 1st quarter in 2024 raised by 4.3 million baht or 6.8% compared to the prior year. The main reasons for the increase were due to (1) the increase in employee expenses resulting from the increase in the number of managements and (2) the rise of other expenses related to investor relations, public relations, organization of events and other relevant services after listing in the Stock Exchange of Thailand.

Net profit



The Group's net profit for 1Q2024 was 41.2 million baht or 11.3%, increasing from 9.0% in the same quarter in the previous year due to the growth of the Group's revenue from marketing strategies and customer base expansion by raising brand awareness. Furthermore, the Company increased in other income by 5.0 million baht mainly due to interest income from short-term investments during the period together with the decrease in financial costs thanks to the repayment of loans during the period. On the other hand, net profit in the current quarter declined 17.9% compared to 4Q2023 resulting from the reduction of the Group's revenue from the end of the government's fiscal year in September that caused the Group substantially generated more revenue in the 4th quarter than the others during the fiscal year.

Statement of financial position

Statement of financial position	March 31, 2024		December 31, 2023		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	2,213.3	100.0%	2,240.3	100.0%	(28.0)	-1.2%
Total liabilities	575.8	26.0%	644.9	28.8%	(69.1)	-10.7%
Total shareholders' equity	1,636.5	74.0%	1,595.4	71.2%	41.1	2.6%

Assets

As at March 31, 2024, total assets of the Group were 2,213.3 million baht which decreased by 28.0 million baht from the year ended 2023 which mainly resulted from a decrease in current assets by 40.0 million baht and an increase in non-current assets by 12.0 million baht as the following items:

- **Cash and cash equivalents and Short-term investments** decreased by 20.0 million baht from the end of 2023 mainly because of cash paid to invest in new plant and machines during the year.
- **Trade receivables** decreased by 19.6 million baht from the year ended 2023, mainly because of the decrease in revenue of the Group during the first three months of the year 2024 compared to the last quarter in 2023 (normal credit term granted by the Group ranges from 30 days to 180 days)

- **Property, plant, and equipment** rose by 15.3 million baht from the year 2023 due to the construction of new plant and the acquisition of machinery to support the factory's expansion of production capacity at Ratchaburi plant.

Liabilities

Total liabilities of the Group were 575.8 million baht as at March 31, 2024 which declined by 69.1 million baht compared to 2023. The reasons were mainly from a decrease in current liabilities by 66.1 million baht and non-current liabilities by 3.0 million baht as follows:

- **Bank overdraft and borrowings from financial institutions** lowered by 96.1 million baht from repayments to financial institutions during the year.
- **Trade payables** raised by 11.2 million baht from the previous year. The reason was mainly due to the increase in purchasing materials and finished goods.
- **Other payables** increased by 12.1 million baht compared to the prior year mainly because of accrued expenses from normal operation.

Shareholders' equity

Total shareholders' equity increased by 41.1 million baht resulting from total comprehensive income for the 3-month period in 2024.

Key financial ratios

Ratios	3M 2024	12M 2023
<u>Liquidity (X)</u>		
Current ratio	4.5	3.9
Quick ratio	3.5	3.0
<u>Returns (%)</u>		
Return on Assets (ROA)	7.3%	6.7%
Return on Equity (ROE)	9.9%	9.5%
<u>Assets & Liabilities Management (Days)</u>		
Average Collection Period	84.1	84.2
Average Inventory Period	236.2	235.4
Average Payable Period	77.9	74.0
Cash cycle	242.4	245.5
<u>Leverage Ratios</u>		
Total Liabilities to Equity (X)	0.4	0.4
Loans from financial institutions to interest bearing debt (%)	30.4%	43.5%
Interest Coverage Ratio (X)	18.3	9.8

Liquidity Ratios: As at March 31, 2024, current ratio and quick ratio, standing at 4.5 times and 3.5 times, respectively, increased from the year ended 2023, mainly from the repayments to financial institutions during the year.

Returns Ratios: As at March 31, 2024, returns on assets and equity increased from December 31, 2023 due to the growth of revenue and net profit in 2024.

Assets & Liabilities Management: As at March 31, 2024, cash cycle was 242.4 days which decreased from the end of the year 2023 due to the increase in average payable period from 74.0 days to 77.9 days, while average collection period and average inventory period have no significant change compared to prior year.

Leverage Ratios: Total liabilities to equity remained constant at 0.4 times and percentage of loans from financial institutions to interest bearing debt decreased from 43.5% to 30.4% as at March 31, 2024. The main reason was because of the repayments to financial institutions during the year.

Interest coverage ratio as at March 31, 2024 significantly increased from 9.8 times to 18.3 times compared to the year ended 2023. The growth was mainly from a lower proportion of finance costs owing to the repayments to financial institutions in the current year in alignment with the objectives of utilization stated in the Company's prospectus.

Please be informed accordingly.

Sincerely yours,

(Mr. Somchai Phisphahutharn)

Chief Financial Officer