BLC Bangkok Lab & Cosmetic

บริษัท บางกอกแล็ป แอนด์ คอสเมติค จำกัด (มหาชน)
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เลขที่ 48/1 หมู่ที่ 5 ถนนหนองแซ่เสา ตำบลน้ำพุ อำเภอเมือง จังหวัดราชบุรี 70000 ประเทศไทย
48/1 Moo 5, Nongshaesao Rd., Tumbon Namphu, Ampur Meung, Ratchaburi 70000 Thailand

No. BLC 185/2026

10 August 2026

Subject: Management Discussion and Analysis for the second quarter of 2026

To: President of Stock Exchange of Thailand

Financial performance for the second quarter and six-month period ended June 30, 2026

Statement of profit or loss Unit : Million Baht	Q2 of 2025	Q1 of 2026	Q2 of 2026	Change		6M 2025	6M 2026	Change
	2Q2025	1Q2026	2Q2026	%YoY	%QoQ	6M2025	6M2026	%YoY
Revenue from sales and rendering services	412.8	417.8	399.0	-3.3%	-4.5%	853.2	816.8	-4.3%
Gross profit	**245.7**	**229.0**	**223.6**	**-9.0%**	**-2.4%**	**498.8**	**452.6**	**-9.3%**
Gross profit Margin (%)	**59.5%**	**54.8%**	**56.0%**	**-5.8%**	**2.2%**	**58.5%**	**55.4%**	**-5.2%**
Other income	3.9	1.8	5.1	30.8%	183.3%	7.1	6.9	-2.8%
Selling expenses	129.6	113.9	115.2	-11.1%	1.1%	241.4	229.1	-5.1%
Administrative expenses	66.7	76.1	74.1	11.1%	-2.6%	137.6	150.2	9.2%
EBIT	**53.2**	**40.8**	**39.4**	**-25.9%**	**-3.4%**	**126.8**	**80.2**	**-36.8%**
EBITDA	**68.1**	**56.4**	**55.5**	**-18.5%**	**-1.6%**	**156.2**	**111.9**	**-28.4%**
Finance costs	1.6	2.1	2.2	37.5%	4.8%	3.2	4.3	34.4%
Tax expense	10.6	8.3	7.0	-34.0%	-15.7%	26.7	15.3	-42.7%
Net profit	**41.0**	**30.4**	**30.2**	**-26.3%**	**-0.7%**	**96.9**	**60.6**	**-37.5%**
Net profit margin (%)	**9.9%**	**7.3%**	**7.6%**			**11.4%**	**7.4%**	

Overall business

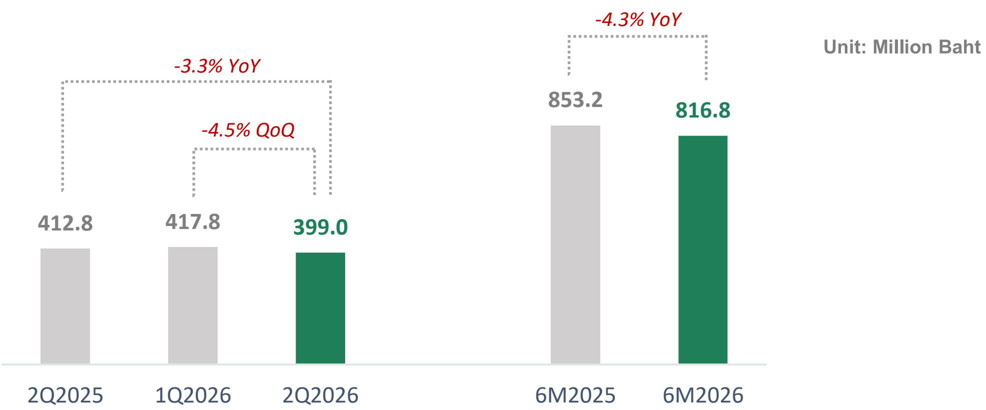
Overall, Thailand's pharmaceutical and healthcare industry in 2026 displays a divergent growth trend. Although Year-to-Date (YTD) cumulative sales across main channels faced pressure from weakened purchasing power and a short-term economic slowdown, the overall industry remained supported by strong fundamental demand. This was particularly driven by Thailand's full transition into a complete aged society and the expanding preventive wellness movement, which have significantly led to a surge in demand for Non-Communicable Diseases (NCDs) medications and dietary supplements. Furthermore, government policies aimed at enhancing healthcare accessibility through pharmacy networks have been instrumental in driving this growth. Notably, the National Health Security Office (NHSO) continues to support the initiative allowing patients to receive medication for minor ailments at certified quality pharmacies, thereby expanding the reach of pharmaceutical and medical supplies nationwide.

However, the industry faces pressure and challenges from geopolitical volatility impacting Active Pharmaceutical Ingredient (API) costs, along with intensified competition in generic drugs, cosmetics, and herbal medicine markets from both domestic and international players, alongside seasonal drops in tourist arrivals. In response to these conditions, the Group focuses on adapting marketing strategies and manufacturing innovation to elevate product standards to a leadership position, while strategically expanding production capacity from its new manufacturing facility to achieve cost advantages, maintain competitiveness, and drive sustainable growth.

Significant events in the second quarter of 2026

- BLC participated in the 2026 Annual General Meeting of the Thai Joined Community Pharmacy Association and organized an academic seminar titled "Secret Formula to Boost Sales in Pharmacies (Dry Skin Care x Herbal Medicine x Probiotic)." The initiative aimed to support continuing pharmaceutical education, update healthcare innovations, and enhance the capabilities of pharmacists and drugstore operators, reaffirming the Company's commitment to driving sustainable growth alongside its pharmacy partners.
- BLC attended the grand opening of the newly renovated Super Save pharmacy (Seacon Square branch) under Health Up Group. The Company continues to advance strategic collaboration by expanding the distribution of its skincare line, including *"Diabederm"*, and other healthcare products through leading pharmacy networks. This partnership enhances brand awareness across a broader consumer base, unlocks new business opportunities, and accelerates retail growth.
- BLC successfully registered *"GLUCOVIA"* (a Type 2 diabetes treatment medication) in the Thai Innovation List issued by the Bureau of the Budget. This accomplishment highlights the Company's strong R&D and manufacturing capabilities to produce international-standard, high-quality pharmaceuticals comparable to original brand drugs. Furthermore, it supports government policies aimed at reducing reliance on imported medicines and broadening patient access to affordable, high-quality treatments, thereby strengthening national healthcare security.
- BLC and its subsidiaries received the Carbon Footprint for Organization (CFO) Certification for 2026 from the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO. Marking the fourth consecutive year of certification, this milestone demonstrates the Company's transparency and efficiency in greenhouse gas management, aligning with Thailand's Net Zero target and BLC's commitment to sustainable business operations.

Revenue from operations



Revenue from sales and rendering services for the second quarter of 2026

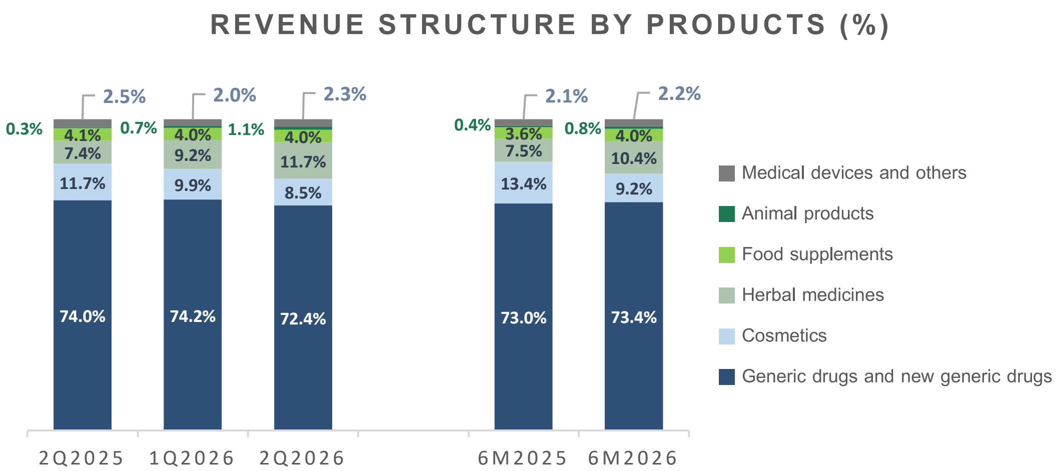
The Group's revenue from sales and rendering services for Q2/2026 was 399.0 million baht, representing a decrease of 3.3% Year-on-Year (YoY) and 4.5% Quarter-on-Quarter (QoQ). This performance was primarily impacted by the overall economic slowdown and geopolitical tensions, which weakened overall consumer purchasing power. Furthermore, intensified price competition in the public procurement sector led to a slowdown in orders from certain hospitals and government agencies. The QoQ decline was mainly driven by seasonal factors, as demand for seasonal disease medications typically subsides in the second quarter relative to the first quarter, coupled with the ongoing competitive pressures.

Revenue from sales and rendering services for the six-month period of 2026

For the six-month period of 2026, the Group recorded revenue from sales and services of 816.8 million baht, representing a decrease of 4.3% Year-on-Year (YoY). This performance was primarily impacted by intense competition in the cosmetics market, together with macroeconomic factors, including the overall economic slowdown and geopolitical risks, which led to more cautious consumer spending. Moreover, revenue recognition from the pharmaceutical segment was temporarily affected by adjustments to the rollout schedule for new product launches. In addition, the high revenue base established in the first half of 2025 created a high base effect, resulting in a lower growth rate compared to the same period last year.

Revenue by types of products

Revenue by types of products	Q2 of 2025	Q1 of 2026	Q2 of 2026	Change		6M 2025	6M 2026	Change
Unit : Million Baht	2Q2025	1Q2026	2Q2026	%YoY	%QoQ	6M2025	6M2026	%YoY
Generic drugs and new generic drugs	305.3	310.2	289.0	-5.3%	-6.8%	623.1	599.2	-3.8%
Cosmetics	48.5	41.2	34.1	-29.7%	-17.2%	114.5	75.3	-34.2%
Herbal medicines	30.4	38.5	46.5	53.0%	20.8%	63.9	85.0	33.0%
Food supplements	16.9	16.7	16.1	-4.7%	-3.6%	30.8	32.8	6.5%
Animal products	1.2	2.7	4.1	241.7%	51.9%	3.1	6.8	119.4%
Medical devices and others	10.5	8.5	9.2	-12.4%	8.2%	17.8	17.7	-0.6%
Total revenue from sales and rendering services	**412.8**	**417.8**	**399.0**	**-3.3%**	**-4.5%**	**853.2**	**816.8**	**-4.3%**



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Generic drugs and new generic drugs: In the first six-month period ended June 30, 2026, the Group's revenue from generic and new generic drugs decreased slightly by 3.8% (YoY). This decline primarily resulted from regulatory requirements on certain controlled pharmaceutical products, which affected sales volumes in specific product groups. Additionally, export revenue remained under pressure due to the economic slowdown of key international trading partners. Nevertheless, the Group has focused on managing product portfolio diversification to mitigate the impact of such regulations. For Q2/2026, sales decreased by 5.3% YoY and 6.8% QoQ, primarily due to the ongoing impact of the drug control regulations.

Cosmetics: Revenue from the cosmetics product group for the six-month period ended June 30, 2026, decreased by 34.2% (YoY), primarily because the previous year's revenue base was elevated by proactive online marketing campaigns and viral trends driven by Key Opinion Leaders (KOLs) for Clena Ex products. Furthermore, sales in this segment in Q2/2026 decreased by 29.7% (YoY) and 17.2% (YoY), driven by sales pressure from the Vitara and Burnova product groups, which slowed down due to seasonal factors and a decline in tourist arrivals during this quarter. However, the Group has expanded its product portfolio by securing distribution rights for Khao Kho Talaypu products, with revenue recognition commencing in Q1/2026, and introduced new products under the Clena brand to cater to diverse consumer demand while solidifying the long-term strength of the cosmetics business.

Herbal medicines: Sales of herbal medicine products in the first half of 2026 continued to grow steadily by 33.0% (YoY). This growth was primarily driven by the increasing demand for herbal medicines among hospital clients, aligning with government policies that promote the use of herbal products within the public health system. Furthermore, the Group executed proactive marketing strategies and expanded its online distribution channels, resulting in a remarkable growth of over 18% (YoY) for the Plaivana brand. Additionally, sales in Q2/2026 grew by 53.0% (YoY) and 20.8% (QoQ), driven by the factors as well as additional support from securing the distribution rights for Radomphon Herbal Liquid products, which began contributing to revenue in Q2/2026.

Food supplements: In the first half of 2026, revenue from dietary supplements grew by 6.5% (YoY). This growth was primarily driven by increased sales of Deeday and Baidy, which successfully expanded their reach within hospital and drugstore channels. Furthermore, the continuous launch of new products under the Deeday brand contributed to this upward trend. In addition, higher Original Equipment Manufacturer (OEM) revenues in Q2/2026 served as another key factor supporting sales growth for the period.

Animal products: Revenue from animal product segment grew for both the three-month and six-month periods ended June 30, 2026, consistently with the recovery of the livestock market. The primary supporting factor was the expansion of demand within the veterinary pharmaceutical market.

Medical devices and others: Sales of this product group in the first half of 2026 slightly decreased by 0.6% compared to the same period last year, with Q2/2026 sales declining by 12.4% (YoY) due to lower sales of scar

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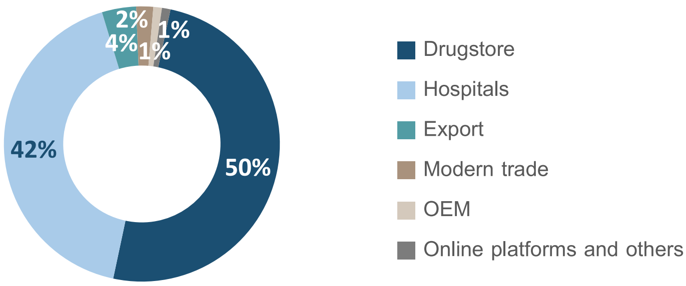
treatment products to pharmacies. However, quarterly sales rebounded by 8.2% (QoQ), primarily supported by the scar treatment product group due to increased exports to Laos during the quarter.

Revenue by channels

Revenue by channels	Q2 of 2025	Q1 of 2026	Q2 of 2026	Change		6M 2025	6M 2026	Change
Unit : Million Baht	2Q2025	1Q2026	2Q2026	%YoY	%QoQ	6M2025	6M2026	%YoY
Drugstores	222.3	207.0	202.3	-9.0%	-2.3%	468.9	409.3	-12.7%
Hospitals	158.4	179.0	166.9	5.4%	-6.8%	319.1	345.9	8.4%
Export	19.6	16.1	15.3	-21.9%	-5.0%	36.4	31.4	-13.7%
Modern trade	5.7	8.0	6.7	17.5%	-16.3%	13.3	14.7	10.5%
OEM	1.3	3.6	5.3	307.7%	47.2%	4.3	8.9	107.0%
Online platforms and others	5.5	4.1	2.5	-54.5%	-39.0%	11.2	6.6	-41.1%
Total revenue from sales and rendering services	**412.8**	**417.8**	**399.0**	**-3.3%**	**-4.5%**	**853.2**	**816.8**	**-4.3%**

REVENUE STRUCTURE BY CHANNELS (%)



Revenue from sales and rendering services for the six-month period of 2026 - by distribution channels

The Group primarily generated revenue from drugstores, which accounted for 50% of the total revenue from sales and rendering services in the first half of 2026. Sales from this channel declined mainly due to the decrease in sales of Generic drugs and new generic drugs and cosmetics, as previously mentioned.

Revenue from hospitals (both public and private) and clinics accounted for 42% of total sales, growing 8.4% (YoY), mainly driven by strong demand for key product groups such as Diabederm, Plaivana and Capsika. This was further supported by government healthcare policies and the annual procurement cycles of hospitals, where delayed budget disbursements from the previous period contributed to the surge in demand during the current period.

Furthermore, the Group's export revenue accounted for 4% of total revenue from sales and rendering services in the first six months of 2026. Sales from this channel decreased by 13.7%, primarily due to the economic slowdown in CLMV trading partner countries, coupled with a decline in sales volume in Cambodia due to border uncertainty. This situation temporarily disrupted logistics and local economic activities in the affected areas.

Additionally, the Group generated revenue from modern trade, which accounted for 2%, original equipment manufacturing (OEM), which accounted for 1%; and online and other channels, which accounted for 1% of total revenue from sales and rendering services in the first half of 2026. Revenue from modern trade increased by 10.5% (YoY), driven by the successful expansion of our product portfolio into more diverse distribution channels.

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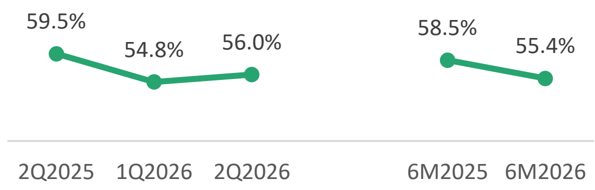
Similarly, OEM segment showed growth, driven by increased orders for animal health products in line with the recovery of the livestock industry. However, revenue from online and other channels declined compared to the same period last year and the previous quarter. This was due to intense competition in the cosmetics market, which remains a key challenge in managing sales for this specific channel.

Gross profit margin

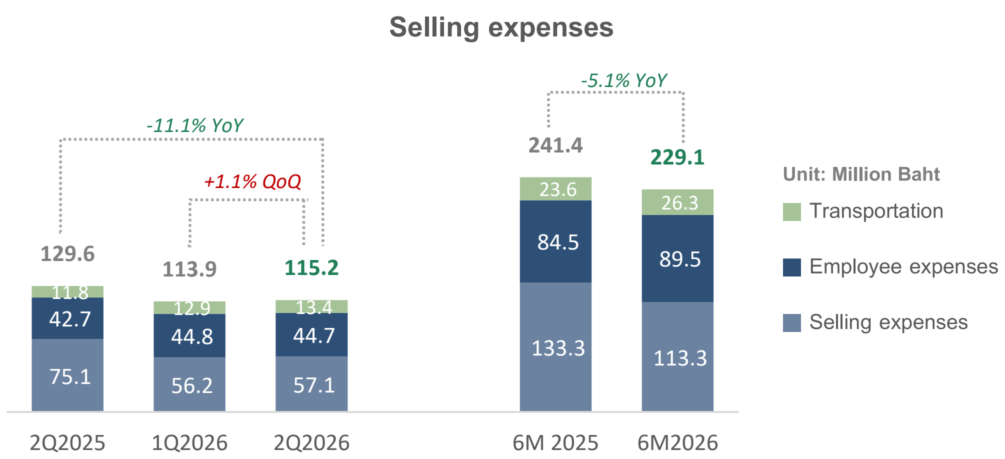


In Q2/2026, the Group recorded a gross profit margin of 56.0%, down YoY primarily due to a shift in the product mix, as sales from the high-margin cosmetics group represented a lower proportion. However, the gross profit margin recovered QoQ, driven by increased working hours in Q2/2026 which generated economies of scale and reduced per-unit production costs.

For the six-month period ended June 30, 2026, the Group's gross profit margin stood at 55.4%, declining YoY due to product mix factors and the expansion of the herbal product group amid intense price competition. The Company adopted an aggressive pricing strategy to capture market share in this high-growth herbal segment. While this has resulted in a temporary reduction in unit margins, it is a strategic move to strengthen our competitive advantage and secure our long-term customer base.

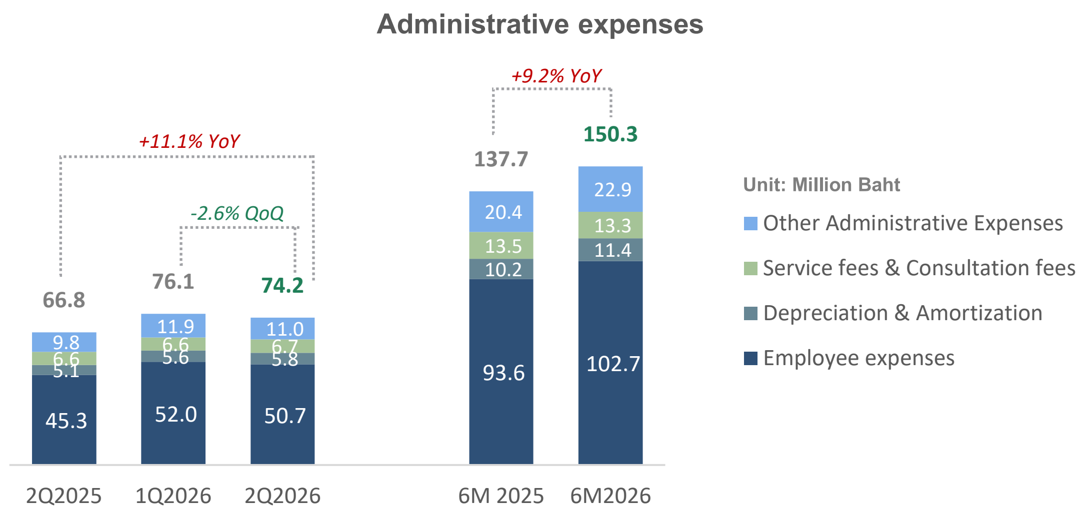
On the other hand, the gross profit margin was partially supported by the appreciation of the Thai Baht against the U.S. Dollar, following the monetary policy directions of major economies. Thie trend had a positive impact on the cost of imported raw materials, as the proportion of BLC's raw materials imported in U.S. dollars accounted for approximately 11% of the total raw materials purchased, helping to mitigate the impact of pricing pressures to a certain extent.

Selling and administrative expenses



Selling expenses for the three-month period of Q2/2026 decreased by 11.1% YoY, mainly because a one-time expense was incurred in Q2/2025 for a product brand presenter launch. However, on a QoQ basis, selling expenses increased slightly by 1.1%, primarily driven by higher freight and travel expenses due to rising fuel prices impacted by international conflicts, along with the management of advertising media and promotional activities aligned with this quarter's operational plan.

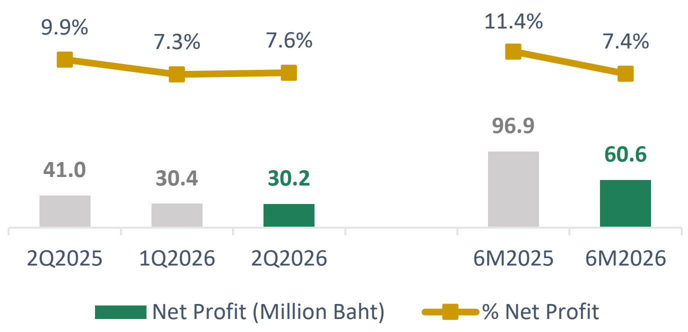
For the six-month period ended June 30, 2026, selling expenses decreased by 5.1% YoY, resulting from efficient management of advertising media and promotional expenses through optimized communication channels that reduced costs while maintaining broad consumer reach. Nevertheless, personnel-related expenses increased, primarily due to headcount expansion in sales and marketing to support business expansion and growth targets, as well as higher sales team travel expenses in line with expanded sales activities.



Administrative expenses for the three-month period of Q2/2026 rose by 11.1% YoY. This increase was mainly driven by higher personnel expenses following an increase in headcount and elevated depreciation charges. However, on a QoQ basis, administrative expenses slightly dropped by 2.6%, mainly due to the recognition of expected credit loss (doubtful accounts) in Q1/2026, as well as employee uniform expenses, both of which were fully recognized in the previous quarter.

For the six-month period ended June 30, 2026, administrative expenses increased by 9.2% YoY, primarily attributable to headcount expansion in management to support business growth, increased depreciation from group assets, as well as trademark fees and drug registration fees in line with new product launch plans. Additionally, consulting fees for sustainability development in governance and transparency under the support of the Jump+ project increased this year.

Net profit



<u>Net profit for Q2/2026</u>

The Group reported a net profit of 30.2 million baht, representing a net profit margin of 7.6%. The key highlights are as follows:

- **Year-on-Year (YoY) Comparison for Q2/2025:**

  Net profit in Q2/2026 decreased from 41.0 million baht in Q2/2025, representing a decline of 26.3%. This was primarily driven by a lower revenue contribution from the cosmetics product group, which carries a high gross profit margin, due to intensified market competition. Consequently, the Company's overall gross profit margin decreased in this quarter. Although Selling and Administrative expenses declined by 3.6% as a result of reduced brand-building expenses and the absence of one-time expenses incurred in Q2/2025, the impact of the lower gross profit margin was more significant. As a result, operating profit (EBIT) decreased compared to the same quarter last year. Furthermore, financial costs increased following drawdowns on loan facilities from financial institutions, consequently leading to a drop in both net profit and net profit margin for the quarter.

- **Quarter-on-Quarter (QoQ) Comparison for Q1/2026:**

  Net profit declined slightly by 0.7% QoQ, whereas the net profit margin improved from 7.3% in Q1/2026 to 7.6% in this quarter. This was primarily driven by an improved gross profit margin realized from economies of scale, alongside lower income tax expense in line with pre-tax profit trends, as well as a reduction in non-deductible expenses compared to the previous quarter.

<u>Net profit for the six-month period of 2026</u>

The Group reported a net profit of 60.6 million baht, representing a net profit margin of 7.4%, which reflects a YoY decline of 37.5% compared to the same period last year. The main drivers for this performance are as follows:

- Lower Gross Profit Margin: Driven by shifts in the product mix, where the revenue share from high-margin cosmetic products decreased, while sales in the herbal medicine segment increased. The latter carries a lower gross margin due to price competition in the hospital segment.
- Decline in Operating Profit (EBIT): Resulting from the lower gross profit margin, combined with selling and administrative expenses that were slightly higher than the same period last year.

- Higher Finance Costs: Increased due to drawdowns on loan facilities from financial institutions to support ongoing operations in the current year.
- Lower Income Tax Expense and Effective Tax Rate: Income tax expense decreased in line with lower pre-tax earnings for the period, while the Effective Tax Rate declined as a result of effective management of non-deductible expenses.

Consequently, the factors above led to a reduction in both the Group's net profit and net profit margin for the period.

Statement of financial position

Statement of financial position	December 31, 2025		June 30, 2026		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	2,365.6	100.0%	2,611.5	100.0%	245.9	10.4%
Total liabilities	686.8	29.0%	926.1	35.5%	239.3	34.8%
Total shareholders' equity	1,678.8	71.0%	1,685.4	64.5%	6.6	0.4%

Assets

As at June 30, 2026, the Group's total assets amounted to 2,611.5 million baht, representing an increase of 245.9 million baht from the end of 2025. This was primarily attributable to an increase in current assets and non-current assets of 75.1 million baht and 170.8 million, respectively, as detailed below:

- **Cash and cash equivalents** decreased by 58.9 million baht from the end of 2025, mainly due to dividend payments, lease repayments, and capital expenditures for investments in a new production plant and machinery during the period.
- **Trade receivables** decreased by 12.7 million baht from the end of 2025, mainly due to a slight increase in revenue for the Group during the second quarter of 2026 compared to the last quarter of 2025 (the normal credit term granted by the Group ranges from 30 days to 150 days). As at June 30, 2026, the Group recognized allowance for expected credit loss of 1.2 million baht. Overdue receivables accounted for 5.6% of total trade receivables (December 31, 2025: the allowance for expected credit loss was 1.2 million baht, and overdue receivables accounted for 7.2% of total receivables).
- **Inventories** increased by 140.1 million baht from the end of 2025, mainly due to an increase of 64.1 million baht in raw materials and 21.1 million baht in packaging. This was driven by strategic inventory management to mitigate risks associated with raw material price volatility and rising freight costs. Furthermore, this buildup serves as a safeguard against potential supply shortages arising from geopolitical challenges, ensuring business continuity and maintaining cost efficiency at optimal levels. Moreover, as at June 30, 2026, the Group recognized an allowance for decline in value of inventories of 3.3 million baht (December 31, 2025: the allowance for decline in value of inventories was 0.9 million baht).
- **Other current assets** increased by 2.0 million baht from the end of 2025. This mainly resulted from deferred input VAT.

- **Property, plant, and equipment** rose by 273.3 million baht from the end of 2025, primarily due to the construction of a new production plant, which is approximately 99% complete, and the purchase of machinery to support the expansion of production capacity at the Ratchaburi plant.
- **Intangible assets** increased by 5.2 million baht from the end of 2025, primarily driven by the development of new generic drugs and investments in analytical software for product testing related to drug registration renewals and new product design.
- **Other non-current assets** decreased by 114.7 million baht from the end of 2025. This mainly resulted from transferring deposits for the construction of the new plant, as well as deposits for machinery for both existing and the new plants into assets under construction and installation within the property, plant, and equipment category, in accordance with the project's progress.

Liabilities

Total liabilities of the Group were 926.1 million baht as at June 30, 2026, which increased by 239.3 million baht compared to 2025. The reasons were mainly from an increase in current liabilities and non-current liabilities by 232.5 million baht and 6.8 million baht, respectively, as follows:

- **Borrowings from financial institutions** increased by 158.2 million baht to finance the Company's working capital needs. These loans carry interest rates ranging from 2.2% to 5.5% per annum.
- **Trade payables** increased by 103.2 million baht from the previous year. This aligns with the increase in inventories resulting from strategic procurement planning to mitigate geopolitical risks and raw material price volatility. Such measures enable the Company to efficiently manage production costs and ensure business continuity.
- **Other current payables** decreased by 24.7 million baht, primarily due to the payment of outstanding dividends to shareholders in January 2026.
- **Other non-current liabilities** increased by 2.8 million baht from the end of 2025, primarily due to advances received for product research services.

Shareholders' equity

Total shareholders' equity increased by 6.6 million baht, driven by the total comprehensive income for the first six-month of 2026 by 60.6 million baht, offset by a dividend announcement by 54.0 million baht during the period.

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Key financial ratios

Ratios	6M 2025	6M 2026
Liquidity (X)		
Current ratio	2.9	1.5
Quick ratio	1.8	0.6
Returns (%)		
Return on Assets (ROA)	11.2%	7.3%
Return on Equity (ROE)	11.5%	8.1%
Assets & Liabilities Management (Days)		
Average Collection Period	74.9	80.5
Average Inventory Period	213.4	271.7
Average Payable Period	71.3	100.7
Cash cycle	217.0	251.5
Leverage Ratios		
Total Liabilities to Equity (X)	0.4	0.5
Loans from financial institutions to interest bearing debt (%)	17.0%	41.5%
Interest Coverage Ratio (X)	49.2	25.8

Liquidity Ratios: As at June 30, 2026, the current ratio and quick ratio, standing at 1.5 times and 0.6 times, respectively, representing a decrease from Q2/2025. This was primarily due to cash payments for investments in the construction of a new production plant and the acquisition of machinery during the year, coupled with an increase in inventories, following a strategic raw material stockpiling policy to mitigate supply chain risks, alongside the management of short-term credit facilities to support operational liquidity. Although the ratio declined due to capital expenditure on fixed assets aimed at driving future growth, the Group continues to maintain liquidity at an appropriate level, sufficient for its business operations.

Returns Ratios: As at June 30, 2026, the return on assets (ROA) and return on equity (ROE) declined from Q2/2025, to 7.3% and 8.1%, respectively. This was because the Group is currently expanding its investment in assets and work-in-progress for a new production facility to increase capacity and operational efficiency, resulting in an expanded asset base and shareholders' equity. However, these projects have not yet started generating revenue in the current year. Furthermore, it is expected that upon completion in the second half of 2026, the project will further drive improvements in these returns.

Assets & Liabilities Management: As at June 30, 2026, the cash cycle increased to 251.5 days compared to the same period last year. This was primarily driven by an increase in the average inventory period from 213.4 days to 271.7 days, resulting from a proactive supply chain management strategy, which involved increasing strategic inventory reserves for raw materials and packaging to hedge against price volatility and mitigate uncertainties arising from geopolitical tensions. Excluding raw materials and packaging, the inventory holding period increased from 168.3 days to 188.8 days compared to the same period last year, primarily due to sales performing below earlier projections. Nevertheless, management is closely monitoring and addressing this matter. Furthermore, this issue has been designated as a key focus area under the Risk Management Committee to formulate corrective measures and optimize inventory turnover moving forward.

The Average Collection Period saw a slight increase from 74.9 days to 80.5 days; however, the Group continues to closely monitor and manage its accounts receivable. Nonetheless, the Group remains committed to working capital efficiency, maintaining an Average Payment Period of 100.7 days to minimize the impact on overall liquidity.

Leverage Ratios: The debt-to-equity (D/E) ratio stood at 0.5 times, a slight increase from the end of Q2/2025. The proportion of loans from financial institutions to interest-bearing debt rose from 17.0% to 41.5%. This was primarily driven by the drawdown of loans to support the expansion of the production base and the Group's key investment projects. Nonetheless, the Group continues to maintain a healthy D/E ratio at an appropriate level, remaining well below the covenants set by financial institutions.

As at June 30, 2026, the interest coverage ratio stood at 25.8 times, a decrease from the same period last year. This decline was driven by rising finance costs in line with increased loan drawdowns, intended to support liquidity and meet working capital requirements for business expansion.

Statement of Cash Flows

Net cash flows (million baht)	6M 2026
Net cash from Operating activities	91.6
Net cash used in Investing activities	(178.2)
Net cash from Financing activities	27.7
Net decrease in cash and cash equivalents	**(58.9)**
Cash and cash equivalents as at 1 January	123.8
Cash and cash equivalents as at 30 June	64.9

Operating activities: For the six-month period of 2026, net cash provided by operating activities was 91.6 million baht, representing 151.2% of the net profit for the period, resulting from changes in operating assets and liabilities from normal business operations.

Investing activities: Net cash used in investing activities was 178.2 million baht, with total capital expenditures (CAPEX) amounting to 178.4 million baht. This comprised: (1) cash payments for the construction of a new production facility and machinery installation to expand production capacity totaling 109.5 million baht, which is expected to commence production in early Q3 2026 and start commercial distribution in Q4 2026; (2) advance cash payments for fixed assets based on project progress by 62.6 million baht; and (3) investments in intangible assets, such as software and the development of new generic drug development totaling 6.3 million baht. The majority of CAPEX in this period represents strategic investments to expand production capacity, aligning with the Group's long-term growth plan.

Financing activities: Net cash flow increased by 27.7 million baht, primarily due to loan repayments to financial institutions of 213.3 million baht, lease liability payments of 12.2 million baht, dividend payments of 114.0 million baht, and interest payments of 4.3 million baht. However, the Group received cash from short-term borrowings from financial institutions amounting to 371.4 million baht during the year.

Future Outlook and Strategy (2026 Targets)

For the business outlook in the second half of 2026, the Group is focused on driving growth through enhanced production efficiency, key-driven by the construction of the new production facility in Ratchaburi province. Construction is expected to be completed and handed over at the beginning of 3Q2026 (around early August), with commercial revenue recognition anticipated to gradually begin in 4Q2026 onwards to support capacity expansion. Additionally, the Group expects to realize cost-saving benefits from the Solar Farm Project Phase 2 and utilize BOI tax privileges from the new production facility, which will strengthen profitability and elevate long-term operational efficiency.

Furthermore, the Group continues to pursue an aggressive marketing strategy for high-margin product categories and the steadily growing herbal medicine segment to ensure a balance between revenue and sustainable returns. We remain committed to developing new products that meet modern consumer behaviors, while expanding online distribution channels and partnering with business allies to enhance reach to our target customers. In terms of financial management, the Group prioritizes working capital efficiency and maintaining optimal liquidity, including the effective management and optimization of strategic raw material reserves to cope with fluctuations in logistics costs and global raw material prices. These measures are designed to navigate economic volatility, ensure production continuity, and reinforce long-term shareholder confidence.

Sustainability Development

The Group prioritizes the establishment of sustainability policies and goals across three dimensions: Environmental, Social, and Governance, with a commitment to transparency and accountability. These efforts aim to strengthen the Group's resilience to long-term challenges and risk factors, while effectively responding to all stakeholders and fostering shared responsibility in these areas. This supports the Company's core purpose of creating reliable health solutions for the sustainable health and well-being of all. Details for each dimension are as follows:

Environmental Dimension

- **Greenhouse Gas Management**: The target is to reduce greenhouse gas emissions per unit of product weight by 5.00% from the 2023 base year. Through energy efficiency and renewable energy initiatives, the Group's direct emissions (Scope 1) and energy indirect emissions (Scope 2) relative to product weight stood at 17.40% for January to May, which exceeded the target. When accounting for other indirect emissions (Scope 3), total emissions relative to product weight increased by 8.69%

compared to the 2023 base year. This highlights that value chain emissions remain a critical area requiring further priority and additional management measures moving forward.

- **Pollution and Waste Management:** The target is to reduce the volume of general and hazardous waste by at least 5.00% relative to production weight. For January to June, the proportion of general and hazardous waste relative to production weight has not yet met the targeted benchmark. Consequently, the Group implemented initiatives to promote waste reduction during this period, including campaigns for onsite shops to reduce the use of plastic cups and cutlery, encouraging employees to use insulated tumblers instead of disposable plastic cups, and repurposing herbal extract residue into organic compost to drive operational results toward the defined goal.
- **Resource Management:** The target is to utilize renewable energy at least 45.00%. For January to June, renewable energy consumption reached 44.82%, closely approaching the set target. This performance was driven by the utilization of renewable energy from the solar farm, alongside ventilation improvements at the Thai Traditional Medicine building, which enhanced cooling efficiency and reduced external electricity consumption.

Social Dimension

The Group places great importance on all stakeholder groups, establishing appropriate guidelines for engagement and relationship management as follows:

- **Customer Relationship Management**: The goal is to achieve a customer satisfaction level of at least 82%, with evaluations conducted annually at year-end. From January to June, the Group continued to educate customers on products, share current health trends, and consistently introduce new products.
- **Responsible Marketing:** The goal is to maintain zero marketing complaints. From January to June, no marketing complaints were received. Nevertheless, the Group continues to encourage marketing and sales employees to participate in training sessions to stay updated on marketing regulations, preventing misleading or exaggerated advertising and ensuring accurate, complete information is provided to customers.
- **Human Resource Management:** The goal is to achieve an average of at least 80 training hours per employee per year. From January to June, the Group conducted 17 in-house training courses and 2 external training courses. Another key target is to maintain employee satisfaction and engagement at least 90%, evaluated annually at year-end, while continuously organizing activities to foster collaboration and strong employee relationships throughout the year.

- **Occupational Health and Safety:** The goal is to achieve zero lost-time injuries. The Group organizes various activities to ensure workplace health and safety, including equipment inspections for emergency preparedness, annual health check-ups, and safety training sessions to promote health and safety awareness among employees.
- **Human Rights**: The primary goal is to complete a human rights assessment, with the Group currently conducting a Human Rights Due Diligence (HRDD) assessment covering all entity members. The second goal is zero child labor in business operations across the Group, and the third goal is zero human rights grievances group-wide. To support these objectives, the Company provided orientation materials on Thai Labor Standards (TLS), established an internal grievance mechanism, and promoted Thai Labor Standard (TLS 8001) certification among subsidiaries to build an international-standard labor management system, elevate workers' quality of life, and prevent human rights violations.
- **Community and Social Development:** The goal is to achieve an average activity satisfaction rate of at least 85.00%. The Group continuously organizes community and social initiatives based on the principle that local communities must grow together with the Company. These initiatives include supporting teacher employment and providing guidance on proper medication use for the elderly. For January to June, the performance result reached 95.04%.

Governance and Economics Dimension

The Group prioritizes operating with good corporate governance, transparency, and accountability to build trust among all stakeholder groups. Six key areas of materiality in corporate governance have been defined, including product quality and trust, product research and development and innovation, business ethics, cybersecurity and data privacy management, supply chain and raw material/product warehouse management, as well as risk management and business continuity. All of these key areas are currently under ongoing implementation.

Please be informed accordingly.

Sincerely yours,

(Mr. Somchai Phisphahutharn)

Chief Financial Officer