

3 May 2022

Subject Management Discussion and Analysis for the Year Ended 31 December 2021

To Directors and Managers
The Stock Exchange of Thailand

Bioscience Animal Health Plc. (“Company”) would like to explain about our financial performance for the Year Ended 31 December 2021 as follows:

Statement of Income

Items	For the Year Ended					
	31 December 2020		31 December 2021		Change Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Revenues	1,783.71	100.00	1,986.51	100.00	202.80	11.37
<i>Sales</i>	1,760.34	98.69	1,974.76	99.41	241.42	12.18
<i>Interest revenue from financial lease</i>	1.14	0.06	0.32	0.02	(0.82)	(72.06)
<i>Other income</i>	22.23	1.25	11.43	0.58	(10.80)	(48.57)
Total Expenses	(1,704.86)	(95.58)	(1,890.26)	(95.16)	(185.40)	10.87
<i>Cost of goods sold</i>	(1,441.66)	(80.82)	(1,627.89)	(81.95)	(186.23)	12.92
<i>Cost of sales and distribution</i>	(151.62)	(8.50)	(155.56)	(7.83)	(3.94)	2.60
<i>Administrative expense</i>	(111.59)	(6.26)	(106.81)	(5.38)	4.77	(4.28)
Operating Profit	78.84	4.42	96.24	4.84	17.40	22.06
Profit from investments in associates or joint ventures using the equity method	3.37	0.19	0.30	0.02	(3.07)	(91.12)
Financing cost	(9.07)	(0.51)	(9.94)	(0.50)	(0.87)	9.61
Corporate income tax	(18.70)	(1.05)	(17.97)	(0.90)	0.72	(3.87)
Net profit for the year	54.45	3.05	68.63	3.45	14.18	26.04

Note: 1. Determined using profit belonging to owners of the parent. For purpose of comparison, such figure is divided by post par-adjusted weighted average number of shares outstanding in each year from 2020 to 2021. They are 175.66 and 220.00 million shares in 2020 and 2021 respectively.

Items	Unit	FY2020	FY2021	
Gross profit margin	%	18.10	17.57	
Net profit margin	%	3.05	3.45	
EPS	THB/Share	0.35	0.33	

For the Year Ended 31 December 2021

Sales of the Company and its subsidiaries for 2020 and 2021 is THB 1,760.34 million and 1,974.76 million, respectively. Merchandise sales can be categorized as follows:

Items	For the Year Ended 31 December			
	2020		2021	
	Million Baht	%	Million Baht	%
Revenue from Animal Health Products	636.70	36.17	539.98	27.34
Revenue from Nutrition Products	356.37	20.24	341.99	17.32
Revenue from Diagnostic Products	205.25	11.66	433.19	21.94
Revenue from Ingredient Products	278.14	15.80	287.99	14.58
Revenue from Complete Feed Products	283.89	16.13	358.61	18.16
Revenue from Other Product ¹	-	-	12.99	0.66
Total Sales	1,760.34	100.00	1,974.76	100.00

Note: 1. Other product composes of animal incinerator.

Sales 2021 rose by THB 214.42 million or 12.18% from 2020 due mainly to hiking sales revenue from Diagnostic Products caused by strong domestic demand for ASF test kits. The Company also earned more revenue from sales of Complete Feed Products.

Gross Profit

Gross profit in 2021 rose by THB 28.19 million or 8.85% from 2020 as the Company's sales revenue rose year-on-year. Gross profit margin however slightly fell to 17.57% as profit margin from Animal Health Products slightly decreased. With global Covid-19 pandemic and stringent state measures to curb the domestic outbreak, this has caused domestic economic slowdown as well as temporary shutdown of many restaurants and shopping centers. Domestic demand for pork and its sale price temporarily fell. Fortunately, gross profit margin of Diagnostic Products improved as the Company started distributing ASF test kits which is a product with quite high profit margin in 2021.

Other Revenue

Other revenue in 2021 declined by THB 11.62 million or 49.72% from the previous year as the Company did not recognize any Non-recurring items.

Cost of Sales and Distribution

Cost of sales and distribution in 2021 increased slightly by THB 3.94 million or 2.60% from the previous year. Nevertheless, R&D cost in 2021 fell as R&D activities in 2021 did not need significant additional investment for the next R&D phase.

Administrative Expense

Administrative expense in 2021 decreased by THB 4.77 million or 4.28% from the previous year as no non-recurring items, share-based expenses, was recognized in 2021. Meanwhile, the Company assessed expected credit losses in accordance with TFRS9 so the Company needed to recognize more credit loss provision for the amount of THB 0.66 million in 2021. This is the amount of credit loss provision additionally recognized in 2021 apart from that of THB 17.47 million already recognized in the previous year.

Net Profit

Net profit for 2020 and 2021 was THB 54.45 million and THB 68.63 million respectively, representing a respective net profit margin of 3.05% and 3.45%. Net profit margin in 2021 improved from the previous year due mainly to its improving operating profit margin. Note that the Company needed to recognize a share-based expenses in 2020 whereas none of these were recognized in 2021. In 2020, the Company needed to recognize a credit loss provision in accordance with TFRS 9 for the amount of THB 17.47 million whereas credit loss provision for the amount of THB 0.66 million was additionally recognized in 2021.

Statement of Financial Position

Statement of Financial Position		Statement of Financial Position as at:					
		31 December 2020		31 December 2021		Change Increase / (Decrease)	
		Million Baht	%	Million Baht	%	Million Baht	%
Total Assets		814.63	100.00	919.11	100.00	104.47	12.82
Total Liabilities		601.79	73.87	652.28	70.97	50.50	8.39
Total Shareholders' Equity		212.85	26.13	266.82	29.03	53.98	25.36
Items	Unit	31 December 2020		31 December 2021			
Current Ratio	X	1.13		1.19			
ROE	%	28.57		28.61			
Debt-to-Equity	X	2.83		2.44			

Financial Position

Total Assets

Total assets at the end of 2021 rose by THB 104.47 million or 12.82% from the end of 2020 due to increase in cash and cash equivalents and inventory for sale.

Total Liabilities

Total liabilities at the end of 2021 rose by THB 50.50 million or 8.39% from the end of 2020 due mainly to increase in overdraft and short-term loans from financial institutions to be credit to pay off trade accounts payable and internal working capital.

Shareholders' Equity

Shareholders' equity at the end of 2021 increased by THB 53.98 million or 25.36% from the end of 2020 due mainly to increase in the Company's retained earnings.

Please be informed accordingly.

Yours sincerely,

- *Wirada Wiriyakitja* -

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(Ms. Wirada Wiriyakitja)

Investor Relations