

No. DOD-E079/2565

August 10, 2022

Subject: Management Discussion and Analysis for the second quarter of 2022

 To: The President
 The Stock Exchange of Thailand (SET)

DOD Biotech Public Company Limited and its subsidiaries (“Company”) would like to notify the operating result stated in consolidated financial statements for the second quarter of 2022 compared with the same period of 2021.

For the operating result of the second Quarter ended June 30, 2022 compared with the same period of 2021, the Company had the Revenue from Sale of THB 133.66 Million, which was decrease by THB 114.25 Million or 46.09% and operating profit of THB 1.47 Million, which was decrease by THB 78.63 Million or 98.16%. When it was adjusted for other items, as a result the loss attributable to Equity holders of the parent company by THB 25.72 Million, which was decrease by 55.52%, compared with the same period of last year.

For the three-mount period ended 30 June 2022
Unit : Million THB

	Apr. – Jun. 2022		Apr. – Jun. 2021		Increase/(Decrease)	
Revenues from Sale	133.66	100.00%	247.91	100.00%	(114.25)	(46.09%)
Cost of Sales	92.34	69.09%	141.57	57.11%	(49.23)	(34.77%)
Gross Profit	41.32	30.91%	106.34	42.89%	(65.02)	(61.14%)
Selling and Distribution Expenses	3.51	2.63%	5.40	2.18%	(1.89)	(35.00%)
Administrative Expenses	36.34	27.19%	20.84	8.41%	15.50	74.38%
Operating Profit	1.47	1.10%	80.10	32.31%	(78.63)	(98.16%)
Other Revenues	3.15	2.36%	0.22	0.09%	2.93	1,331.82%
Finance Income	0.05	0.04%	0.14	0.06%	(0.09)	(64.29%)
Finance Cost	1.62	1.21%	1.94	0.78%	(0.32)	(16.49%)
Other expenses	(0.05)	(0.04%)	54.29	21.90%	(54.34)	(100.09%)
Earning before tax	3.10	2.32%	24.23	9.77%	(21.13)	(87.21%)
tax expenses	0.33	0.25%	9.52	3.84%	(9.19)	(96.53%)
Profit for the period from continued operation	2.77	2.07%	14.71	5.93%	(11.94)	(81.17%)
Loss for the period from discontinued	(33.84)	(25.32%)	(86.82)	(35.02%)	52.98	(61.02%)
Profit (loss) for the period	(31.07)	(23.25%)	(72.11)	(29.09%)	41.04	(56.91%)
Non-controlling interests of the subsidiaries						
Loss for the year from continued operation	(1.71)	(1.28%)	(1.31)	(0.53%)	(0.40)	30.53%
Loss for the year from discontinued operation	(3.64)	(2.72%)	(12.97)	(5.23%)	9.33	(71.94%)
Loss for the period attributable to Non-controlling interest	(5.35)	(4.00%)	(14.28)	(5.76%)	8.93	(62.54%)
Loss attributable to Equity holders of the parent company	(25.72)	(19.24%)	(57.83)	(23.33%)	32.11	(55.52%)

Revenue from Sale

For the second Quarter 2022, The Company had the Revenue from Sale of THB 133.66 Million which was decrease by THB 114.25 Million or 46.09% compared with the same period of last year due to the outbreak of the coronavirus disease 2019 (COVID-19).

Gross Profit and Gross Profit Margin

For the second Quarter 2022, the Company had gross profit by THB 41.32 Million that was decrease by THB 62.35 Million or 61.14%, which corresponds to decreases of revenue from sale and Gross Profit Margin was decrease from the same period of last year due to the significant reduction in revenue from sale, as results diseconomy of Scales.

Selling and distribution expenses

For the second Quarter 2022, the Company had the selling and distribution expenses by THB 3.51 Million that was decreased by THB 1.89 Million, which corresponds to decrease of sales..

Administrative Expenses

For the second Quarter 2022, the Company had administrative expenses by THB 36.34 Million which increased by THB 15.50 Million or 74.38% which mainly came from the expenses related to Siam Herbal Tech Company Limited, a subsidiary that started the business since the beginning of 2022 in the production of hemp.

Operating Profit

For the second Quarter 2022, the Company had the operating profit by THB 1.47 Million which decreased by THB 78.63 Million or 98.16% compared with the same period of the last year due to the decrease of revenue from sale and gross profit margin as well as increase of the operating expenses.

Profit for the period from continued operation

The Company had profit from continued operation that was decrease from THB 14.71 Million to THB 2.77 Million, which was decrease 81.17% due to the decreasing of operating profit.

Loss for the period from discontinued operation

For the second Quarter 2022, the Company had loss from discontinued operation by THB 33.84 Million, which decreased compared with the same period of the last year by THB 86.82 Million due to the two subsidiaries business discontinued operation.

The loss attributable to equity holders of the parent company

The Company has the loss attributable to equity holders of the parent company by THB 25.72 Million, which decreased compared with the same period of the last year by THB 57.83 Million which was decrease THB 32.11 Million or 55.52% due to cease operation of two subsidiaries.

The Statement of Financial position as at June 30, 2022 is as following;

Unit: Million THB

	As at 30 June 2022		As at 31 December 2021		Change	
	Value	%	Value	%	Value	%
Cash and cash equivalents	44.18	2.71%	161.68	9.94%	(117.50)	(72.67%)
Trade Receivables&Other current receivab	450.42	27.64%	337.74	20.76%	112.68	33.36%
Inventories	101.21	6.21%	113.46	6.97%	(12.25)	(10.80%)
Other current assets	9.54	0.59%	13.12	0.81%	(3.58)	(27.29%)
Total Current Assets	605.35	37.15%	626.00	38.48%	(20.65)	(3.30%)
Fixed deposit used as collateral	16.95	1.04%	16.93	1.04%	0.02	0.12%
Investments held as available-for-sale	2.60	0.16%	2.60	0.16%	-	-
Property, plant and equipment	926.90	56.88%	904.14	55.57%	22.76	2.52%
Rights of use assets	55.40	3.40%	56.89	3.50%	(1.49)	(2.62%)
Intangible assets	6.10	0.37%	5.66	0.35%	0.44	7.77%
Deferred tax assets	9.83	0.60%	7.90	0.49%	1.93	24.43%
Advance for purchasing fixed assets	1.87	0.11%	6.37	0.39%	(4.50)	(70.64%)
Other non-current assets	4.48	0.27%	0.50	0.03%	3.98	796.00%
Total Non-Current Assets	1,024.13	62.85%	1,000.99	61.52%	23.14	2.31%
Total Assets	1,629.48	100.00%	1,626.99	100.00%	2.49	0.15%

As of June 30, 2022, the total assets were increase by THB 2.49 Million or 0.15% compared with December 31, 2021 which mainly came from cash and cash equivalents was decreased by THB 117.50 Million because of collecting from our customer which was increasing of trade receivable by THB 112.68 Million and property, plant and equipment by THB 22.76 Million due to the investment in the machine for extraction plant of a subsidiary.

Unit : Million THB

	As at 30 June 2022		As at 31 December 2021		Change	
	Value	%	Value	%	Value	%
Bank overdraft and short-term borrowings from financial institution	131.32	8.06%	77.00	4.73%	54.32	70.55%
Trade and other current payables	110.61	6.79%	120.59	7.41%	(9.98)	(8.28%)
Current portion of long-term borrowings	27.09	1.66%	28.76	1.77%	(1.67)	(5.81%)
Current portion of Operating Leases Agreement	5.51	0.34%	4.92	0.30%	0.59	11.99%
Income tax payable	3.39	0.21%	-	0.00%	3.39	100.00%
Other current liabilities	24.41	1.50%	27.89	1.71%	(3.48)	(12.48%)
Total Current Liabilities	302.33	18.55%	259.16	15.93%	43.17	16.66%
Long-term borrowings	7.91	0.49%	19.31	1.19%	(11.40)	(59.04%)
Liabilities under operating lease agreement	54.20	3.33%	53.31	3.28%	0.89	1.67%
Employee benefit obligations	6.59	0.40%	5.37	0.33%	1.22	22.72%
Deferred tax liabilities	11.34	0.70%	12.05	0.74%	(0.71)	(5.89%)
Other non-current liabilities	17.92	1.10%	15.50	0.95%	2.42	15.61%
Total Non-Current Liabilities	97.96	6.01%	105.54	6.49%	(7.58)	(7.18%)
Total Liabilities	400.29	24.57%	364.70	22.42%	35.59	9.76%
Shareholder's Equity	1,229.19	75.43%	1,262.29	77.58%	(33.10)	(2.62%)
Total Liabilities and Shareholder's Equity	1,629.48	100.00%	1,626.99	100.00%	2.49	0.15%

As of June 30, 2022, total liabilities were decrease by THB 35.59 Million or 9.76% compared with December 31, 2021 due to the Company have cash receipt from short-term borrowings from financial institution amount THB 54.32 Million, repayment long-term borrowings from financial institution amount THB 11.40 Million according to the payment terms and trade payables amount THB 9.98 Million according to the credit terms.

For the Company's financial position, the Company had current ratio 2.00 times and debt to equity ratio 0.33 times, shown that its sufficient liquidity and strong financial position.

In conclusion, although the economic circumstance has slowdown intensified from the COVID-19 outbreak, which affecting the Company's operating result for the year of 2021 until the second Quarter 2022 as a result, the revenue from sale and operating profit decreased. However, The Company has increased the potential of the group of companies by investing in Siam Herbal Tech Company Limited to produce extracts for expand the existing business and new businesses.

Please be informed accordingly,

Yours Sincerely,
DOD Biotech Public Company Limited

(Miss Suvarin Konthong)
Director