

Aug 11, 2022

Subject Management Discussion and Analysis for the Period Ended 30 June 2022

To Directors and Managers  
The Stock Exchange of Thailand

Bioscience Animal Health Plc. (“Company”) would like to submit herewith the explanation and analysis about our financial performance of the Management for the period ended 30 June 2022 as follows:

**Statement of Income**

Items	For the 6-month Period Ended					
	June 30, 2022		June 30, 2021		Change Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Total Revenues</b>	<b>1,042.06</b>	<b>100.00</b>	<b>921.39</b>	<b>100.00</b>	<b>120.67</b>	<b>13.10%</b>
<i>Sales</i>	1,030.22	98.86	915.89	99.40	114.33	12.48%
<i>Interest revenue from financial lease</i>	0.05	0.00	0.20	0.02	-0.15	-75.00%
<i>Other income</i>	11.79	1.13	5.30	0.58	6.49	122.45%
<b>Total Expenses</b>	<b>(998.27)</b>	<b>(95.80)</b>	<b>(873.62)</b>	<b>(94.82)</b>	<b>-124.65</b>	<b>14.27%</b>
<i>Cost of goods sold</i>	(869.52)	(83.44)	(753.74)	(81.80)	-115.78	15.36%
<i>Cost of sales and distribution</i>	(82.42)	(7.91)	(72.49)	(7.87)	-9.93	13.70%
<i>Administrative expense</i>	(46.33)	(4.45)	(47.39)	(5.14)	1.06	-2.24%
<b>Operating Profit</b>	<b>43.79</b>	<b>4.20</b>	<b>47.77</b>	<b>5.18</b>	<b>-3.98</b>	<b>-8.33%</b>
Profit from investments in associates or joint ventures using the equity method	-	-	0.30	0.03	-0.30	(100.00%)
Financing cost	(5.22)	(0.50)	(4.72)	(0.51)	-0.50	10.59%
Corporate income tax	(8.45)	(0.81)	(10.29)	(1.12)	1.84	-17.88%
<b>Net profit for the year</b>	<b>30.12</b>	<b>2.89</b>	<b>33.06</b>	<b>3.59</b>	<b>-2.94</b>	<b>-8.89%</b>
Items	Unit	For the 6-month Period Ended June 30, 2022		For the 6-month Period Ended June 30, 2021		
Gross profit margin	%	15.60		17.70		
Net profit margin	%	2.89		3.59		
EPS	THB/Share	0.12		0.16		

Note: 1. Determined using profit belonging to owners of the parent divided by weighted average number of shares.

Items	For the 3-month Period Ended					
	June 30, 2022		June 30, 2021		Change Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Total Revenues</b>	<b>502.29</b>	<b>100.00</b>	<b>492.15</b>	<b>100.00</b>	<b>10.14</b>	<b>2.06%</b>
<i>Sales</i>	496.42	98.83%	489.61	99.48%	6.82	1.39%
<i>Interest revenue from financial lease</i>	0.01	0.00%	0.08	0.02%	-0.07	-87.50%
<i>Other income</i>	5.86	1.17%	2.47	0.50%	3.39	137.25%
<b>Total Expenses</b>	<b>(483.72)</b>	<b>(96.30%)</b>	<b>(461.68)</b>	<b>-93.81%</b>	<b>-22.04</b>	<b>4.77%</b>
<i>Cost of goods sold</i>	(418.37)	(83.29%)	(400.05)	-81.29%	-18.32	4.58%
<i>Cost of sales and distribution</i>	(42.27)	(8.42%)	(36.63)	-7.44%	-5.64	15.40%
<i>Administrative expense</i>	(23.08)	(4.59%)	(25.00)	-5.08%	1.92	-7.68%
<b>Operating Profit</b>	<b>18.57</b>	<b>3.70%</b>	<b>30.47</b>	<b>6.19%</b>	<b>-11.9</b>	<b>-39.05%</b>
Profit from investments in associates or joint ventures using the equity method	-	-	-	-	-	-
Financing cost	(2.03)	(0.40%)	(2.71)	(0.55%)	0.68	-25.09%
Corporate income tax	(3.36)	(0.67%)	(6.24)	(1.27%)	2.88	-46.15%
<b>Net profit for the year</b>	<b>13.18</b>	<b>2.62%</b>	<b>21.52</b>	<b>4.37%</b>	<b>-8.34</b>	<b>-38.75%</b>
Items	Unit	For the 3-month Period Ended June 30, 2022		For the 3-month Period Ended June 30, 2021		
Gross profit margin	%	15.72		18.29		
Net profit margin	%	2.62		4.37		
EPS	THB/Share	0.04		0.10		

**Note:** 1. Determined using profit belonging to owners of the parent divided by weighted average number of shares.

## Revenue

In the first half of 2022 and 2021, the Company and subsidiaries has a sales revenue of THB 1,030.22 million and THB 915.89 million, respectively. The sales revenue of the company can be categorized into groups as follows:

Items	For the 6-month Period Ended June 30,			
	2022		2021	
	Million Baht	%	Million Baht	%
Revenue from Animal Health Products	219.98	21.35	274.97	30.02
Revenue from Nutrition Products	218.00	21.18	154.81	16.90
Revenue from Diagnostic Products	228.99	22.23	176.41	19.26
Revenue from Ingredient Products	188.21	18.27	120.60	13.17
Revenue from Complete Feed Products	161.38	15.66	178.74	19.52
Revenue from Other Product <sup>1</sup>	13.66	1.33	10.36	1.13
<b>Total Sales</b>	<b>1,030.22</b>	<b>100.00</b>	<b>915.89</b>	<b>100.00</b>

Items	For the 3-month Period Ended June 30,			
	2022		2021	
	Million Baht	%	Million Baht	%
Revenue from Animal Health Products	104.88	21.13%	145.42	29.70%
Revenue from Nutrition Products	104.93	21.14%	78.2	15.97%
Revenue from Diagnostic Products	110.39	22.24%	105.24	21.49%
Revenue from Ingredient Products	93.78	18.89%	60.14	12.28%
Revenue from Complete Feed Products	78.22	15.76%	90.37	18.46%
Revenue from Other Product <sup>1</sup>	4.22	0.85%	10.24	2.09%
<b>Total Sales</b>	<b>496.42</b>	<b>100.00%</b>	<b>489.61</b>	<b>100.00%</b>

**Note:** 1. Other product composes of animal incinerator.

Sales revenue for the first half of 2022 increased by THB 114.33 million or 12.48% from the first half of previous year, the increasing coming from 3 main product groups, Diagnostic, Nutrition and Ingredients products. Diagnostic products still has the highest sales revenue which is mainly due to 1) the high demand of high quality African Swine Fever (ASF) test kit in order to screen the new breeders or nursery piglet before starting the new herd and 2) the rising of the pet diagnostic products as the growing of pets market and the evaluated pet's well-being result in the strong and long term growth in pet segment. For Nutrition products, the company had increased sales revenue from high potential customers. However, the ASF pandemic

situation is ongoing recovery, the total swine population is still less than before ASF pandemic which results in lower demand level and purchasing power of customer to Animal Health products.

### **Gross Profit**

Gross profit margin for the 6-month period ended June 30, 2022 and 2021 was THB 160.70 million and THB 162.15 million respectively, representing a respective gross profit margin of 15.60% and 17.70%.

In the first half of 2022, the gross profit margin decreased by THB 1.45 million or 0.89% from the previous year. however slightly fell to 15.60% due to the Company had increased revenue from new product in the Ingredient group with quite low profit margin. Moreover, the profit margin from Animal Health Products slightly decreased. This is due to higher competition in the industrial sector, the overall decline in the swine population and the near-expiration of vaccine supplies. All of these factors created extreme price competition. Nevertheless, the situation is likely to improve in the second half of the year.

### **Other Revenue**

Other revenue for the first half of 2022 increased by THB 6.49 million or 122.45% from the previous year as the result the Company gain on sale of assets which is not related to operations.

### **Cost of Sales and Distribution**

Cost of sales and distribution for the first half of 2022 increased by THB 9.93 million or 13.70% from the previous year. Most of the Cost of sales and distribution vary according to sales. The major cost of sales and distribution are salary, bonus, sales staff's commission, travel and vehicle expense. The increment of the cost of sales and distribution due to the addition of a sales team to marketing the new products from major suppliers to the Vet channel; Vet Hospitals and Vet clinics, in the pet business segment. Furthermore, as Due Covid-19 pandemic situation is getting better, the sales team is able to travel to meet customers as usual. This is another main factor of the cost of sales and distribution increasing.

### **Administrative Expense**

Administrative expense for the first half of 2022 decreased by THB 1.06 million or 2.24% from the previous year. As the Company has good performance in managing the administrative expense although there has been an increase in the public relations costs associated with listing on the stock exchange.

## Net Profit

Net profit for the period ended June 30, 2021 and 2022 was THB 33.06 million and THB 30.12 million respectively, representing a respective net profit margin of 3.59% and 2.89%. Net profit margin for the first half of 2022 decreased from the previous year due mainly to decreasing in Gross profit margin and increasing in the Cost of sales and distribution as a result, the decreasing operating profit margin of the company.

## Statement of Financial Position

Statement of Financial Position		Statement of Financial Position as of:					
		June 30, 2022		December 31, 2021		Change Increase / (Decrease)	
		Million Baht	%	Million Baht	%	Million Baht	%
Total Assets		1,137.29	100.00	919.11	100.00	218.18	23.74
Total Liabilities		379.48	33.37	652.28	70.97	(272.81)	(41.82)
Total Shareholders' Equity		757.81	66.63	266.82	29.03	490.99	184.02
Items	Unit	June 30, 2022		December 31, 2021			
Current Ratio	X	2.47		1.19			
ROE	%	11.76		28.61			
Debt-to-Equity	X	0.50		2.44			

## Financial Position

### Total Assets

Total assets as of June 30, 2022 rose by THB 218.18 million or 23.74% from the end of 2021. The major assets are such as Cash and cash equivalents, Short-term investments in unit trusts, Trade and other current receivables and inventories. The significant changes were such as:

- Cash and cash equivalents increased by THB 46.55 million or 64.24%, during the period the Company proceeds from the Initial Public Offering (IPO).
- Short-term investments in unit trusts increased by THB 119.96 million, from using the proceeds from the Initial Public Offering (IPO) to invest in open funds to achieve short-term returns.
- Trade and other current receivables decreased by THB 51.67 million or 13.34%, during the period the Company has more capability to collect debt.

- Inventories increased by THB 66 million or 29.14% from inventory for sale and the products for new partners are in the process of marketing.

#### **Total Liabilities**

Total liabilities as of June 30, 2022 decreased by THB 272.81 million or 41.82% from the end of 2021. The major liabilities are such as Short-term borrowings from financial institutions, Trade and other current payables, Long-term borrowing from financial institution. The significant changes were such as:

- Short-term borrowings from financial institutions decreased by THB 246.78 million due to the repayment of loans from financial institutions by the money that received from fund raising were used according to the money utilization plan.
- Trade and other current payables increased by THB 19.55 million due to the increment of inventory for sale in Q2, which is not yet due.
- Long-term borrowing from financial institution decreased by THB 43.60 million due to the repayment of loans from financial institutions by the money that received from fund raising were used according to the money utilization plan.

#### **Shareholders' Equity**

Shareholders' equity as of June 30, 2022 increased by THB 490.99 million or 184.02% from the end of 2021. The Company had a net profit for the six-month period ended 30 June 2022 amount of 30.12 million Baht and mainly to paid dividend amount of 90.20 million Baht and increase from the issue of ordinary shared relevant amount of 47.00 million Baht, by there is shares premium on paid-up capital (IPO) amount of 501.62 million Baht, As mentioned above an increase to equity and increase in the Company's retained earnings.

Please be informed accordingly.

Yours sincerely,

*- Dhanawat Khongjaroensombat -*

**(Mr. Dhanawat Khongjaroensombat)**

**Chief Executive Officer**