

15 August 2022

Subject Management's Discussion and Analysis of the Financial Statement for the six months period ended 30 June 2022

To Managing Director of The Stock Exchange of Thailand

Enclosure Management's Discussion and Analysis of the Financial Statement for the six months period ended 30 June 2022, 1 set each of Thai and English

Nova Organic Public Company Limited ("NV") would like to submit the Company's audited Financial Statement for six months period ended 30 June 2022 to The Stock Exchange of Thailand.

The operation results of NV for the six months period ended 30 June 2022 registered a net loss amounting 32.59 million Baht. Please see the further details in the Management's Discussion and Analysis of the Financial Statement as attached.

Please be informed accordingly

Best regards,

(Mr. Navaphol Chanjuthamard)

Chief Executive Officer

Nova Organic Public Company Limited

The Management's Discussion and Analysis of the Financial Statement for the six months period ended 30 June 2022

Summary of operating performance

	Q2 2021	Q2 2022	Increase	% Increase
	Baht	Baht	(Decrease)	(Decrease)
Revenue from sales	700,126,478	423,446,579	(276,679,900)	(39.52)
Cost of sales	217,741,387	217,340,548	(400,839)	(0.18)
Gross profit	482,385,092	206,106,031	(276,279,061)	(57.27)
Other income	1,578,045	1,038,859	(539,186)	(34.17)
Selling expenses	367,846,719	197,999,586	(169,847,133)	(46.17)
Administrative expenses	50,996,581	43,606,325	(7,390,256)	(14.49)
Profit from operating activities	65,119,836	(34,461,022)	(99,580,858)	(152.92)
Finance income	356,722	1,715,183	1,358,461	380.82
Reversal of loss from impairment of assets	883,827	-	(883,827)	-
Gain (loss) from sale of assets	5,986,402	267,558	(5,718,844)	(95.53)
Profit and loss measured from fair value	-	(527,861)	(527,861)	100.00
Reversal of expected credit loss	1,314,925	-	(1,314,925)	(100.00)
Finance costs	675,266	519,794	(155,472)	(23.02)
Profit before income tax	72,986,446	(33,525,936)	(106,512,382)	(145.93)
Tax expense	11,774,004	(937,661)	(12,711,665)	(107.96)
Profit for the year	61,212,442	(32,588,275)	(93,800,717)	(153.24)

The Company's total sales revenue for the six months period ended 30 June 2022 was 423.44 million Baht, which is decreased 276.68 million Baht or 39.52 percent from the same period of last year. The sales revenue for Cordyceps-containing products had dropped significantly since February 2021 onward, the main reason is the impact of the negative social trend information dissemination of dietary supplements. coupled with the current economic recession. As a result of this, therefore the company reduces the dissemination of advertising media brings to the decrease of sale order quantity of this product.

Gross Profit

Gross Profit for the six months period ended 30 June 2022 was 206.1 million Baht, decreased from the same period of last year equals to 57.27 percent due to the Company has focused some products on the market. Nevertheless, the price of raw materials for these products has higher than the previous products sold last year.

Selling Expenses

Selling expenses for the six months period ended 30 June 2022 were 197.99 million Baht. It was decrease 169.84 million Baht or 46.17 percent from the same period of last year, mainly due to decreased in advertising and promotion expenses, TV broadcasting time rental fee, Advertising media production fee, Actors' wages, and promotional expenses to be in line with the current market condition.

Administrative Expenses

Administrative expenses for the six months period ended 30 June 2022 were 43.60 million Baht. It was decrease 7.39 million Baht or 14.49 percent due to the company's policy to control administrative expenses related to the decreasing of sale revenue.

Net Profit

The Company has net loss profit for the six months period ended 30 June 2022 amount 32.59 million Baht, a decrease of 93.80 million Baht or equals to 153.24 percent from the same period of last year, Due to the negative news about the consumption of dietary supplements. Also affected by the economic recession, Consumers' purchasing power has declined. In additional, the lack of economy of scale brings to less bargaining of power to suppliers.

Financial Position

	30 June 2022	31 December 2021	Increase (Decrease)	% Increase (Decrease)
Total Assets	1,587,504,326	1,815,774,336	(228,270,010)	(12.57)
Total Liabilities	156,460,566	142,142,302	14,318,264	10.07
Shareholders' equity	1,431,043,761	1,673,632,035	(242,588,275)	(14.49)

Total Assets

Total assets as of 30 June 2022 were 1,587.50 million Baht a decrease of 228.27 million Baht from 31 December 2021. Due to the dividend payout 210 million baht on February 2, 2022

Total Liabilities

Total liabilities as of 30 June 2022 were 156.46 million Baht, mostly increase from 31 December 2021, amount 14.32 million Baht, due to increase in trade account payable and others payable.

Shareholders' equity

Shareholders' equity as of 30 June 2022 was 1,431.04 million Baht, decrease from 31 December 2021, amount 242.58 million Baht by loss from operation 32.59 million Baht and dividends payout 210.00 million baht on 2 February 2022.