

No. DOD-E013/2566

February 22, 2022

Subject: Management Discussion and Analysis for the year 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 year of 2022 compared with the same period of 2021.

For the operating result of the year ended December 31, 2022 compared with the same period of 2021, the Company had the Revenue from Sale of THB 537.16 Million, which was decrease by THB 478.16 Million or 47.09% and operating profit(loss) of THB (22.56) Million, which was decrease by THB 330.34 Million or 107.33%. When it was adjusted for other items, as a result the profit(loss) attributable to Equity holders of the parent company by THB (398.34) Million, which was decrease by THB 448.13 Million, compared with the same period of last year.

For the year ended 31 December 2022
Unit : Million THB

	2022		2021		Increase/(Decrease)	
Revenues from Sale	537.16	100.00%	1,015.32	100.00%	(478.16)	(47.09%)
Cost of Sales	396.66	73.84%	580.70	57.19%	(184.04)	(31.69%)
Gross Profit	140.50	26.16%	434.62	42.81%	(294.12)	(67.67%)
Selling and Distribution Expenses	16.86	3.14%	18.68	1.84%	(1.82)	(9.74%)
Administrative Expenses	146.20	27.22%	108.16	10.65%	38.04	35.17%
Operating Profit(Loss)	(22.56)	(4.20%)	307.78	30.31%	(330.34)	(107.33%)
Other Revenues	11.17	2.08%	3.03	0.30%	8.14	268.65%
Finance Income	0.11	0.02%	0.25	0.02%	(0.14)	(56.00%)
Finance Cost	7.09	1.32%	6.71	0.66%	0.38	5.66%
Other expenses	405.86	75.56%	39.28	3.87%	366.58	933.25%
Profit (loss) before income tax expenses	(424.23)	(78.98%)	265.07	26.11%	(689.30)	(260.04%)
Income tax income (expenses)	79.11	14.73%	(31.96)	(3.15%)	111.07	(347.53%)
Profit(Loss) for the year from continued operation	(345.12)	(64.25%)	233.11	22.96%	(578.23)	(248.05%)
Loss for the year from discontinued	(60.03)	(11.18%)	(213.71)	(21.05%)	153.68	(71.91%)
Profit(Loss) for the year	(405.15)	(75.42%)	19.40	1.91%	(424.55)	(2,188.40%)
Non-controlling interests of the subsidiaries						
Loss for the year from continued operation	(2.15)	(0.40%)	(4.12)	(0.41%)	1.97	(47.82%)
Loss for the year from discontinued operation	(4.66)	(0.87%)	(26.27)	(2.59%)	21.61	(82.26%)
Loss for the year attributable to Non-controlling interest	(6.81)	(1.27%)	(30.39)	(2.99%)	23.58	(77.59%)
Profit(Loss) attributable to Equity holders of the parent	(398.34)	(74.16%)	49.79	4.90%	(448.13)	(900.04%)

Revenue from Sale

For the year of 2022, The Company had the Revenue from Sale of THB 537.16 Million which was decrease by THB 478.16 Million or 47.09% compared with the same period of 2021 because the company have changed the customer base for diversified the market risk.

Gross Profit and Gross Profit Margin

For the year of 2022, the Company had gross profit by THB 140.50 Million that was decrease by THB 294.12 Million or 67.67%, which corresponds to decreases of revenue from sale and Gross Profit Margin was decrease from the same period of 2021 because the company has changed the customer base for diversified the market risk.

Selling and distribution expenses

For the year of 2022, the Company had selling and distribution expenses by THB 16.86 Million that was decreased by THB 1.82 Million or 9.74%, which corresponds to decrease of revenue from sale.

Administrative Expenses

For the year of 2022, the Company had administrative expenses by THB 146.20 Million which increased by THB 38.04 Million or 35.17% 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(Loss)

For the year of 2022, the Company had the operating profit(loss) by THB (22.56) Million which decreased by THB 330.34 Million or 107.33% compared with the same period of 2021 due to the decrease of revenue from sale and gross profit margin as well as increase of the administrative expenses.

Other Expenses

For the year of 2022, the Company had other expenses by THB 405.86 million which increased by THB 366.58 million or 933.25% compared with the same period of 2021 because the company had impairment loss on financial assets for trade accounts receivable that are expected to be uncollectible.

Profit(Loss) for the period from continued operation

The Company had profit(loss) from continued operation amount of THB (345.12) Million, which was decrease 248.05% due to the impairment loss on financial assets as mentioned above.

Loss for the period from discontinued operation

For the year of 2022, the Company had loss from discontinued operation by THB 60.03 Million, which decreased compared with the same period of 2021 by THB 213.71 Million due to the two subsidiaries business discontinued operation. In the event of a subsidiary is unable to sustain in the financial conditions. It still does not result in the bank calling for all loan due to the subsidiary still pays the installments on a regular basis. However, if the bank recalls the loan. The subsidiaries still have sufficient cash flows for debt repayment in full. The progress of follow-up on loans to the two subsidiaries business discontinued operation as follows:

- Ultima Life Company Limited has outstanding loans of THB 1 Million, which has considered setting up an allowance for doubtful accounts. At present, Ultima Life Company Limited is subject to bankruptcy court order.

- PCCA Laboratory Company Limited has outstanding loans of THB 277 Million, which has considered setting up an allowance for doubtful accounts. The company will recall the loan when PCCA Laboratory Co., Ltd is able to dispose of the fixed assets shown in the financial statements.

The profit(loss) attributable to equity holders of the parent company

The Company has the profit(loss) attributable to equity holders of the parent company by THB (398.34) Million, while it had the profit by THB 49.79 Million for the year of 2021 which was decrease THB 448.13 Million or 900.04%, which mainly came from the decrease of operating profit and impairment loss on financial assets

The Statement of Financial position as at December 31, 2022 is as following;

Unit : Million THB

	As at 31 December 2022		As at 31 December 2021		Change	
Cash and cash equivalents	30.27	2.34%	161.68	9.94%	(131.41)	(81.28%)
Trade and other receivables	57.29	4.44%	337.74	20.76%	(280.45)	(83.04%)
Inventories	98.03	7.59%	113.46	6.97%	(15.43)	(13.60%)
Other current assets	11.54	0.89%	13.12	0.81%	(1.58)	(12.04%)
Total Current Assets	197.13	15.27%	626.00	38.48%	(428.87)	(68.51%)
Restricted bank deposits	16.99	1.32%	16.93	1.04%	0.06	0.35%
Other non-current financial assets	2.60	0.20%	2.60	0.16%	-	-
Property, plant and equipment	909.08	70.42%	904.14	55.57%	4.94	0.55%
Rights of use assets	53.92	4.18%	56.89	3.50%	(2.97)	(5.22%)
Other intangible assets	5.57	0.43%	5.66	0.35%	(0.09)	(1.59%)
Deferred tax assets	92.54	7.17%	7.90	0.49%	84.64	1,071.39%
Advance for purchasing fixed assets	12.59	0.98%	6.37	0.39%	6.22	97.65%
Other non-current assets	0.50	0.04%	0.50	0.03%	-	-
Total Non-Current Assets	1,093.79	84.73%	1,000.99	61.52%	92.80	9.27%
Total Assets	1,290.92	100.00%	1,626.99	100.00%	(336.07)	(20.66%)

As of December 31, 2022, the total assets were decrease by THB 336.07 Million or 20.66% compared with December 31, 2021 which mainly came from Trade and other receivables decreased by THB 280.45 million due to the impairment loss on financial assets.

Unit : Million THB

	As at 31 December 2022		As at 31 December 2021		Change	
Bank overdrafts and short-term loans from bank	138.70	10.74%	77.00	4.73%	61.70	80.13%
short-term loan from shareholder	10.00	0.77%	-	0.00%	10.00	-
Trade and other payables	110.24	8.54%	120.59	7.41%	(10.35)	(8.58%)
Current portion of long-term loans	19.81	1.53%	28.76	1.77%	(8.95)	(31.12%)
Current portion of leases liabilities	2.62	0.20%	4.92	0.30%	(2.30)	(46.75%)
Income tax payable	1.66	0.13%	-	0.00%	1.66	100.00%
Other current liabilities	21.08	1.63%	27.89	1.71%	(6.81)	(24.42%)
Total Current Liabilities	304.11	23.56%	259.16	15.93%	44.95	17.34%
Long-term loans, net of current portion	2.12	0.16%	19.31	1.19%	(17.19)	(89.02%)
Lease liabilities, net of current portion	55.83	4.32%	53.31	3.28%	2.52	4.73%
Provision for long-term employee benefits	7.68	0.59%	5.37	0.33%	2.31	43.02%
Deferred tax liabilities	10.68	0.83%	12.05	0.74%	(1.37)	(11.37%)
Other non-current liabilities	16.87	1.31%	15.50	0.95%	1.37	8.84%
Total Non-Current Liabilities	93.18	7.22%	105.54	6.49%	(12.36)	(11.71%)
Total Liabilities	397.29	30.78%	364.70	22.42%	32.59	8.94%
Shareholder's Equity	893.63	69.22%	1,262.29	77.58%	(368.66)	(29.21%)
Total Liabilities and Shareholder's Equity	1,290.92	100.00%	1,626.99	100.00%	(336.07)	(20.66%)

As of December 31, 2022, the total liabilities were increase by THB 32.59 Million or 8.94% compared with December 31, 2021 because the Company has cash receipt from bank overdrafts and short-term loans from bank institution amount of THB 61.70 Million

In conclusion, the economy circumstances have adversely slow down which affecting the Company's operating result in both of the revenue from sale and gross profit margin together with payment ability of the customer. 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 including aim to own brand development.

Please be informed accordingly,

Yours Sincerely,
 DOD Biotech Public Company Limited

(Miss Suvarin Konthong)
 Director