

May 10, 2023

Subject Management Discussion and Analysis (MD&A) Q1/2023

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 for the Period Ended March 31, 2023 as followings;

Statement of Income

Items	For the Period Ended					
	March 31, 2023		March 31, 2022		Change Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Revenues	538.09	100.00%	539.88	100.00%	(1.79)	(0.33%)
<i>Sales</i>	535.29	99.48%	533.79	98.87%	1.50	0.28%
<i>Interest revenue from financial lease</i>	0.03	0.01%	0.04	0.01%	(0.01)	(25.00%)
<i>Other income</i>	2.77	0.51%	6.05	1.12%	(3.28)	(54.21%)
Total Expenses	529.02	98.31%	514.68	95.33%	14.34	2.79%
<i>Cost of goods sold</i>	463.58	86.15%	451.15	83.56%	12.43	2.76%
<i>Cost of sales and distribution</i>	40.45	7.52%	40.15	7.44%	0.30	0.75%
<i>Administrative expense</i>	24.99	4.64%	23.38	4.33%	1.61	6.89%
Operating Profit	9.07	1.69%	25.20	4.67%	(16.13)	(64.01%)
Financing cost	(0.13)	(0.02%)	(3.19)	(0.59%)	3.06	(95.92%)
Corporate income tax	(1.84)	(0.34%)	(5.08)	(0.94%)	3.24	(63.78%)
Net profit for the period	7.10	1.32%	16.93	3.14%	(9.83)	(58.06%)
Profit (loss) from fair value adjustment	(0.02)	0.00%	-	0.00%	0.02	(0.00%)
Total Comprehensive Income for the Period	7.08	1.32%	16.93	3.14%	(9.85)	58.18%
Total Comprehensive Income for the Period attributable to :						
Owned by the parent	6.42	1.19%	17.28	3.20%	(10.85)	(62.85%)
Non-controlling interests	0.68	0.13%	(0.35)	(0.06%)	1.03	(294.29%)
Total Comprehensive Income for the Period	7.10	1.32%	16.93	3.14%	(9.83)	(58.06%)

Items	Unit	For the Period Ended	For the Period Ended	
		March 31, 2023	March 31, 2022	
Gross profit margin	%	13.40	15.48	
Net profit margin	%	1.33	3.14	
EPS	THB/Share	0.020	0.079	

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

Management Discussion for the Period Ended 31 March 2023

Revenue

For Period Ended March 31, 2023 and 2022, the Company and subsidiaries has a sales revenue of THB 535.29 million and THB 533.79 million, respectively. The sales revenue of the Company can be categorized into groups as follows:

Items	For the Period Ended March 31,			
	2023		2022	
	Million Baht	%	Million Baht	%
Revenue from Animal Health Products	104.37	19.50	105.21	19.71
Revenue from Nutrition Products	70.62	13.19	116.28	21.79
Revenue from Diagnostic Products	121.95	22.78	118.56	22.21
Revenue from Ingredient Products	149.63	27.95	98.01	18.36
Revenue from Complete Feed Products	85.04	15.89	85.21	15.96
Revenue from Other Product ¹	3.68	0.69	10.52	1.97
Total Sales	535.29	100.00	533.79	100.00

Note: 1. Other product is the products which cannot categorized in other 5 main groups composes of animal incinerator etc.

Sales revenue for the Period Ended March 31, 2023, increased by THB 1.50 million or 0.28% from the Period Ended of previous year. The increasing came from sales revenue from animal feed manufacturer. Ingredient products. Because the Company is able to reach medium and large-sized customers of livestock feed mills who have more demands on feed ingredients.

However, the ASF pandemic situation is ongoing recovery, the current total swine population is still less than the population before ASF pandemic. This results in the decrease quantity demanded and purchasing power of customer to Animal Health and Nutrition products. The Company expected the No. of swine breeder and swine population will rise continuously during this year. According to this positive factor,

The company expects revenue growth in the Animal Health and Nutrition product categories during the rest of the year.

Gross Profit

Gross profit of the period ended March 31, 2023 and 2022 was THB 71.71 million and THB 82.64 million respectively, representing a respective gross profit margin of 13.40% and 15.48%.

In period ended March 31, 2023, the gross profit decreased by THB 10.93 million or 13.23% from the previous year. The gross profit margin fell to 13.40%. It is caused by the Company had increased revenue in the Ingredient products group which has quite low profit margin. Moreover, the overall decline in the swine population from ASF pandemic and the rising cost of feedstuffs generate the high-raising competition in the industrial sector and the decreased purchasing power of the livestock farm situation. All these factors have negative effect to the gross profit margin in some group of products such as Animal Health and Nutrition products.

Other Revenue

Other revenue for the period ended March 31, 2023 decreased by THB 3.28 million or 54.21% from the previous year as the result of the Company had gain on sale of assets in Q1'2022. The selling non-related to operation asset align with the Company policy in order to increase cash flow and efficiency of asset management. However, there were no such transactions in Q1'2023.

Cost of Sales and Distribution

Cost of sales and distribution for the period ended March 31, 2023 increased by THB 0.30 million or 0.75% from the previous year. Most of the cost of sales and distribution vary according to sales revenue. The major cost of sales and distribution are salary, bonus, sales staff's commission, travel and vehicle expense, promotion expense. The cost of sale and distribution increased only slightly and there was no significant change.

Administrative Expense

Administrative expense for the period ended March 31, 2023 increased by THB 1.61 million or 6.89% from the previous year as the result of the Company record expected credit loss in this period. However, when compared to the same period in the previous year, the expected credit loss was a reversal transaction. In case of

excluding expected credit loss transaction, the company has good performance in managing the administrative expense better than previous year.

Net Profit

Net profit for the period ended March 31, 2023 and 2022 was THB 7.10 million and THB 16.93 million respectively, representing a respective net profit margin of 1.32% and 3.14%. Net profit margin for the period ended March 31, 2023 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 of net profit of the Company.

Statement of Financial Position

Statement of Financial Position		Statement of Financial Position as of:					
		March 31, 2023		March 31, 2022		Change Increase / (Decrease)	
		Million Baht	%	Million Baht	%	Million Baht	%
Total Assets		1,111.36	100.00	1,085.14	100.00	26.22	2.42
Total Liabilities		335.74	30.21	316.59	29.18	19.15	6.05
Total Shareholders' Equity		775.62	69.79	768.55	70.82	7.07	0.92
Items	Unit	March 31, 2023		March 31, 2022			
Current Ratio	X	2.77		2.79			
ROE	%	10.26		11.53			
Debt-to-Equity	X	0.43		0.41			

Financial Position

Total Assets

Total assets as of March 31, 2023 rose by THB 26.22 million or 2.42% from the end of 2022. The major assets are such as Short-term investments in unit trusts, Trade and other current receivables and inventories. The significant changes were such as:

- Short-term investments in unit trusts increased by THB 30.13 million, from using the proceeds from the Initial Public Offering (IPO) to invest in open funds risk level 1 – 4 for short-term returns and high liquidity.
- Trade accounts receivable and other receivables decreased by THB 28.22 million or accounted for 6.77% due to the company has the ability to manage customers' credit more efficiently.

- Inventories increased by THB 13.32 million or 4.77% from a list of stock products that are operated for sale, which is at the normal level of business operations.

Total Liabilities

Total liabilities as of March 31, 2023 increased by THB 19.15 million or 6.05% from the end of 2022. The major liabilities is Trade and other current payables. The significant changes were such as:

- Trade and other current payables increased by THB 22.43 million due to the increment of inventory for sale in Q1, which is not yet due.

Shareholders' Equity

Shareholders' equity as of March 31, 2023 increased by THB 7.07 million or 0.92% from the end of 2022. It is because the Company had a net profit for period ended March 31, 2023 amount of THB 7.10 million.

Please be informed accordingly.

Yours sincerely,

- *Dhanawat Khongjaroensombat* -

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(Mr. Dhanawat Khongjaroensombat)

Chief Executive Officer