

No. DOD-E064/2566

August 10, 2023

Subject: Management Discussion and Analysis for the second quarter of 2023

 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 2023 compared with the same period of 2022.

For the operating result of the second quarter ended June 30, 2023 compared with the same period of 2022, the Company had the Revenue from Sale of THB 175.81 Million, which was increase by THB 42.15 Million or 31.54% and operating profit(loss) of THB 7.73 Million, which was increase by THB 6.26 Million or 425.85%. When it was adjusted for other items, as a result the profit(loss) attributable to Equity holders of the parent company by THB 5.31 Million, which was increase by THB 31.03 Million, compared with the same period of last year.

**For the three-mount period ended 30 June 2023**
**Unit : Million THB**

	Apr. - Jun. 2023		Apr. - Jun. 2022		Increase/(Decrease)	
Revenues from Sale	175.81	100.00%	133.66	100.00%	42.15	31.54%
Cost of Sales	109.08	62.04%	92.34	69.09%	16.74	18.13%
<b>Gross Profit</b>	<b>66.73</b>	<b>37.96%</b>	<b>41.32</b>	<b>30.91%</b>	<b>25.41</b>	<b>61.50%</b>
Selling and Distribution Expenses	18.77	10.68%	3.51	2.63%	15.26	434.76%
Administrative Expenses	40.23	22.88%	36.34	27.19%	3.89	10.70%
<b>Operating Profit(Loss)</b>	<b>7.73</b>	<b>4.40%</b>	<b>1.47</b>	<b>1.10%</b>	<b>6.26</b>	<b>425.85%</b>
Other Revenues	15.35	8.73%	3.15	2.36%	12.20	387.30%
Finance Income	0.08	0.05%	0.05	0.04%	0.03	60.00%
Finance Cost	2.08	1.18%	1.62	1.21%	0.46	28.40%
Other expenses	-	-	(0.05)	(0.04%)	0.05	(100.00%)
<b>Profit (loss) before income tax expenses</b>	<b>21.08</b>	<b>11.99%</b>	<b>3.10</b>	<b>2.32%</b>	<b>17.98</b>	<b>580.00%</b>
Income tax income (expenses)	(12.04)	(6.85%)	(0.33)	(0.25%)	(11.71)	3,548.48%
<b>Profit(Loss) for the year from continued operation</b>	<b>9.04</b>	<b>5.14%</b>	<b>2.77</b>	<b>2.07%</b>	<b>6.27</b>	<b>226.35%</b>
Loss for the year from discontinued	(2.92)	(1.66%)	(33.84)	(25.32%)	30.92	(91.37%)
<b>Profit(Loss) for the year</b>	<b>6.12</b>	<b>3.48%</b>	<b>(31.07)</b>	<b>(23.25%)</b>	<b>37.19</b>	<b>(119.70%)</b>
Non-controlling interests of the subsidiaries						
Loss for the year from continued operation	1.10	0.63%	(1.71)	(1.28%)	2.81	(164.33%)
Loss for the year from discontinued operation	(0.29)	(0.16%)	(3.64)	(2.72%)	3.35	(92.03%)
<b>Loss for the year attributable to Non-controlling interest</b>	<b>0.81</b>	<b>0.46%</b>	<b>(5.35)</b>	<b>(4.00%)</b>	<b>6.16</b>	<b>(115.14%)</b>
<b>Profit(Loss) attributable to Equity holders of the parent company</b>	<b>5.31</b>	<b>3.02%</b>	<b>(25.72)</b>	<b>(19.24%)</b>	<b>31.03</b>	<b>(120.65%)</b>

**Revenue from Sale**

For the second Quarter 2023, The Company had the Revenue from Sale of THB 175.81 Million which was increase by THB 42.15 Million or 31.54% compared with the same period of 2022 because the company have changed the customer base for diversified the market risk.

**Gross Profit and Gross Profit Margin**

For the second Quarter 2023, the Company had gross profit by THB 66.73 Million that was increase by THB 25.41 Million or 61.50%, which corresponds to increases of revenue from sale and Gross Profit Margin was increase from the same period of 2022 because the company has changed the customer base for diversified the market risk.

**Selling and distribution expenses**

For the second Quarter 2023, the Company had selling and distribution expenses by THB 18.77 Million that was increased by THB 15.26 Million or 434.76% which mainly came from the media to advertise and promote the company's products.

**Administrative Expenses**

For the second Quarter 2023, the Company had administrative expenses by THB 40.23 Million which increased by THB 3.89 Million or 10.70% 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 second Quarter 2023, the Company had the operating profit(loss) by THB 7.73 Million which increased by THB 6.23 Million or 425.85% compared with the same period of 2022 due to the increase of revenue from sale and gross profit margin

**Profit(Loss) for the period from continued operation**

The Company had profit(loss) from continued operation amount of THB 9.04 Million, which was increase 226.35% due to the increase of operating profit.

**Loss for the period from discontinued operation**

For the second Quarter 2023, the Company had loss from discontinued operation by THB 2.92 Million, which decreased compared with the same period of 2022 by THB 33.84 Million due to the two subsidiaries business discontinued operation. 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 write off bad debts. 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 partial 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 5.31 Million, which was increased THB 31.03 Million or 120.65 %, which mainly came from the increase of profit(loss) from continued operation and significant decrease of loss from discontinued operation.

The Statement of Financial position as at June 30, 2023 is as following;

	As at 30 June 2023		As at 31 December 2022		Change	
Cash and cash equivalents	45.91	3.22%	30.27	2.34%	15.64	51.67%
Trade and other receivables	97.66	6.84%	57.29	4.44%	40.37	70.47%
Inventories	144.21	10.10%	98.03	7.59%	46.18	47.11%
Other current assets	33.55	2.35%	11.54	0.89%	22.01	190.73%
<b>Total Current Assets</b>	<b>321.33</b>	<b>22.51%</b>	<b>197.13</b>	<b>15.27%</b>	<b>124.20</b>	<b>63.00%</b>
Restricted bank deposits	17.01	1.19%	16.99	1.32%	0.02	0.12%
Other non-current financial assets	2.60	0.18%	2.60	0.20%	-	-
Property, plant and equipment	890.71	62.39%	909.08	70.42%	(18.37)	(2.02%)
Unallocated cost from business acquisition	37.45	2.62%	-	0.00%	37.45	100.00%
Rights of use assets	52.44	3.67%	53.92	4.18%	(1.48)	(2.74%)
Other intangible assets	4.99	0.35%	5.57	0.43%	(0.58)	(10.41%)
Deferred tax assets	91.23	6.39%	92.54	7.17%	(1.31)	(1.42%)
Advance for purchasing fixed assets	9.26	0.65%	12.59	0.98%	(3.33)	(26.45%)
Other non-current assets	0.57	0.04%	0.50	0.04%	0.07	14.00%
<b>Total Non-Current Assets</b>	<b>1,106.26</b>	<b>77.49%</b>	<b>1,093.79</b>	<b>84.73%</b>	<b>12.47</b>	<b>1.14%</b>
<b>Total Assets</b>	<b>1,427.59</b>	<b>100.00%</b>	<b>1,290.92</b>	<b>100.00%</b>	<b>136.67</b>	<b>10.59%</b>

As of June 30, 2023, the total assets were increase by THB 136.67 Million or 10.59% compared with December 31, 2022, which mainly came from the trade and other receivables increased by THB 40.37 million to the increase of revenue from sale during the period, the inventory was increased by THB 46.18 million and the business acquisition cost that unallocated which arises from the investment in a new subsidiary during the period.

Unit : Million THB

	As at 30 June 2023		As at 31 December 2022		Change	
Bank overdrafts and short-term loans from bank	110.05	7.71%	138.70	10.74%	(28.65)	(20.66%)
short-term loan from shareholder	-	0.00%	10.00	0.77%	(10.00)	(100.00%)
Trade and other payables	129.62	9.08%	110.24	8.54%	19.38	17.58%
Current portion of long-term loans	7.91	0.55%	19.81	1.53%	(11.90)	(60.07%)
Current portion of leases liabilities	2.79	0.20%	2.62	0.20%	0.17	6.49%
Income tax payable	10.99	0.77%	1.66	0.13%	9.33	84.90%
Other current liabilities	20.10	1.41%	21.08	1.63%	(0.98)	(4.65%)
<b>Total Current Liabilities</b>	<b>281.46</b>	<b>19.72%</b>	<b>304.11</b>	<b>23.56%</b>	<b>(22.65)</b>	<b>(7.45%)</b>
Long-term loans, net of current portion	-	0.00%	2.12	0.16%	(2.12)	(100.00%)
Lease liabilities, net of current portion	54.67	3.83%	55.83	4.32%	(1.16)	(2.08%)
Provision for long-term employee benefits	11.63	0.81%	7.68	0.59%	3.95	51.43%
Deferred tax liabilities	9.96	0.70%	10.68	0.83%	(0.72)	(6.74%)
Other non-current liabilities	15.55	1.09%	16.87	1.31%	(1.32)	(7.82%)
<b>Total Non-Current Liabilities</b>	<b>91.81</b>	<b>6.43%</b>	<b>93.18</b>	<b>7.22%</b>	<b>(1.37)</b>	<b>(1.47%)</b>
<b>Total Liabilities</b>	<b>373.27</b>	<b>26.15%</b>	<b>397.29</b>	<b>30.78%</b>	<b>(24.02)</b>	<b>(6.05%)</b>
<b>Shareholder's Equity</b>	<b>1,054.32</b>	<b>73.85%</b>	<b>893.63</b>	<b>69.22%</b>	<b>160.69</b>	<b>17.98%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>1,427.59</b>	<b>100.00%</b>	<b>1,290.92</b>	<b>100.00%</b>	<b>136.67</b>	<b>10.59%</b>

As of June 30, 2023, the total liabilities were decrease by THB 24.02 Million or 6.05% compared with December 31, 2022, which mainly to the decrease of 28.65 million in repayment of bank overdrafts and short-term loans from banks and shareholder's equity increased by THB 160.69 Million because of capital injection from our shareholders.

In conclusion, the restructure of the company is starting to affect the Company's operating result in both of the revenue from sale and gross profit margin improving compared with the same period of last year. Additionally, 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 Suwarin Konthong)  
 Director