

August 11, 2023

Subject Management Discussion and Analysis (MD&A) Q2/2023

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 June 30, 2023 as followings;

Statement of Income

Items	For the 3-month Period Ended					
	June 30, 2023		June 30, 2022		Change Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Revenues	573.71	100.00%	502.30	100.00%	71.41	14.22%
<i>Sales</i>	568.28	99.05%	496.42	98.83%	71.86	14.48%
<i>Other income</i>	5.42	0.95%	5.87	1.17%	(0.45)	(7.66%)
Total Expenses	559.06	97.45%	483.72	96.30%	75.34	15.57%
<i>Cost of goods sold</i>	490.44	85.49%	418.37	83.29%	72.07	17.23%
<i>Cost of sales and distribution</i>	40.16	7.00%	42.27	8.42%	(2.11)	(5.00%)
<i>Administrative expense</i>	28.46	4.96%	23.08	4.59%	5.38	23.31%
Operating Profit	14.65	2.55%	18.57	3.70%	(3.92)	(21.13%)
Financing cost	(0.50)	(0.09%)	(2.03)	(0.40%)	1.53	(75.43%)
Corporate income tax	(2.99)	(0.52%)	(3.36)	(0.67%)	0.37	(11.06%)
Net profit for the period	11.16	1.95%	13.18	2.62%	(2.02)	(15.32%)
Exchange differences on translation of financial statements in foreign money	0.07	0.01%	-	0.00%	0.07	0.00%
Profit (loss) from fair value adjustment	(0.05)	(0.01%)	-	0.00%	(0.05)	0.00%
Tax relating to item that may be reclassifies	0.01	0.00%	-	0.00%	0.01	0.00%
Total Comprehensive Income for the Period	11.19	1.95%	13.18	2.62%	(1.99)	(15.11%)
Total Comprehensive Income for the Period attributable to :						
Owned by the parent	11.89	2.07%	12.08	2.40%	(0.19)	(1.55%)
Non-controlling interests	(0.73)	(0.13%)	1.11	0.22%	(1.83)	(165.58%)
Total Comprehensive Income for the Period	11.16	1.95%	13.18	2.62%	(2.02)	(15.33%)

Items	Unit	For the 3-month	For the 3-month	
		Period Ended June 30, 2023	Period Ended June 30, 2022	
Gross profit margin	%	13.70	15.72	
Net profit margin	%	1.95	2.62	
EPS	THB/Share	0.038	0.042	

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

Items	For the 6-month Period Ended					
	June 30, 2023		June 30, 2022		Change Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Revenues	1,111.62	100.00%	1,042.06	100.00%	69.56	6.68%
<i>Sales</i>	1,103.58	99.28%	1,030.22	98.86%	73.36	7.12%
<i>Other income</i>	8.05	0.72%	11.84	1.14%	(3.79)	(32.04%)
Total Expenses	1,087.90	97.87%	998.27	95.80%	89.63	8.98%
<i>Cost of goods sold</i>	954.01	85.82%	869.52	83.44%	84.50	9.72%
<i>Cost of sales and distribution</i>	80.61	7.25%	82.42	7.91%	(1.80)	(2.19%)
<i>Administrative expense</i>	53.27	4.79%	46.34	4.45%	6.94	14.97%
Operating Profit	23.72	2.13%	43.78	4.20%	(20.06)	(45.83%)
Financing cost	(0.63)	(0.06%)	(5.22)	(0.50%)	4.59	(88.00%)
Corporate income tax	(4.83)	(0.43%)	(8.45)	(0.81%)	3.61	(42.80%)
Net profit for the period	18.26	1.64%	30.12	2.89%	(11.86)	(39.36%)
Exchange differences on translation of financial statements in foreign money	0.07	0.01%	-	0.00%	0.07	0.00%
Profit (loss) from fair value adjustment	(0.08)	(0.01%)	-	0.00%	(0.08)	0.00%
Tax relating to item that may be reclassifies	0.02	0.00%	-	0.00%	0.02	0.00%
Total Comprehensive Income for the Period	18.27	1.64%	30.12	2.89%	(11.85)	(39.35%)
Total Comprehensive Income for the Period attributable to :						
Owned by the parent	18.31	1.65%	29.36	2.82%	(11.05)	(37.65%)
Non-controlling interests	(0.04)	0.00%	0.76	0.07%	(0.80)	(105.90%)
Total Comprehensive Income for the Period	18.26	1.64%	30.12	2.89%	(11.86)	(39.36%)

Items	Unit	For the 6-month	For the 6-month	
		Period Ended June 30, 2023	Period Ended June 30, 2022	
Gross profit margin	%	13.55	15.60	
Net profit margin	%	1.64	2.89	
EPS	THB/Share	0.058	0.116	

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

Management Discussion for the 3-month and 6-month Period Ended June 30, 2023

Revenue

For the 3-month and 6-month Period Ended June 30, 2023 and 2022, the sales revenue of the Company and subsidiaries can be categorized into groups as follows:

Items	For the 3-month Period Ended June 30,			
	2023		2022	
	Million Baht	%	Million Baht	%
Revenue from Animal Health Products	120.60	21.22	110.47	22.25
Revenue from Nutrition Products	79.00	13.90	99.82	20.11
Revenue from Diagnostic Products	127.84	22.50	110.31	22.22
Revenue from Ingredient Products	152.09	26.76	92.39	18.61
Revenue from Complete Feed Products	78.23	13.77	79.16	15.95
Revenue from Other Product ¹	10.52	1.85	4.27	0.86
Total Sales	568.28	100.00	496.42	100.00

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

Items	For the 6-month Period Ended June 30,			
	2023		2022	
	Million Baht	%	Million Baht	%
Revenue from Animal Health Products	224.97	20.39	215.68	20.93
Revenue from Nutrition Products	149.63	13.56	216.09	20.98
Revenue from Diagnostic Products	249.79	22.63	228.88	22.22
Revenue from Ingredient Products	301.72	27.34	190.41	18.48
Revenue from Complete Feed Products	163.27	14.79	164.37	15.95
Revenue from Other Product ¹	14.20	1.29	14.79	1.44
Total Sales	1,103.58	100.00	1,030.22	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 6-month period ended June 30, 2023, increased by THB 73.36 million or 7.12% from the period ended of previous year. The increasing came from sales revenue from in ingredient products since the Company can reach the medium and large-sized livestock feed mills and from diagnostic products for test kit in pet. On the other hand, Revenue from Nutrition products decreased in this period comparing to the previous year. Because in the previous year we had received the order from private customer.

However, the ASF pandemic situation is ongoing recovery, the current total swine population is still less than the population before ASF pandemic. The Company expected the No. of swine breeder and swine population will rise continuously during this year and next year.

Gross Profit

Gross profit for the 6-month period ended June 30, 2023 and 2022 was THB 149.56 million and THB 160.70 million respectively, representing a respective gross profit margin of 13.55% and 15.60%.

In the 6-month period ended June 30, 2023, the gross profit decreased by THB 11.14 million or 6.93% from the previous year. The gross profit margin fell to 13.55%. It is caused by the Company had increased revenue in the Ingredient products which has quite low profit margin comparing to other product groups declining in and the decrease of revenues in Nutrition products from the aforementioned reason.

Other Revenue

Other revenue for the 6-month period ended June 30, 2023 decreased by THB 3.79 million or 32.04% 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 this year.

Cost of Sales and Distribution

Cost of sales and distribution for the 6-month period ended June 30, 2023 increased by THB 1.80 million or 2.19% 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 decreased from the Company has good performance in managing expense better than previous year.

Administrative Expense

Administrative expense for the 6-month period ended June 30, 2023 increased by THB 6.94 million or 14.97% 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 6-month period ended June 30, 2023 and 2022 was THB 18.26 million and THB 30.12 million respectively, representing a respective net profit margin of 1.64% and 2.89%. Net profit margin for the 6-month period ended June 30, 2023 decreased from the previous year due mainly to decreasing in gross profit margin and increasing in the administrative expense and decreasing in other revenues, which affect the decreasing of net profit of the Company.

Statement of Financial Position

Statement of Financial Position		Statement of Financial Position as of:					
		June 30, 2023		June 30, 2022		Change Increase / (Decrease)	
		Million Baht	%	Million Baht	%	Million Baht	%
Total Assets		1,126.91	100.00	1,085.14	100.00	41.77	3.85
Total Liabilities		358.78	31.84	316.59	29.18	42.19	13.33
Total Shareholders' Equity		768.13	68.16	768.55	70.82	(0.42)	(0.05)
Items	Unit	June 30, 2023		June 30, 2022			
Current Ratio	X	2.8		2.79			
ROE	%	6.27		11.53			
Debt-to-Equity	X	0.47		0.41			

Financial Position

Total Assets

Total assets as of June 30, 2023 rose by THB 41.77 million or 3.85% 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 decreased by THB 68.99 million, from sell of short-term investments to be used as working capital in the business.
- Trade accounts receivable and other receivables increased by THB 30.53 million or accounted for 7.33% due to the increase in sales from Ingredient product during the period which affect in increasing in in-due receivable.
- Inventories increased by THB 68.44 million or 24.42% from a reserved and confirm stock for sale, which is at the normal level of business operations.

Total Liabilities

Total liabilities as of June 30, 2023 increased by THB 42.19 million or 13.32% from the end of 2022. The major liabilities are Short-term borrowings from financial institutions and Trade and other current payables. The significant changes were such as:

- Short-term borrowings from financial institutions increased by THB 26.64 million as the Company used to be credit to pay off trade accounts payable and internal working capital.
- Trade and other current payables increased by THB 21.33 million due to the increment of inventory for sale in Q2, which is not yet due.

Shareholders' Equity

Shareholders' equity as of June 30, 2023 decreased by THB 0.42 million or 0.05% from the end of 2022. It is because the Company paid dividend amount of THB 19.625 million and had a net profit for 6-month period ended June 30, 2023 amount of THB 18.26 million.

Please be informed accordingly.

Yours sincerely,

- *Dhanawat Khongjaroensombat* -

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(Mr. Dhanawat Khongjaroensombat)

Chief Executive Officer