



# บริษัท ดีโอดี ไบโอเทค จำกัด (มหาชน)

111 หมู่ที่ 2 ตำบลท่าจีน อำเภอเมืองสมุทรสาคร จังหวัดสมุทรสาคร 74000

111 Moo 2 Tambon Thachin, Amphur Muangsamutsakhon, Samutsakhon 74000, Thailand.

No. 106/2561

June 19, 2018

Subject: Management's discussion and analysis of the Company's operating results for Q1/2018 period

To: President

The Stock Exchange of Thailand

DOD Biotech Public Company Limited ("the Company") would like to submit the management's discussion and analysis of our operating results for quarter 1/2018 period ended March 31, 2018, as follows:

(Unit: Baht million)	Quarter 1 2018	Quarter 1 2017	Increase / (Decrease)	% Change
Revenues from sales	214.32	96.56	117.76	121.96%
Other revenues	0.24	0.44	(0.20)	(45.45%)
<b>Total revenues</b>	<b>214.56</b>	<b>97.00</b>	<b>117.56</b>	<b>121.20%</b>
Cost of sales	77.95	42.84	35.11	81.96%
Selling expenses	9.20	4.08	5.12	125.49%
Administrative expenses	14.60	15.81	(1.21)	(7.65%)
Finance cost	1.02	0.88	0.14	15.91%
<b>Profit before income tax expenses</b>	<b>111.79</b>	<b>33.39</b>	<b>78.40</b>	<b>234.80%</b>
Income tax expenses (revenues)	0.58	(0.13)	0.71	(546.15%)
<b>Net profit for the period</b>	<b>111.21</b>	<b>33.52</b>	<b>77.69</b>	<b>231.77%</b>
Gross profit margin	63.63%	55.63%		
Net profit margin	51.83%	34.56%		

## 1. Revenues from sales

The Company recorded revenues from sales in quarter 1/2018 ("Q1/2018") of Baht 214.32 million, a year-on-year growth of Baht 117.76 million or 121.96% mainly attributable to orders from a new customer for new-branded beauty supplement products for body shape control. The Company gradually delivered the products and recognized income from the sales to such customer in Q1/2018 in an amount of approximately Baht 140.96 million along with income from sales to existing customers.

## 2. Cost of sales and gross profit

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The Company's cost of sales in Q1/2018 amounted to Baht 77.95 million, rising year-on-year by Baht 35.11 million or 81.96% in line with the sharp increase in revenues from sales in this period. Gross profit margin was 63.63%, higher than that of 55.63% a year earlier, as a result of the significant increase in sales and less waste proportion. This was coupled with the Company's effective control of production cost, e.g. orders for raw materials in a large volume to lessen unit cost of raw materials, and lower fixed unit cost following the Company's higher capacity utilization to cater to larger production volume which helped pull down certain fixed production cost.

### 3. Selling expenses

In Q1/2018, the Company incurred selling expenses of Baht 9.20 million, going up year-on-year by Baht 5.12 million or 125.49%. This was chiefly ascribed to a Baht 6.82 million increase in the Company's commission payment upon sales staff's achievement of the targeted sales volume and thus receipt of commission from the Company as agreed upon. Meanwhile, the Company's advertising expenses moved down by Baht 0.83 million and sale promotion expenses by Baht 0.71 million owing to its change in "Dai a to" product sale strategy from selling directly to consumers and doing own marketing to selling through distributors who are responsible for marketing and advertising campaigns, hence no such expenses to be borne.

### 4. Administrative expenses

The Company's administrative expenses in Q1/2018 accounted for Baht 14.60 million, declining year-on-year by Baht 1.21 million or 7.65%. It was mainly due to a decrease in donation to NSTDA by Baht 1.79 million upon the Company's fulfillment of the charitable donation requirement of the investment promotion certificate, hence no such expense to be borne, and a Baht 1.79 million decrease in special compensation to resigning top executive as such expense in the previous corresponding period did not take place in this period. Meanwhile, personnel expenses like salaries and bonuses, etc., went up by Baht 1.74 million in line with annual salary increment and accrual of bonuses in line with improving operational performance.

### 5. Net profit and net profit margin

The Company posted a net profit of Baht 111.21 million in Q1/2018, a year-on-year growth of Baht 77.69 million or 231.77% with a net profit margin of 51.83%, up from 34.56% in the previous corresponding period on the back of a considerable increase in sales and effective control of cost of sales as well as a decline in administrative expenses to total revenues, which substantially pushed up its net profit and net profit margin.



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### Financial position

The Company recorded total assets of Baht 543.61 million as at March 31, 2018, a Baht 89.41 million or 19.69% growth from that of Baht 454.20 million as at December 31, 2017, mainly attributable to increases by Baht 67.78 million in cash and cash equivalents, Baht 30.13 million in inventories and Baht 11.52 million in property, plant and equipment, against a Baht 21.42 million decrease in trade and other receivables

The Company's total liabilities as at March 31, 2018 amounted to Baht 257.88 million, rising by Baht 93.20 million or 56.59% from those of Baht 164.68 million as at December 31, 2017, due to a Baht 90.92 million increase in trade and other payables, mainly the not-yet-due payables for raw materials and packaging ordered from various distributors for use in production of a large volume of products to meet the increased orders, and an increase in advance receipt of goods payment, i.e. deposit, from a new customer who ordered a large volume of products. Delivery of the products has gradually been made since Q1/2018.

The Company had shareholders' equity of Baht 285.73 million as at March 31, 2018, a slight decline by Baht 3.79 million or 1.31% from that of Baht 289.52 million as at December 31, 2017, caused by a net profit during the period of Baht 111.21 million net of interim dividend payment of Baht 115.00 million earlier announced.

Please be informed accordingly.

Yours sincerely,

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Miss Supamas Isarapakdi

Managing Director

DOD Biotech Public Company Limited