



# บริษัท ดีโอดี ไบโอเทค จำกัด (มหาชน)

111 หมู่ที่ 2 ตำบลท่าจีน อำเภอเมืองสมุทรสาคร จังหวัดสมุทรสาคร 74000

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

No. 121/2561

August 7, 2018

Subject: Management's discussion and analysis of the Company's operating results for Q2/2018 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 2/2018 period ended June 30, 2018, as follows:

(Unit: Baht million)	Quarter 2 2018	Quarter 2 2017	Increase / (Decrease)	% Change
Revenues from sales	233.94	118.92	115.02	96.72%
Other revenues	0.40	0.10	0.30	300.00%
<b>Total revenues</b>	<b>234.35</b>	<b>119.02</b>	<b>115.32</b>	<b>96.89%</b>
Cost of sales	88.41	44.22	44.19	99.93%
Selling expenses	12.23	4.58	7.65	167.03%
Administrative expenses	19.75	14.31	5.44	38.02%
Finance cost	0.53	0.89	(0.36)	(40.45%)
<b>Profit before income tax expenses</b>	<b>113.42</b>	<b>55.02</b>	<b>58.40</b>	<b>106.14%</b>
Income tax expenses (revenues)	1.32	0.48	0.84	175.00%
<b>Net profit</b>	<b>112.11</b>	<b>54.54</b>	<b>57.57</b>	<b>105.56%</b>
Gross profit margin	62.21%	62.82%		
Net profit margin	47.84%	45.82%		

## 1. Revenues from sales

The Company recorded revenues from sales in quarter 2/2018 ("Q2/2018") of Baht 233.94 million, a year-on-year growth of Baht 115.02 million or 96.72% mainly attributable to consistent orders continuously from Q1/2018 of 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 168.52 million along with income from sales to existing customers.

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## 2. Cost of sales and gross profit margin

The Company's cost of sales in Q2/2018 amounted to Baht 88.41 million, rising year-on-year by Baht 44.19 million or 99.93%, which was in line with the sharp increase in revenues from sales in this period. Gross profit margin in Q2/2018 was 62.21%, a slight decrease by 0.61% year-on-year. The decline in Q2/2018 gross profit margin was mainly caused by the increase in wages and overtime pay in this period following the minimum wage increment according to the labor law and more overtime work to produce the products to catch up with the accelerated demand from customers. Meanwhile, the sharp increase in sales volume was also a factor to the slight decrease in the gross profit margin.

## 3. Selling expenses

In Q2/2018, the Company incurred selling expenses of Baht 12.23 million, rising year-on-year by Baht 7.65 million or 167.03%. This was chiefly ascribed to a Baht 7.81 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 sale promotion expenses moved down by Baht 0.76 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 advertising and sale promotion expenses to be borne.

## 4. Administrative expenses

The Company's administrative expenses in Q2/2018 accounted for Baht 19.75 million, going up year-on-year by Baht 5.44 million or 38.02% mainly attributable to additional expenses of Baht 4.93 million in relation to listing of the Company on the Stock Exchange of Thailand.

## 5. Net profit and net profit margin

In Q2/2018, the Company posted a net profit of Baht 112.11 million, a year-on-year growth of Baht 57.57 million or 105.56% with a net profit margin of 47.84%, up from 45.82% in the previous corresponding period on the back of a considerable increase in sales and able treat gross profit margin same old s as well as a decline in administrative expenses to total revenues, which substantially pushed up its net profit and net profit margin.

## Financial position

The Company recorded total assets of Baht 1,424.80 million as at June 30, 2018, a Baht 970.60 million or 213.69% growth from that of Baht 454.20 million as at December 31, 2017, mainly attributable to increases by Baht 957.15 million in cash and cash equivalents which increase form IPO, Baht 18.54 million in



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inventories, and Baht 10.95 million in property, plant and equipment, against a Baht 15.36 million decrease in trade and other receivables.

The Company's total liabilities as at June 30, 2018 amounted to Baht 143.10 million, decreasing by Baht 21.59 million or 13.11% from those of Baht 164.68 million as at December 31, 2017. It stemmed principally from a Baht 35 million decline in accrued dividend payable following the Company's announcement of interim dividend payment from 9M/2017 net profit and a decrease in long-term loan repayment to financial institutions by Baht 4.85 million, against a Baht 17.97 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 from customers, 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 1,281.71 million as at June 30, 2018, a growth of Baht 992.18 million or 342.70% from that of Baht 289.52 million as at December 31, 2017, driven mainly by a 6M/2018 net profit of Baht 223.32 million, ordinary share premium of Baht 939.87 million and new share issuance for capital increase of Baht 55 million, net of interim dividend payment of Baht 226.00 million earlier announced.

Please be informed accordingly.

Yours sincerely,

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Miss Supamas Isarapakdi

Managing Director

DOD Biotech Public Company Limited