



No. DOD026/2563

February 26, 2020

Subject Management Discussion and Analysis of for the year ended December 31, 2019

To Director and Manager the Stock Exchange of Thailand

According to the Board of Directors' Meeting No.2/2020 of DOD Biotech Public Company Limited ("the Company") held on February 27, 2019, approving the audited consolidated financial statements for year ended December 31, 2019. The Company would like to report the operating results for year ended 31 December 2018. The company had total revenue amount to Baht 797.50 million with net profit for the year-end of Baht 73.51 million. And the Company had net profit of the year-end Owners of the Parent Baht 86.71 million, with significant operating results as follows.

(Million Baht)	2019	2018	Increase /(decrease)	%change
Revenues from sales	789.92	666.36	123.56	18.54%
Other revenues	7.58	6.76	0.82	12.13%
Total revenues	797.50	673.12	124.38	18.48%
Cost of sales	380.02	256.50	123.52	48.15%
Selling expenses	177.52	30.19	147.33	488.01%
Administrative expenses	152.17	75.07	77.10	102.70%
Finance cost	9.55	3.73	5.82	156.03%
Profit before income tax expenses	78.24	307.63	(229.39)	(74.56%)
Income tax expenses	4.73	2.37	2.36	99.58%
Profit for the year	73.51	305.26	(231.75)	(75.92%)
Gross profit margin	51.89%	61.51%	(9.62%)	
Net profit margin	9.31%	45.81%	(36.50%)	

The Company would like to inform the operating results for year ended 31 December 2019 due to the significant changes as follows:

1. Revenues from sales

The company reported revenue from sales for the year 2019 was Baht 789.92 million, increased by Baht 123.56 million or 18.54% resulting from the revenue recognition of manufacturing cosmetic business was Baht 120.29 million and revenue recognition of network marketing business was Baht

174.35 million, this is a new business for the Company. This is in accordance with the strategy of the company that wants to diversify operational risk by providing business with stability and sustainability, covering both health and beauty.

2. Cost of sales and gross profit margin

The company reported cost of sales for the year 2019 was Baht 380.02 million, increased by Baht 123.52 million or 48.15% and the Company's net profit for the year 2019 was 51.89%, decreased by 9.62%, an increase in cost of sales corresponding with the increase of sales revenue. And Product Mix and one-time expense for the year 2019 as follows:

Description	Amount (Million baht)
Supplementary business	
- Allowance for damage of inventories	4.86
Manufacturing cosmetic business	
- Expenses for inventory lost	10.60
Total	15.46

Therefore, if adjusting the one-time cost item from the cost of sales, the normalized gross margin will increase from 51.89% to 53.85%

3. Selling expenses

The company reported selling expenses for the year 2019 was Baht 177.52 million, increased by Baht 147.33 million or 488.01%, resulting from commission expenses form network marketing business and the one-time expense for the year 2019. For example, this promotion expense is the branding of the subsidiary company in the amount of 16.8 million baht. However, this expense has caused the sales revenue of network marketing businesses in the amount of Baht 174.35 million.

4. Administrative expenses

The company reported administrative expense for the year 2019 was Baht 152.17 million, increased by Baht 77.10 million or 102.70%, resulting from administrative expenses such as the salary of the subsidiary company is PPCA Laboratory Company Limited and Altima Life Company Limited, this is a new business for the Company.

5. Profit for the year

The Company's net profit for the year 2019 was Bath 73.51 million, decreased by Bath 231.75 million or 75.92%, net profit margin for the year 2019 was 9.31%, decreased by 36.50%

Financial Position

The total assets of the company as of December 31, 2019 was Baht 1,574.61 million, increased by Baht 167.97 million or 11.94% compared to 1,406.65 million baht as of December 31, 2018, resulting from assets acquired from business acquisitions of PCCA Laboratory Co., Ltd. (Indirect subsidiary) the principal business operation is to produce cosmetic products Which is a way to increase revenue and profits for the company in the future and increase in trade receivables in the amount of Baht 159.77 million.

The total liabilities of the company as of December 31, 2019 was Baht 336.35 million, increased by Baht 113.96 million or 51.24% compared to 222.39 million baht as of December 31, 2018, resulting from Short-term loans and long-term loans from financial institutions in the amount of Baht 102.59 million and Short-term loans and long-term loans from financial institutions acquired from business acquisitions in the amount of Baht 71.60 million.

The shareholders' equity of the company as of December 31, 2019 was Baht 1,238.26 million, increased by Baht 54.00 million or 4.56% compared to 1,184.26 million baht as of December 31, 2018, resulting from the Company's net profit for the year 2019 was Bath 73.51 million and the increase in shareholders' equity - DOD-W1 warrants in the amount of Baht 18.22 million.

Please be informed accordingly.

Sincerely yours,

(Miss Suwarin Konthong)

Director