

**DOD BIOTECH PUBLIC COMPANY LIMITED**

เลขที่ 111 หมู่ที่ 2 ตำบลท่าจีน อำเภอเมืองสมุทรสาคร จังหวัดสมุทรสาคร 74000

111 Moo 2 TambonThachin, Amphurmuangsamutsakhon, Samutsakhon 74000

No. DOD128/2563

November 11, 2020

Subject: Management's Discussion and Analysis for the third quarter of 2020

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 third Quarter period ended September 30, 2020 compared with the same period of 2019.

For the operating result of the third Quarter ended September 30, 2020 compared with the same period of 2019, the Company had the Revenue from Sale of THB 391.51 Million which was increased by THB 173.92 Million or 79.93% compared with the same period of last year and generated the net profit for the year attributable to Owners of the parent by THB 69.45 Million which was increased by THB 49.42 Million or 246.73% compared with the same period of last year. The income statement in brief is presented as following:

Unit : Million THB

	Jul – Sep 63		Jul – Sep 62		Increase/(Decrease)	
Revenues from Sale	391.51	100.00%	217.59	100.00%	173.92	79.93%
Cost of Sales	215.40	55.02%	109.51	50.33%	105.89	96.69%
<b>Gross Profit</b>	<b>176.11</b>	<b>44.98%</b>	<b>108.08</b>	<b>49.67%</b>	<b>68.03</b>	<b>62.94%</b>
Selling Expenses	61.39	15.68%	51.70	23.76%	9.69	18.74%
Administrative Expenses	46.51	11.88%	41.72	19.17%	4.79	11.48%
<b>Operating Profit (Loss)</b>	<b>68.21</b>	<b>17.42%</b>	<b>14.66</b>	<b>6.74%</b>	<b>53.55</b>	<b>365.28%</b>
Finance Cost	1.93	0.49%	1.94	0.89%	(0.01)	-0.52%
Other Revenues	1.75	0.45%	2.38	1.09%	-0.63	-26.47%
Unrealized gain (loss) on measuring fair value of financial assets	0.47	0.12%	-	0.00%	0.47	0.00%
<b>Earning before tax</b>	<b>68.50</b>	<b>17.50%</b>	<b>15.10</b>	<b>6.94%</b>	<b>53.40</b>	<b>353.64%</b>
Income tax expenses	1.88	0.48%	(0.04)	-0.02%	1.92	(4,800.00%)
<b>Profit for the year</b>	<b>66.62</b>	<b>17.02%</b>	<b>15.14</b>	<b>6.96%</b>	<b>51.48</b>	<b>340.03%</b>
Profit for the year attributable to Non-controlling interest	(2.83)	(0.72%)	(4.89)	-2.25%	2.06	(42.13%)
<b>Profit for the year attributable to Owners of the parent</b>	<b>69.45</b>	<b>17.74%</b>	<b>20.03</b>	<b>9.21%</b>	<b>49.42</b>	<b>246.73%</b>



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### **Revenue from Sale**

For the third Quarter 2020, The Company had the Revenue from Sale of THB 391.51 Million which was increased by THB 173.92 Million or 79.93% compared with the same period of last year which came from main business units as following;

- Revenue from the business of food supplements health was THB 298.89 Million having growth by 96.98%.
- Revenue from production cosmetic products was THB 21.74 Million having decrease by 12.11%.
- Revenue from network marketing business was THB 79.49 Million having growth by 77.74%

*The revenue of each business unit which were shown above, didn't eliminate related transaction.*

The products of cosmetic has an internal restructuring to focus on skin care products due to the customer base that will grow in the long term be the cause of, the revenue declined during the third Quarter of 2020. For the network marketing business has increasing by leaps and bounds. As a result of the network marketing business has full operation during the fourth Quarter of 2019.

### **Gross Profit and Gross Profit Margin**

For the third Quarter 2020, the Company had gross profit by THB 176.11 Million which was increased by THB 68.03 Million or 62.94% and Gross Profit Margin was 44.98, which came from main business unit as following:

- The Gross Profit Margin of the business of food supplements health was 38.66%
- The Negative Gross Profit Margin of the production of cosmetic products was -28.14%
- The Gross Profit Margin of the network marketing business was 77.74%

The products of cosmetic was the negative gross profit margin as a result of an internal restructuring. This causes the sales revenue to decrease while the production expenses remain constant, resulting in higher cost of sales than sales in third Quarter of 2020. However, the gross profit will increase in the future, if there is an internal restructuring finished.



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### **Selling Expenses**

For the third Quarter 2020, the Company had the selling expenses by THB 61.39 Million which was increased by THB 9.69 Million or 18.74% compared with the same period of last year because the commission expenses for business members together with marketing expenses for building brand awareness. However, when compare selling expenses with sale will be found that decreasing from 23.76% to 15.68%, which indicates that the Company had control to selling expenses effectively.

### **Administrative Expenses**

For the third Quarter 2020, the Company had administrative expenses by THB 46.51 Million which increased by THB 4.79 Million or 11.48% compared with the same period of the last year because the staff expense, research and development expense and expected credit losses according to IFRS. However, when compare administrative expenses with sale will be found that decreasing from 19.17% to 11.88%, which indicates that the Company had control to administrative expenses effectively as well as selling expenses.

### **Operating Profit**

For the third Quarter 2020, the Company had the operating profit by THB 68.21 Million which increased by THB 53.55 Million or 365.28% compared with the same period of the last year due to the revenue has increasing by leaps and bounds and control selling and administrative expenses more effectively.

### **The profit for the year attributable to Owners of the parent**

The Company had the profit for the year attributable to Owners of the parent by THB 69.45 Million, which was increased THB 49.42 Million or 246.73%, compared with the same period of the last year. As a result of operating profit that significant growth and finance costs are very low level because of the stable financial position.



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The Statement of Financial position as of September 30, 2020 is as following;

Unit : Million THB

	30 September 2020		31 December 2019		Change	
Cash and cash equivalents	50.75	2.91%	82.42	5.23%	(31.67)	-38.43%
Trade Receivables&Other current receivable	248.30	14.24%	231.72	14.72%	16.58	7.16%
Inventories	258.17	14.81%	114.52	7.27%	143.65	125.44%
Current tax assets	5.58	0.32%	-	0.00%	5.58	100.00%
Other current assets	6.61	0.38%	11.51	0.73%	(4.90)	-42.57%
<b>Total Current Assets</b>	<b>569.41</b>	<b>32.66%</b>	<b>440.17</b>	<b>27.95%</b>	<b>129.24</b>	<b>29.36%</b>
Fixed deposit used as collateral	16.07	0.92%	15.88	1.01%	0.19	1.20%
Investments held as available-for-sale	88.85	5.10%	113.97	7.24%	(25.12)	-22.04%
Other long-term investment	-	0.00%	6.00	0.38%	(6.00)	-100.00%
Property, plant and equipment	863.77	49.54%	801.24	50.88%	62.53	7.80%
Goodwill	107.87	6.19%	107.87	6.85%	-	0.00%
Intangible assets	43.98	2.52%	28.48	1.81%	15.50	54.42%
Deferred tax assets	5.04	0.29%	-	0.00%	5.04	0.00%
Other non-current assets	48.54	2.78%	61.00	3.87%	(12.46)	-20.43%
<b>Total Non-Current Assets</b>	<b>1,174.12</b>	<b>67.34%</b>	<b>1,134.44</b>	<b>72.05%</b>	<b>39.68</b>	<b>3.50%</b>
<b>Total Assets</b>	<b>1,743.53</b>	<b>100.00%</b>	<b>1,574.61</b>	<b>100.00%</b>	<b>168.92</b>	<b>10.73%</b>

As of September 30, 2020, the total assets were increased by THB 168.92 Million or 10.73% compared with December 31, 2019. The increase of total assets mainly came from increasing in inventories for support the sales increase and increasing in PPE, including, intangible asset due to be used for the production of products to support revenue growth. However, there was a decrease of cash and cash equivalents due to operations and decrease of investment held as available-for-sale by THB 25.12 Million due to market devaluation of the securities as at September 30, 2020.

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Unit : Million THB

	30 September 2020		31 December 2019		Change	
Bank overdraft and short-term borrowings from financial institution	77.95	4.47%	93.15	5.92%	(15.20)	-16.32%
Trade and other current payables	296.01	16.98%	134.48	8.54%	161.53	120.11%
Current portion of long-term borrowings	39.13	2.24%	48.68	3.09%	(9.55)	-19.62%
Current portion of Operating Leases Agreement	8.59	0.49%	-	0.00%	8.59	100.00%
Other current liabilities	4.09	0.23%	12.40	0.79%	(8.31)	-67.02%
<b>Total Current Liabilities</b>	<b>425.77</b>	<b>24.42%</b>	<b>288.71</b>	<b>18.34%</b>	<b>137.06</b>	<b>47.47%</b>
Long-term borrowings	33.26	1.91%	32.36	2.06%	0.90	2.78%
Liabilities under operating lease agreement	7.03	0.40%	-	0.00%	7.03	100.00%
Employee benefit obligations	5.07	0.29%	4.10	0.26%	0.97	23.66%
Other non-current liabilities	10.78	0.62%	11.18	0.71%	(0.40)	-3.58%
<b>Total Non-Current Liabilities</b>	<b>56.14</b>	<b>3.22%</b>	<b>47.64</b>	<b>3.03%</b>	<b>8.50</b>	<b>17.84%</b>
<b>Total Liabilities</b>	<b>481.91</b>	<b>27.64%</b>	<b>336.35</b>	<b>21.36%</b>	<b>145.56</b>	<b>43.28%</b>
<b>Shareholder's Equity</b>	<b>1,261.62</b>	<b>72.36%</b>	<b>1,238.26</b>	<b>78.64%</b>	<b>23.36</b>	<b>1.89%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>1,743.53</b>	<b>100.00%</b>	<b>1,574.61</b>	<b>100.00%</b>	<b>168.92</b>	<b>10.73%</b>

As of September 30, 2020, total liabilities were increased by THB 145.56 Million or 43.28% compared with December 31, 2019 mainly came from increasing in trade payable - raw material due to increase of production order and decreasing in bank overdraft and short-term borrowings from financial institution due to the repayment.

In conclusion, the Company operates with our corporate strategy to balance its business units by diversification in revenue structure and risk into 3 main businesses supporting each other and focusing on the business of Healthy & Beauty. Although the economic circumstance has been suffering from the COVID-19 outbreak, but the Company's revenue of the third Quarter had impressive growth compared with the same period of the last year and control selling and administrative expenses more effectively, led to operating profit growth include the profit for the year attributable to Owners of the parent that significant growth. For the Company's financial position, the Company still had current ratio 1.34 times and debt to equity ratio 0.38 times, shown that its sufficient liquidity and strong financial position.

Please be informed accordingly,

Yours Sincerely,

DOD Biotech Public Company Limited

(Miss Suvarin Konthong)

Director