

**DOD BIOTECH PUBLIC COMPANY LIMITED**

เลขที่ 111 หมู่ที่ 2 ตำบลท่าจีน อำเภอเมืองสมุทรสาคร จังหวัดสมุทรสาคร 74000

111 Moo 2 TambonThachin, Amphurmuangsamutsakhon, Samutsakhon 74000

No. DOD089/2563

August 11, 2020

Subject: Management's Discussion and Analysis for the second 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 second Quarter period ended June 30, 2020 compared with the same period of 2019.

For the operating result of the second Quarter ended June 30, 2020 compared with the same period of 2019, the Company had the Revenue from Sale of THB 430.49 Million which was increased by THB 303.27 Million or 238.38% compared with the same period of last year and generated the net profit for the year attributable to Owners of the parent by THB 76.74 Million which was decreased by THB 58.89 Million or 329.92% compared with the same period of last year. The income statement in brief is presented as following:

Unit : Million THB

	Apr – Jun 20		Apr – Jun 19		Increase/(Decrease)	
Revenues from Sale	430.49	100.00%	127.22	100.00%	303.27	238.38%
Cost of Sales	249.47	57.95%	56.70	44.57%	192.77	339.98%
Gross Profit	181.02	42.05%	70.52	55.43%	110.50	156.69%
Selling Expenses	57.30	13.31%	8.51	6.69%	48.79	573.33%
Administrative Expenses	50.63	11.76%	35.24	27.70%	15.39	43.67%
Operating Profit (Loss)	73.09	16.98%	26.77	21.04%	46.32	173.03%
Finance Cost	1.85	0.43%	2.90	2.28%	(1.05)	-36.21%
Other Revenues	2.64	0.61%	1.17	0.92%	1.47	125.64%
Loss on exchange rate	-	0.00%	6.57	5.16%	(6.57)	-100.00%
Unrealized gain (loss) on measuring fair value of financial assets	10.32	2.40%	-	0.00%	10.32	0.00%
Earning before tax	84.20	19.56%	18.47	14.52%	65.73	355.87%
Income tax expenses	7.96	1.85%	1.71	1.34%	6.25	365.50%
Profit for the year	76.24	17.71%	16.76	13.17%	59.48	354.89%
Profit for the year attributable to Non-controlling interest	(0.50)	(0.12%)	(1.09)	-0.86%	0.59	(54.13%)
Profit for the year attributable to Owners of the parent	76.74	17.83%	17.85	14.03%	58.89	329.92%



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Revenue from Sale

For the second Quarter 2020, The Company had the Revenue from Sale of THB 430.49 Million which was increased by THB 303.27 Million or 238.38% compared with the same period of last year. The Revenue from Sale of the second Quarter 2020 comprised into 3 business units as following;

- Revenue from the business of food supplements and health drinks of all kinds was THB 234.97 Million having growth by 107.48% year over year.
- Revenue from production cosmetic products was THB 133.37 Million having growth by 280.08% compared with the same period of the year over year.
- Revenue from network marketing business was THB 71.63 Million having growth by 1,080.07%

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

Gross Profit and Gross Profit Margin

For the second Quarter 2020, the Company had gross profit by THB 181.02 Million which was increased by THB 110.50 Million or 156.69% and Gross Profit Margin was 42.05%. The details of the Gross Profit Margin by business unit were as following:

- The Gross Profit Margin of the business of food supplements and health drinks of all kinds was 35.98%
- The Gross Profit Margin of the production of cosmetic products was 33.40%
- The Gross Profit Margin of the network marketing business was 77.63%

Selling Expenses

For the second Quarter 2020, the Company had the selling expenses by THB 57.30 Million which was increased by THB 48.79 Million or 573.33% compared with the same period of last year because the network marketing business fully operated in the second half of last year. There were the commission expenses for business members together with marketing expenses for building brand awareness.



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Administrative Expenses

For the second Quarter 2020, the Company had administrative expenses by THB 50.63 Million which increased by THB 15.39 Million or 43.67% compared with the same period of the last year, mainly came from the network marketing business.

Operating Profit

For the second Quarter 2020, the Company had the operating profit by THB 73.09 Million which increased by THB 46.32 Million or 173.03% compared with the same period of the last year due to the business of food supplements and health drinks of all kinds and the production of cosmetic products.

Unrealized gain (loss) on revaluation of investment

The Company had unrealized gain on revaluation of investment by THB 10.32 Million for the second Quarter 2020, caused from increased investment value compared with the ended of first Quarter 2020. However, it was unrealized gain because the Company still hold this investment.

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 76.74 Million which was decreased THB 58.89 Million or 329.92% compared with the same period of the year 2019.



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

Unit : Million THB

	30 June 2020		31 December 2019		Change	
Cash and cash equivalents	41.36	2.45%	82.42	5.23%	- 41.06	-49.82%
Trade Receivables&Other current receivables	223.62	13.22%	231.72	14.72%	- 8.10	-3.50%
Inventories	250.82	14.83%	114.52	7.27%	136.30	119.02%
Other current assets	6.56	0.39%	11.51	0.73%	-4.95	-43.01%
Total Current Assets	522.36	30.89%	440.17	27.95%	82.19	18.67%
Fixed deposit used as collateral	15.94	0.94%	15.88	1.01%	0.06	0.38%
Investments held as available-for-sale	88.38	5.23%	113.97	7.24%	-25.59	-22.45%
Other long-term investment	-	0.00%	6.00	0.38%	-6.00	-100.00%
Property, plant and equipment	856.91	50.67%	801.24	50.88%	55.67	6.95%
Goodwill	107.87	6.38%	107.87	6.85%	0.00	0.00%
Intangible assets	43.45	2.57%	28.48	1.81%	14.97	52.56%
Deferred tax	5.43	0.32%	-	0.00%	5.43	0.00%
Other non-current assets	50.83	3.01%	61.00	3.87%	-10.17	-16.67%
Total Non-Current Assets	1,168.81	69.11%	1,134.44	72.05%	34.37	3.03%
Total Assets	1,691.17	100.00%	1,574.61	100.00%	116.56	7.40%

As of March 31, 2020, the total assets were increased by THB 116.56 Million or 7.40% compared with December 31, 2019. The increase of total assets mainly came from increasing in inventories due to revenue growth and increasing in PPE, however, Intangible asset due to be used for the production of products to support revenue growth.

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Unit : Million THB

	30 June 2020		31 December 2019		Change	
Bank overdraft and short-term borrowings from financial institution	133.99	7.60%	93.15	5.92%	40.84	43.84%
Trade and other current payables	256.37	14.53%	134.48	8.54%	121.89	90.64%
Current portion of long-term borrowings	39.01	2.21%	48.68	3.09%	-9.67	-19.86%
Current portion of Operating Leases Agreement	7.73	0.44%	-	0.00%	7.73	
Other current liabilities	11.63	0.66%	12.40	0.79%	-0.77	-6.21%
Total Current Liabilities	448.73	25.44%	288.71	18.34%	160.02	55.43%
Long-term borrowings	27.32	1.55%	32.36	2.06%	-5.04	-15.57%
Liabilities under operating lease agreement	6.70	0.38%	-	0.00%	6.70	
Employee benefit obligations	4.75	0.27%	4.10	0.26%	0.65	15.85%
Other non-current liabilities	8.68	0.49%	11.18	0.71%	-2.50	-22.36%
Total Non-Current Liabilities	47.45	2.69%	47.64	3.03%	-0.19	-0.40%
Total Liabilities	496.18	28.13%	336.35	21.36%	159.83	47.52%
Shareholder's Equity	1,267.85	71.87%	1,238.26	78.64%	29.59	2.39%
Total Liabilities and Shareholder's Equity	1,764.03	100.00%	1,574.61	100.00%	189.42	12.03%

As of June 30, 2020, total liabilities were increased by THB 159.83 Million or 47.52% compared with December 31, 2019 mainly came from increasing in trade payable due to increase of production order and increasing in Bank overdraft and short-term borrowings from financial institution due to support revenue growth.

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 Healthy & Beauty Sector. Although the economic circumstance has been suffering from the COVID-19 outbreak, but the Company's revenue of the second Quarter had impressive growth compared with the same period of the last year and also maintained the gross profit margin in nearly same level of year on year, led to operating profit growth. For the Company's financial position, the Company still had current ratio 1.16 times and debt to equity ratio 0.42 times, shown that its sufficient liquidity and strong financial position.

Please be informed accordingly,

Yours Sincerely,

DOD Biotech Public Company Limited

(Miss Suwarin Konthong)

Director