

13 August 2021

Subject Management Discussion and Analysis for the six-month period ended 30 June 2021

To The President
The Stock Exchange of Thailand

Do Day Dream Public Company Limited (the "Company" or "we" or "our" or "us") would like to inform management discussion and analysis for its results of operations from the consolidated financial statements for the six-month period ended 30 June 2021 as follows:

Management Discussion and Analysis

For the six-month period ended 30 June 2021

Summary of Performance

Sales Revenue

For the three-month period ended 30 June 2020 and 2021, the Company recorded total sales revenue of THB 232.86 million and THB 276.92 million, respectively, equivalent to an increase of 18.92%. This is mainly because revenue from export sales in skincare segments has increased 111.46% compared to the same period of last year. The sales in Philippines has been growing since the company has increased points of sales and online channel in overseas market and also launched a new campaign for overseas product line.

For the six-month period ended 30 June 2020 and 2021, the Company recorded total sales revenue of THB 423.10 million and THB 588.33 million, respectively, equivalent to an increase of 39.05%. Revenue from skincare segments increased by 12.19% due to export sales, meanwhile revenue from beauty products segments increased by 69.40% due to the acquisition of Kuron Company Limited since March 2020.

However, as the COVID-19 pandemic has continuously affected in 2021, the Company has acknowledged the situation and adjusted the strategy and marketing plans accordingly to minimize the impact, by focusing in expanding the customer base and emphasizing in online channel.

Sales Revenue by Segment

Revenue by Segment	Consolidated financial statements				Change		Consolidated financial statements				Change	
	For the three-month period ended 30 June				Increase/(Decrease)		For the six-month period ended 30 June				Increase/(Decrease)	
	2021		2020		THB mm	%	2021		2020		THB mm	%
THB mm	%	THB mm	%	THB mm			%	THB mm	%			
1) Skincare segments	126.24	84.34%	86.76	24.83%	39.48	45.51%	251.77	31.37%	224.42	39.91%	27.35	12.19%
1.1) Revenue from local sales	56.06	37.45%	53.57	15.33%	2.49	4.65%	128.80	16.05%	145.22	25.83%	(16.42)	-11.31%
1.2) Revenue from export sales	70.18	46.89%	33.19	9.50%	36.99	111.46%	122.96	15.32%	79.20	14.09%	43.76	55.25%
2) Beauty products segments	150.68	100.67%	146.10	41.81%	4.58	3.13%	336.57	41.94%	198.68	35.33%	137.89	69.40%
2.1) Revenue from local sales	149.85	100.11%	145.36	41.60%	4.49	3.09%	335.06	41.75%	197.33	35.10%	137.73	69.80%
2.2) Revenue from export sales	0.83	0.55%	0.74	0.21%	0.09	12.11%	1.50	0.19%	1.34	0.24%	0.16	11.91%
Total sales	276.92	185.01%	232.86	66.63%	44.06	18.92%	588.33	73.31%	423.10	75.25%	165.23	39.05%
Other Income ^{1/}	(127.24)	-85.01%	116.60	33.37%	(243.84)	-209.13%	214.21	26.69%	139.17	24.75%	75.04	53.92%
Total revenue	149.68	100.00%	349.46	100.00%	(199.78)	-57.17%	802.54	100.00%	562.27	100.00%	240.27	42.73%

Notes: ^{†1} Other income comprises mainly of gain on fair value measurement of financial assets, gain on disposal of financial assets, and dividends received.

Cost of Goods Sold

Cost of goods sold for the six-month period ended 30 June 2020 and 2021 stood at THB 177.48 million and THB 258.35 million, respectively, equivalent to an increase of 45.57%. Cost of goods sold to sales revenue ratio increased from 41.95% to 43.91% due to the increase in sales mix of sachet products, which usually have lower gross profit margin than bottle products. In addition, the Company's capacity variance loss has increased from unused capacity.

Gross Profit

Gross profit for the six-month period ended 30 June 2020 and 2021 were THB 245.62 million and THB 329.98 million, respectively, or equivalent to a gross profit margin of 58.05% and 56.09%, respectively. The slightly drop in gross profit of the Company was mainly due to the change in product sales mix.

Distribution Costs

The Company posted sales expenses for the six-month period ended 30 June 2020 and 2021 of THB 206.92 million and THB 248.03 million, respectively. This is equivalent to an increase of 19.87% compared to the same period of last year. This is mainly due to the consolidation of Kuron since the acquisition has been completed in March 2020.

Nonetheless, sales expenses to sales revenue ratio dropped from 48.91% to 42.16% as the Company held up the sale promotion, and marketing expenses. the Company has reduced the spending on advertisement and promotion in this period, compared to the same period last year, to reflect the slowdown in sales due to the COVID-19 pandemic which resulted in the closures of many points of sales. In addition, we have focused on efficiency marketing channel by using online platform.

Administrative Expenses

The Company's administrative expenses for the six-month period ended 30 June 2020 and 2021 were THB 119.44 million and THB 137.02 million, respectively, equivalent to an increase of 14.72%. This is mainly due to the consolidation of Kuron's administrative expenses since the acquisition has been completed in March 2020. However, the Company's administrative expenses to sales revenue ratio has been decreased from 28.23% to 23.29% as a result of effective expenses management.

Net Profit

The Company posted net profit of THB 42.63 million and THB 119.70 million for the six-month period ended 30 June 2020 and 2021, respectively, equivalent to an increase of 180.76%. The net profit margin also

increased from 7.58% to 14.92%. An increase in net profit is mainly contributed by gain on fair value measurement and disposal of financial assets during the year offset with income tax expense.

Financial Position

Total Assets

As of 30 June 2021, the Company's total assets stood at THB 5,224.32 million, decreased by -2.76% from the end of last year. The majority of total assets consist of cash and equivalents, other current financial assets, trade receivables, and other receivables, property, plant and equipment, intangible assets and goodwill. The decrease of total assets was mainly due to dividend of year 2020 amount THB 158.94 million paid during the year.

Total Liabilities

As of 30 June 2021, the Company held total liabilities of THB 487.55 million, increasing at a rate of 1.56% from the end of last year. Total liabilities increased as a result of deferred tax liabilities due to accumulated gain on fair value measurement of financial assets.

Shareholders' Equity

As of 30 June 2021, shareholders' equity of the Company was recorded at THB 4,736.77 million. The decrease in shareholders' equity of -3.18% was mainly due to dividend of year 2020 paid during the year offset with net profit.

Financial Ratio

Financial Ratio	As of June 30, 2020	As of June 30, 2021
Liquidity Ratio (times)	18.51	13.70
Debt to Equity Ratio (times)	0.08	0.10
Return on Equity - ROE (%)	0.87	2.53
Return on Assets - ROA (%)	1.14	3.00
Net Profit Margin (%)	7.58	14.92

Please be informed accordingly.

Yours Sincerely,

Mr. Piyawat Ratchapolsitte

Chief Financial Officer