

12 November 2021

**Subject** Management Discussion and Analysis for the nine-month period ended 30 September 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 nine-month period ended 30 September 2021 as follows:

### Management Discussion and Analysis

#### For the nine-month period ended 30 September 2021

#### Summary of Performance

##### Sales Revenue

For the three-month period ended 30 September 2020 and 2021, the Company recorded total sales revenue of THB 279.01 million and THB 279.86 million, respectively, equivalent to an increase of 0.30%. This is mainly because revenue from export sales in skincare segments has increased 60.40% 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 nine-month period ended 30 September 2020 and 2021, the Company recorded total sales revenue of THB 702.11 million and THB 868.19 million, respectively, equivalent to an increase of 23.65%. Revenue from skincare segments increased by 15.30% due to export sales, meanwhile revenue from beauty products segments increased by 31.23% 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 September				Increase/(Decrease)		For the nine-month period ended 30 September				Increase/(Decrease)	
	2021		2020				2021		2020			
	THB mm	%	THB mm	%	THB mm	%	THB mm	%	THB mm	%	THB mm	%
<b>1) Skincare segments</b>	<b>133.09</b>	<b>43.49%</b>	<b>109.37</b>	<b>35.37%</b>	<b>23.72</b>	<b>21.69%</b>	<b>384.86</b>	<b>35.52%</b>	<b>333.79</b>	<b>41.73%</b>	<b>51.07</b>	<b>15.30%</b>
1.1) Revenue from local sales	52.76	17.24%	59.29	19.17%	(6.53)	-11.01%	181.57	16.76%	204.51	25.57%	(22.94)	-11.22%
1.2) Revenue from export sales	80.33	26.25%	50.08	16.20%	30.25	60.40%	203.29	18.76%	129.28	16.16%	74.01	57.25%
<b>2) Beauty products segments</b>	<b>146.77</b>	<b>47.96%</b>	<b>169.64</b>	<b>54.86%</b>	<b>(22.87)</b>	<b>-13.48%</b>	<b>483.33</b>	<b>44.61%</b>	<b>368.32</b>	<b>46.05%</b>	<b>115.01</b>	<b>31.23%</b>
2.1) Revenue from local sales	143.49	46.89%	169.46	54.80%	(25.97)	-15.33%	478.55	44.17%	366.79	45.86%	111.76	30.47%
2.2) Revenue from export sales	3.28	1.07%	0.18	0.06%	3.10	1684.44%	4.78	0.44%	1.53	0.19%	3.25	212.74%
<b>Total sales</b>	<b>279.86</b>	<b>91.45%</b>	<b>279.01</b>	<b>90.23%</b>	<b>0.85</b>	<b>0.30%</b>	<b>868.19</b>	<b>80.13%</b>	<b>702.11</b>	<b>87.78%</b>	<b>166.08</b>	<b>23.65%</b>
Other income <sup>h</sup>	26.17	8.55%	30.20	9.77%	(4.03)	-13.34%	215.33	19.87%	97.74	12.22%	117.59	120.31%
<b>Total revenue</b>	<b>306.03</b>	<b>100.00%</b>	<b>309.21</b>	<b>100.00%</b>	<b>(3.18)</b>	<b>-1.03%</b>	<b>1,083.52</b>	<b>100.00%</b>	<b>799.85</b>	<b>100.00%</b>	<b>283.67</b>	<b>35.47%</b>

**Notes:** <sup>1</sup> 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 nine-month period ended 30 September 2020 and 2021 stood at THB 317.09 million and THB 359.54 million, respectively, equivalent to an increase of 13.39%, meanwhile cost of goods sold to sales revenue ratio decreased from 45.16% to 41.41%. This is because provision of obsolete stock decreased compared to the same period last year.

### Gross Profit

Gross profit for the nine-month period ended 30 September 2020 and 2021 were THB 385.02 million and THB 508.65 million, respectively, or equivalent to a gross profit margin of 54.84% and 58.59%, respectively. The increase of gross profit was mainly due to the decrease of provision of obsolete stock.

### Sales Expenses

The Company posted sales expenses for the nine-month period ended 30 September 2020 and 2021 of THB 324.80 million and THB 375.26 million, respectively. This is equivalent to an increase of 15.54% compared to the same period of last year as a result of consolidation of Kuron group since the acquisition has been completed in March 2020.

Nonetheless, sales expenses to sales revenue ratio dropped from 46.26% to 43.22% 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 nine-month period ended 30 September 2020 and 2021 were THB 177.16 million and THB 198.51 million, respectively, equivalent to an increase of 12.05%. 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 25.23% to 22.86% as a result of effective expenses management.

### Net Loss

The Company posted net loss of THB -20.25 million and THB -6.72 million for the nine-month period ended 30 September 2020 and 2021, respectively, equivalent to a decrease of -66.82%. The net loss margin also decreased from -2.53% to -0.62%. The decrease of net loss was contributed by the increase in gross profit

from the operation, and sales expenses to sales revenue ratio and administrative expenses to sales revenue ratio have also dropped. As a result of all these factors, net loss in year 2021 has declined compared to the same period last year.

### Financial Position

#### Total Assets

As of 30 September 2021, the Company's total assets stood at THB 4,985.59 million, decreased by -7.20% from the end of last year, the decrease of total assets was mainly due to other current financial assets. This is because of disposal transactions during the year and loss on fair value measurement of financial assets at the end of quarter 3/2021.

#### Total Liabilities

As of 30 September 2021, the Company held total liabilities of THB 368.84 million, decreased by -23.17% from the end of last year. Total liabilities decreased as a result of put option due to acquisition of additional 24% interest in Kuron group in March 2021. Moreover, the decreased was also due to change in other current payables and deferred tax liabilities as a result of falloff in other current financial asset during the year.

#### Shareholders' Equity

As of 30 September 2021, shareholders' equity of the Company was recorded at THB 4,616.75 million. The decrease in shareholders' equity of -5.64% was mainly due to dividend payout and net loss during the year.

### Financial Ratio

Financial Ratio	As of 30 September 2020	As of 30 September 2021
Liquidity Ratio (times)	20.92	16.23
Debt to Equity Ratio (times)	0.07	0.08
Return on Equity - ROE (%)	-0.43	-0.15
Return on Assets - ROA (%)	-0.38	0.21
Net Profit Margin (%)	-2.53	-0.62

Please be informed accordingly.

Yours Sincerely,

Mr. Piyawat Ratchapolsitte

Chief Financial Officer