

25 February 2022

**Subject** Management Discussion and Analysis for the year ended 31 December 2021

**To** The President  
The Stock Exchange of Thailand

Do Day Dream Public Company Limited ("the Company") would like to inform management discussion and analysis for its results of operations from the consolidated financial statements for the year ended 31 December 2021 as follows:

**Management Discussion and Analysis**

**For the year ended 31 December 2021**

**Summary of Performance**

**Sales Revenue**

For the year ended 31 December 2020 and 2021, the Company recorded total sales revenue of THB 1,000.34 million and THB 1,411.31 million, respectively, equivalent to an increase of 41.08%. This is mainly because revenue from skincare segments has increased 61.67% due to both local and export sales, meanwhile revenue from beauty products segments increased by 25.22% due to the acquisition of Kuron Company Limited since March 2020.

Revenue in skincare segment from local sales increased by 59.08% compared to the same period last year as a result of expanding distribution channels such as E-Commerce, Social Commerce, and Influencers which gives better conversion rate leads to the increase of sales.

Meanwhile, Revenue in skincare segment from export sales increased by 65.63%. This is because 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.

## Sales Revenue by Segment

Revenue by Segment	Consolidated financial statements				Change Increase/(Decrease)	
	For the year ended 31 December					
	2021		2020			
	THB mm	%	THB mm	%	THB mm	%
1) Skincare segments	703.70	39.66%	435.26	27.37%	268.44	61.67%
1.1) Revenue from local sales	417.97	23.56%	262.75	16.52%	155.22	59.08%
1.2) Revenue from export sales	285.73	16.10%	172.51	10.85%	113.22	65.63%
2) Beauty products segments	707.61	39.88%	565.08	35.53%	142.53	25.22%
2.1) Revenue from local sales	698.67	39.38%	562.38	35.36%	136.29	24.23%
2.2) Revenue from export sales	8.94	0.50%	2.70	0.17%	6.24	231.49%
<b>Total sales</b>	<b>1,411.31</b>	<b>79.54%</b>	<b>1,000.34</b>	<b>62.90%</b>	<b>410.97</b>	<b>41.08%</b>
Other income <sup>/1</sup>	362.97	20.46%	589.94	37.10%	(226.97)	-38.47%
<b>Total revenue</b>	<b>1,774.28</b>	<b>100.00%</b>	<b>1,590.28</b>	<b>100.00%</b>	<b>184.00</b>	<b>11.57%</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 year ended 31 December 2020 and 2021 stood at THB 580.99 million and THB 559.22 million, respectively, equivalent to a decrease of 3.75%, meanwhile cost of goods sold to sales revenue ratio decreased from 58.08% to 39.62%. This is because provision of obsolete stock decreased compared to the same period last year.

## Gross Profit

Gross profit for the year ended 31 December 2020 and 2021 were THB 419.34 million and THB 852.09 million, respectively, or equivalent to a gross profit margin of 41.92% and 60.38%, respectively. The increase of gross profit was mainly due to the decrease of provision of obsolete stock. Moreover, the increase of sales channel in both local and export sales has also affected to the proportion of the Company's gross profit margin.

## Sales Expenses

The Company posted sales expenses for the year ended 31 December 2020 and 2021 of THB 490.65 million and THB 546.13 million, respectively. This is equivalent to an increase of 11.31% 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 49.05% to 38.70% as the Company held up the sale promotion, and marketing expenses. the Company has reduced the spending on advertisement and promotion during the period of slowdown in sales due to the COVID-19 pandemic which

resulted in the closures of many points of sales. In addition, the Company have focused on efficiency marketing channel by using online platform.

### Administrative Expenses

The Company's administrative expenses for the year ended 31 December 2020 and 2021 were THB 265.58 million and THB 276.23 million, respectively, equivalent to an increase of 4.01%. 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 26.55% to 19.57% as a result of effective expenses management.

### Net Profit

The Company posted net profit attributable to owners of the Company of THB 169.25 million and THB 81.32 million for year ended 31 December 2020 and 2021, respectively, equivalent to a decrease of 51.95%. The net profit margin also decreased from 10.64% to 4.58%. The decrease of net profit was contributed by the increase of net loss on fair value measurement of financial assets offset with the increase of profit from operation.

### Financial Position

#### Total Assets

As of 31 December 2021, the Company's total assets stood at THB 5,223.70 million, decreased by 2.77% 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 net loss on fair value measurement of financial assets.

#### Total Liabilities

As of 31 December 2021, the Company held total liabilities of THB 501.78 million, increased by 4.53% from the end of last year. Total liabilities increased mainly due to lease liabilities along with the increase of rental agreement during the year.

### Shareholders' Equity

As of 31 December 2021, shareholders' equity of the Company was recorded at THB 4,721.93 million. The decrease in shareholders' equity of 3.49% was mainly due to dividend payout during the year.

#### Financial Ratio

Financial Ratio	As of 31 December 2020	As of 31 December 2021
Liquidity Ratio (times)	14.55	11.82
Debt to Equity Ratio (times)	0.10	0.11
Return on Equity - ROE (%)	3.67	2.16
Return on Assets - ROA (%)	4.90	2.57
Net Profit Margin (%)	10.64	4.58

Please be informed accordingly.

Yours Sincerely,

Mr. Vanchai Srisushon  
Chief Financial Officer