

11 August 2022

Subject Management Discussion and Analysis for the second quarter ended June 30, 2022

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 second quarter ended Jun 30, 2022 as follows:

Management Discussion and Analysis
For the second quarter ended June 30, 2022

Summary of Performance

Sales Revenue

For the second quarter ended 30 June 2021 and 2022, the Company recorded total sales revenue of THB 276.92 million and THB 405.83 million, respectively, equivalent to an increase of 46.55%.

This is mainly because revenue from skincare segments has increased 75.55 % due to both local and export sales, meanwhile revenue in skincare segment from local sales increased by 14.39% This is the growth of sales from offline channels as the main factor. As the government sector began to gradually relax various control measures since the beginning of the year and relaxation of epidemic control measures and international travel restrictions. This can help stimulate sales through offline channels. In addition, a result of expanding distribution channels such as E-Commerce, Social Commerce, and Influencers which continue increasing.

Meanwhile, Revenue in skincare segment from export sales increased by 124.40%. 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.

Revenue from beauty products segments increased by 22.25% due to growth in domestic sales volume. As the government policy began to gradually relax measures to control the spread of COVID-19, which helping offline channel distribution of beauty products. Meanwhile, other revenues declined 77.12% from other income that declined as the company's adjustments the investment policy to a conservative in order to reduce risks from the high volatility of the capital market situation.

The cumulative sales revenue of the Company for 6 months ending June 30, 2021 and 2022 were THB 588.33 million and THB 787.61 million, or increase by 33.87%, mainly by skincare segment from export sales increased.

Sales Revenue by Segment

Revenue by Segment	Consolidated financial statements				Change		Consolidated financial statements				Change	
	For the 3 months period ended 30 June				Increase/(Decrease)		For the 6 months ended 30 June				Increase/(Decrease)	
	2022		2021				2022		2021			
	THB mm	%	THB mm	%	THB mm	%	THB mm	%	THB mm	%	THB mm	%
1) Skincare segments	221.62	51.06%	126.24	31.55%	95.38	75.55%	427.14	52.10%	251.77	31.37%	175.37	69.66%
1.1) Revenue from local sales	64.13	14.78%	56.06	14.01%	8.07	14.39%	172.89	21.09%	128.80	16.05%	44.09	34.23%
1.2) Revenue from export sales	157.49	36.29%	70.18	17.54%	87.31	124.40%	254.25	31.01%	122.96	15.32%	131.29	106.77%
2) Beauty products segments	184.21	42.44%	150.68	37.65%	33.53	22.25%	360.46	43.97%	336.57	41.94%	23.89	7.10%
2.1) Revenue from local sales	183.52	42.28%	149.85	37.45%	33.67	22.47%	358.97	43.78%	335.06	41.75%	23.91	7.14%
2.2) Revenue from export sales	0.69	0.16%	0.83	0.21%	(0.14)	-16.96%	1.50	0.18%	1.50	0.19%	-	0.00%
Total sales	405.83	93.50%	276.92	69.20%	128.91	46.55%	787.61	96.06%	588.33	73.31%	199.28	33.87%
Other Income ¹⁾	28.20	6.50%	123.26	30.80%	(95.06)	-77.12%	32.27	3.94%	214.21	26.69%	(181.94)	-84.94%
Total revenue	434.03	100.00%	400.18	100.00%	33.85	8.46%	819.88	100.00%	802.54	100.00%	17.34	2.16%

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 second quarter ended 30 June 2021 and 2022 stood at THB 112.88 million and THB 140.19 million, respectively, equivalent to an increase of 24.20%, meanwhile cost of goods sold to sales revenue ratio decreased from 40.76% to 34.54%. The decreased in cost of goods sold to income ratio was a result of the increase in the capacity utilization rate of the factory. Maintain efficiency to reduce production costs including more efficient production cost management.

Gross Profit

Gross profit for the second quarter ended 30 June 2021 and 2022 were THB 287.30 million and THB 293.84 million, respectively, or equivalent to a gross profit margin of 71.79% and 67.70%, respectively. The gross profit margin decreased compared to the same period last year as a decrease in other income due to the change in investment policy.

Selling Expenses

The Company posted selling expenses for the second quarter ended 30 June 2021 and 2022 of THB 130.61 million and THB 141.57 million, respectively. This is equivalent to an increase of 8.39% compared to the same period of last year with an increase at a lower rate than revenue from sales

Nonetheless, sales expenses to sales revenue ratio dropped from 47.17% to 34.88% as the Company held up, according to the Synergy Roadmap within the Group of Company to reduce redundancy and increase the efficiency of operations and also the Company has reduced the spending on promotion.

Administrative Expenses

The Company's administrative expenses for the second quarter ended 30 June 2021 and 2022 were THB 59.39 million and THB 87.12 million, respectively, equivalent to an increase of 46.68%. This is mainly due to the expenses of the subsidiaries that increased from expand to support their market growth and increased in employee expenses.

Net Profit

The Company posted net profit attributable to owners of the Company of THB 141.66 million and THB 23.46 million for the second quarter ended 30 June 2021 and 2022, respectively, equivalent to accounted for a decrease in loss at the rate of 83.44% The net loss margin also decreased from 35.40% to 5.40%. As the increase in sales revenue of the company, decreasing in cost and selling expenses, which is cause of the company has generated profit from normal operation. In addition, the second quarter of 2021, the company had net loss on fair value measurement of financial assets according to accounting standards amounting to THB 250.50 million, but in the second quarter of 2022, the company had net loss on fair value measurement of financial assets according to accounting standards amounting to THB 72.78 million.

Financial Position

Total Assets

As of 30 June 2022, the Company's total assets stood at THB 5,127.96 million, decreased by 1.83% from the end of last year, the decrease of total assets was mainly due to other current financial assets. This is because of net profit on fair value measurement of financial assets according to accounting standards.

Total Liabilities

As of 30 June 2022, the Company held total liabilities of THB 477.31 million, decreased by 4.88% from the end of last year. Total liabilities decreased mainly due to payment of accounts payable and other debt under normal term and conditions.

Shareholders' Equity

As of 30 June 2022, shareholders' equity of the Company was recorded at THB 4,650.65 million. The decrease in shareholders' equity of 1.51 % was mainly due to as a result of the dividend payment according to the resolution of the shareholders' meeting of THB 111.26 million in May 2022

Financial Ratio

Financial Ratio	As of 30 June 2022	As of 30 June 2021
Liquidity Ratio (times)	12.02	13.70
Debt to Equity Ratio (times)	0.10	0.10
Return on Equity - ROE (%)	0.96%	2.53%
Return on Assets - ROA (%)	1.20%	3.01%
Net Profit Margin (%)	5.47%	14.92%

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon
Chief Financial Officer