

- Translation -

11 November 2022

Subject Management Discussion and Analysis for the third quarter ended September 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 third quarter ended September 30, 2022 as follows:

Management Discussion and Analysis

For the third quarter ended September 30, 2022

Summary of Performance

Sales Revenue

For the third quarter ended 30 September 2021 and 2022, the Company recorded total sales revenue of THB 279.86 million and THB 392.94 million, respectively, equivalent to an increase of 40.41%.

This is mainly because revenue from skincare segments has increased 52.29% compared to the same period last year, driven by increased revenue from international sales. The international sales revenue of the skincare segment increased by 92.17% compared to the same period last year. The Company has increased its overseas distribution channels in both stores and online channels, as well as increased marketing plans for products sold in the Philippines.

Revenue from the beauty products segment increased by 29.62% on the back of increased domestic sales volumes. Domestic sales revenue of the beauty products segment increased by 32.33%, driven by the growth of sales from offline channels. The government has begun easing control measures since the beginning of the year and easing outbreak control measures and international travel restrictions. In addition, the expansion of distribution channels through online channels (E-Commerce), social commerce channels and influencers continues to grow.

Other revenue segments that increased due to the Company's additional revenues in the equity of increased capital gains from the disposition of financial assets and liabilities THB 71.64 million.



The cumulative sales revenue of the Company for 9 months ending 30 September 2021 and 2022 were THB 868.20 million and THB 1,180.55 million, or increase by 35.98%, 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		THB mm	%	2022		2021		THB mm	%
THB mm	%	THB mm	%	THB mm			%	THB mm	%			
1) Skincare segments	202.70	42.40%	133.10	43.49%	69.60	52.29%	629.85	48.63%	384.86	28.85%	244.99	63.66%
1.1) Revenue from local sales	48.34	10.11%	52.76	17.24%	(4.42)	-8.38%	221.23	17.04%	181.57	13.61%	39.66	21.84%
1.2) Revenue from export sales	154.37	32.29%	80.33	26.25%	74.04	92.17%	408.62	31.48%	203.30	15.24%	205.32	101.00%
2) Beauty products segments	190.24	39.79%	146.77	47.96%	43.47	29.62%	550.70	42.43%	463.33	36.23%	67.37	13.94%
2.1) Revenue from local sales	189.88	39.72%	143.49	46.89%	46.39	32.33%	548.85	42.29%	478.56	35.87%	70.29	14.69%
2.2) Revenue from export sales	0.35	0.07%	3.27	1.07%	(2.92)	-89.21%	1.85	0.14%	4.78	0.36%	(2.93)	-61.34%
Total sales	392.94	62.20%	279.86	91.45%	113.08	40.41%	1,180.55	90.96%	868.20	65.08%	312.35	35.98%
Other income: [†]	85.10	17.80%	26.17	8.55%	58.93	225.18%	117.38	9.04%	465.82	34.92%	(348.44)	-74.80%
Total revenue	478.05	100.00%	306.03	100.00%	172.02	56.21%	1,297.93	100.00%	1,334.02	100.00%	(36.09)	-2.71%

Notes: [†] 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 third quarter ended 30 September 2021 and 2022 stood at THB 101.19 million and THB 132.52 million, respectively, equivalent to an increase of 30.95%, meanwhile cost of goods sold to sales revenue ratio decreased from 36.16% to 33.72%. 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 third quarter ended 30 September 2021 and 2022 were THB 204.84 million and THB 345.53 million, respectively, or equivalent to a gross profit margin of 66.93% and 72.28%, respectively. The gross profit margin increased compared to the same period last year, according to cost management and other revenue increases mentioned above.

Selling Expenses

The Company posted selling expenses for the third quarter ended 30 September 2021 and 2022 of THB 127.23 million and THB 148.96 million, respectively. This is equivalent to an increase of 17.08% 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 45.46% to 37.91% as the Company held up, according to the Synergy Roadmap within the Group of Company to reduce duplication and continuously increase operational efficiency within the Group as well as a more effective control policy on sales expenses.

Administrative Expenses

The Company's administrative expenses for the third quarter ended 30 September 2021 and 2022 were THB 61.49 million and THB 84.67 million, respectively, equivalent to an increase of 37.70%. 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 loss attributable to owners of the Company of THB 130.87 million and The Company posted net profit attributable to owners of the Company of THB 11.38 million for the third quarter ended 30 September 2021 and 2022, respectively, equivalent to accounted for a decrease in profits at the rate of 108.70% the net profit margin of the major companies improved from -42.76% to 2.38% on the company's sales revenue this year. Controlling and managing costs and expenses, coupled with increased capital gains from the disposal of assets and financial liabilities. As a result, the Company's operating profit increased.

Financial Position

Total Assets

As of 30 September 2022, the Company's total assets stood at THB 5,234.09 million, increased by 0.20% from the end of last year, the increase in total assets This was due to an increase in the recognition of cash and cash equivalents in short-term investments in equity and debt securities markets, according to the policy that reduces risks and reduces the impact of capital market volatility and increasing in inventory awareness to support distribution plans in the fourth quarter.

Total Liabilities

As of 30 September 2022, the Company held total liabilities of THB 549.64 million, increased by 9.54% from the end of last year. Total liabilities increased mainly due to payment of accounts payable and other debt under normal term and conditions.

Shareholders' Equity

As of 30 September 2022, shareholders' equity of the Company was recorded at THB 4,684.45 million. The decrease in shareholders' equity of 0.79% 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 September 2022	As of 30 September 2021
Liquidity Ratio (times)	10.01	16.23
Debt to Equity Ratio (times)	0.12	0.08
Return on Equity - ROE (%)	1.45%	-0.15%
Return on Assets - ROA (%)	1.73%	0.21%
Net Profit Margin (%)	5.24%	-0.62%

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon
Chief Financial Officer

