

- Translation -

24 February 2023

Subject Management Discussion and Analysis for the third quarter ended December 31, 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 December 31, 2022 as follows:

Management Discussion and Analysis
For the third quarter ended December 31, 2022

Summary of Performance

Sales Revenue

For the year ended 31 December 2021 and 2022, the Company recorded total sales revenue of THB 1,411.31 million and THB 1,602.80 million, respectively, equivalent to an increase of 13.57%.

This is mainly because revenue from skincare segments has increased 15.93% compared to the same period last year, driven by increased revenue from international sales. The international sales revenue of the skincare segment increased by 93.88% compared to the same period last year, driven by market growth in the Philippines.

Revenue from the beauty products segment increased by 11.22% on the back of increased domestic sales volumes. The domestic sales revenue of the beauty products segment increased by 12.34%, due to the beginning of 2022, 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 decreased due to the company's change in investment policy to conservative and focus on receiving returns in the form of dividends. By carefully investing to reduce the risk of high volatility capital market situations. As a result, total revenue decreased by 0.59%

Sales Revenue by Segment

Revenue by Segment	Consolidated financial statements				Change Increase/(Decrease)	
	For the year ended 31 December					
	2022		2021		THB mm	%
	THB mm	%	THB mm	%		
1) Skincare segments	815.83	46.25%	703.70	39.66%	112.13	15.93%
1.1) Revenue from local sales	261.86	14.85%	417.97	23.56%	(156.11)	-37.35%
1.2) Revenue from export sales	553.97	31.41%	285.73	16.10%	268.24	93.88%
2) Beauty products segments	786.97	44.62%	707.61	39.88%	79.36	11.22%
2.1) Revenue from local sales	784.92	44.50%	698.67	39.38%	86.25	12.34%
2.2) Revenue from export sales	2.05	0.12%	8.94	0.50%	(6.89)	-77.07%
Total sales	1,602.80	90.87%	1,411.31	79.54%	191.49	13.57%
Other income ¹⁾	161.07	9.13%	362.97	20.46%	(201.90)	-55.62%
Total revenue	1,763.87	100.00%	1,774.28	100.00%	(10.41)	-0.59%

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 year ended 31 December 2021 and 2022 stood at THB 559.22 million and THB 556.54 million, respectively, equivalent to a decrease of 0.48%, which was countered by an increase in sales revenue. Meanwhile, the cost of goods sold to sales revenue ratio decreased from 39.62% to 34.72%. 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 year ended 31 December 2021 and 2022 were THB 1,215.06 million and THB 1,207.33 million, respectively, or equivalent to a gross profit margin of 68.48% and 68.45%, 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 year ended 31 December 2021 and 2022 of THB 546.13 million and THB 564.56 million, respectively. This is equivalent to an increase of 3.37% 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 38.70% to 35.22% 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 administrative expenses for the year ended 31 December 2021 and 2022 were THB 276.23 million and THB 331.67 million, respectively, equivalent to an increase of 20%. This is mainly due to increased employee expenses of the Company and its subsidiaries in preparation for the expansion and growth of its subsidiaries.

Net Profit

The Company posted net profit attributable to owners of the Company of THB 81.32 million and THB 100.97 million for the year ended 31 December 2021 and 2022, respectively, equivalent to accounted for a decrease in profits at the rate of 24.16% the net profit margin of the major companies improved from 4.58% to 5.72% on the company's sales revenue this year, controlling and managing costs and expenses.

Financial Position

Total Assets

As of 31 December 2022, the Company's total assets stood at THB 5,318.39 million, increased by 1.81% from the end of last year, which was an increase in total assets from cash and cash equivalents of the Company. An increase in the disposal of financial assets in order to reduce risks in accordance with the change of investment policy to conservative and increase liquidity for the company, and increase of inventory in stock products for distribution.

Total Liabilities

As of 31 December 2022, the Company held total liabilities of THB 585.33 million, increased by 16.65% from the end of last year. Total liabilities increased mainly the increase in current liabilities from the accounts payable portion as the main factor.

Shareholders' Equity

As of 31 December 2022, shareholders' equity of the Company was recorded at THB 4,733.06 million. Increased equity by 0.24% based on the Corporation's results of operations.

Financial Ratio

Financial Ratio	As of 31 December 2022	As of 31 December 2021
Liquidity Ratio (times)	9.24	11.82
Debt to Equity Ratio (times)	0.12	0.11
Return on Equity - ROE (%)	2.86	2.12
Return on Assets - ROA (%)	2.57	1.92
Net Profit Margin (%)	7.67	5.75

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon

Chief Financial Officer