

- Translation -

12 May 2023

**Subject** Management Discussion and Analysis for the first quarter ended March 31, 2023

**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 first quarter ended March 31, 2023 as follows:

Management Discussion and Analysis  
For the three-month period ended March 31, 2023

Summary of Performance

**Sales Revenue**

For the first quarter ended 31 March 2022 and 2023, the Company recorded total sales revenue of THB 381.78 million and THB 390.05 million, respectively, equivalent to an increase of 2.17%. The factors that have an impact on revenue are as follows

Revenue from the skincare product business decreased by 8.83% compared to the same period in the previous year. The decrease in revenue from domestic sales of the skincare product division was 47.11% compared to the same period of the previous year. This was due to last year the company had a customer who placed an order, which was a one-time sale. Additionally, the recovery of tourists was slower than anticipated. On the other hand, revenue from export sales of the skincare product division increased by 34.20% compared to the same period of the previous year. This was a result of sales growth in the Philippines market, primarily driven by the expansion of offline distribution channels. It was also supported by the introduction of new products to boost sales and hiring brand ambassadors to promote the products, reflecting the brand's image and attracting consumers.

Meanwhile, Revenue in skincare division, it increased by 15.00%. This includes increased revenue from both domestic and export sales. Revenue from domestic product sales increased by 15.02%, while revenue from international sales increased by 8.67%. This was a result of stock preparation, which allowed for widespread distribution of products in various sales outlets and offline sales also saw a recovery.

For other income, which was adjusted according to a conservative investment policy and cautious investment to mitigate risks from highly volatile market conditions, in the first quarter of 2566, the company had other income of THB 24.76 million.

Revenue Table by Business Division:

Revenue by Segment	Consolidated financial statements				Change Increase/(Decrease)	
	For the year ended 31 March					
	2023		2022		THB mm	%
	THB mm	%	THB mm	%		
<b>1) Skincare segments</b>	<b>187.37</b>	<b>45.17%</b>	<b>205.52</b>	<b>50.10%</b>	<b>(18.15)</b>	<b>-8.83%</b>
1.1) Revenue from local sales	57.52	13.87%	108.76	26.51%	(51.24)	-47.11%
1.2) Revenue from export sales	129.85	31.30%	96.76	23.59%	33.09	34.20%
<b>2) Beauty products segments</b>	<b>202.68</b>	<b>48.86%</b>	<b>176.25</b>	<b>42.97%</b>	<b>26.43</b>	<b>15.00%</b>
2.1) Revenue from local sales	201.80	48.65%	175.45	42.77%	26.35	15.02%
2.2) Revenue from export sales	0.88	0.21%	0.81	0.20%	0.07	8.67%
<b>Total sales</b>	<b>390.05</b>	<b>94.03%</b>	<b>381.78</b>	<b>93.07%</b>	<b>8.27</b>	<b>2.17%</b>
Other income <sup>1)</sup>	24.76	5.97%	28.43	6.93%	(3.67)	-12.91%
<b>Total revenue</b>	<b>414.81</b>	<b>100.00%</b>	<b>410.21</b>	<b>100.00%</b>	<b>4.60</b>	<b>1.12%</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 first quarter ended 31 March 2022 and 2023 stood at THB 136.73 million and THB 142.63 million, respectively. This represents an increase of 4.31% in relation to the increased sales volume, which is a primary contributing factor. Additionally, the higher proportion of selling costs for beauty products compared to skincare products has resulted in an adjustment to the original costs.

Gross Profit

The gross profit for the first quarter ended 31 March 2022 and 2023 were THB 245.05 million and THB 247.42 million, respectively. This represents a gross profit margin of 64.19% and 63.43% respectively, when compared to the revenue from sales. The gross profit margin decreased compared to the same period of the previous year, in line with the increased total selling costs.

Selling Expenses

The Company posted selling expenses for the first quarter ended 31 March 2022 and 2023 of THB 122.96 million and THB 122.90 million, respectively. This represents a decrease of 0.05%

When comparing the ratio of selling expenses to revenue from sales. It is found that the ratio decreased from the same period of the previous year, from 32.21% to 31.51%. This decrease is primarily attributed to the reduction in expenses related to sales promotion, in accordance with the company's cost control policy for sales expenses.

### Administrative Expenses

The Company's administrative expenses for the first quarter ended 31 March 2022 and 2023 were THB 78.37 million and THB 77.35 million, respectively. This represents a decrease of 1.29% in terms of percentage. The decrease is primarily due to the reduction in depreciation expenses for office equipment.

### Net Profit

The company had a net profit for the first quarter, ending on March 31, 2022 and 2023, of THB 55.12 million and THB 2.41 million, respectively. This represents a decrease of 95.63% and a decrease in the net profit margin of the company from 13.44% to 0.58% when compared to the total revenue.

Furthermore, there was a net profit for the first quarter that belongs to the company, ending on March 31, 2022, of THB 51.14 million, and a net loss for the first quarter that belongs to the company, ending on March 31, 2023, of THB 5.05 million. This reflects a decrease of 109.87% and a decrease in the net profit margin of the company from 12.47% to -1.22% when compared to the total revenue. The main reason for this is that the company recognized a loss from the measurement of financial assets amounting to THB 69.23 million, following accounting standards.

### Financial Position

#### Total Assets

As of 31 March 2023, the Company's total assets stood at THB 5,205.96 million, it decreased by 2.11% compared to the previous year, the reduction was primarily caused by a decrease in the value of other current financial assets, following the net loss resulting from the fair value measurement of financial assets.

#### Total Liabilities

As of 31 March 2023, the Company held total liabilities of THB 472.22 million, it decreased by 19.32% compared to the previous year, this reduction was mainly caused by the payment of trade payables following normal trading conditions.

### Shareholders' Equity

As of 31 March 2023, shareholders' equity of the Company was recorded at THB 4,733.74 million. The increase in shareholders' equity of 0.01% was mainly due to a result of the net profit of the business in the first quarter of 2023.

### Financial Ratio

Financial Ratio	As of 31 March 2023	As of 31 March 2022
Liquidity Ratio (times)	11.62	13.26
Debt to Equity Ratio (times)	0.10	0.10

Financial Ratio	As of 31 March 2023	As of 31 March 2022
Return on Equity - ROE (%)	0.05	1.15
Return on Assets - ROA (%)	0.05	1.34
Net Profit Margin (%)	0.58	13.44

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon

Chief Financial Officer