

- Translation -

November 9th, 2023

Subject Management Discussion and Analysis for the third quarter ended September 30, 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 third quarter ended September 30, 2023 as follows:

Management Discussion and Analysis

For the third quarter ended September 30, 2023

Summary of Performance

Sales Revenue

For the third quarter ended 30 September 2022 and 2023, the Company recorded total sales revenue of THB 392.94 million and THB 381.97 million, respectively, equivalent to a decrease of 2.79%.

This is mainly because revenue from skincare segments has increased 6.85% compared to the same period last year, driven by increased revenue from domestic sales, has increased 5.13% compared to the same period last year. The expansion of the market to customers who are distributors and traditional trade. And the international sales revenue of the skincare segment increased by 7.39% compared to the same period last year, driven by increased sales growth in the Philippines and Hong Kong, along with market expansion to other countries in Southeast Asia regions.

Revenue from the beauty products segment decreased by 13.07% on the back of decreased domestic sales volumes. Domestic sales revenue of the beauty products segment decreased by 13.67%, sales from offline channels has decreased because of some location in department stores were closed for the renovation. In addition, the Company has decreased the impact by distributing products through other channels such as online and the events. However, the international income has increased by 313.04% but still has a small proportion.

For the third quarter ended 30 September 2023 the Company has other income of THB 12.34 million, which comes from returns in the form of interest and dividend. The other income has decreased from the same period last year THB 72.76 million, equivalent decreased 85.50% because the Company had a profit from sale

of assets and liabilities THB 71.64 million. The Company maintains a conservative investment policy and be prudent with investing to reduce point of risk from the highly volatile capital market situation.

The cumulative sales revenue of the Company for 9 months ending 30 September 2022 and 2023 were THB 1,180.55 million and THB 1,147.25 million, or decrease by 2.82%

Sales Revenue by Segment

Revenue by Segment	Consolidated financial statements				Change		Consolidated financial statements				Change	
	For the three-month period ended 30 September						For the nine-month period ended 30 September					
	2023		2022		Increase/(Decrease)		2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%	THB mm	%	THB mm	%	THB mm	%
1) Skincare segments	216.58	54.93%	202.71	42.40%	13.88	6.85%	617.75	50.90%	629.85	46.53%	(12.10)	-1.92%
1.1) Revenue from local sales	50.62	12.69%	48.34	10.11%	2.48	5.13%	160.37	13.21%	221.23	17.04%	(60.86)	-27.51%
1.2) Revenue from export sales	165.77	42.04%	154.37	32.29%	11.40	7.39%	457.37	37.68%	408.62	31.48%	48.75	11.93%
2) Beauty products segments	165.38	41.84%	190.24	39.79%	(24.86)	-13.07%	529.51	43.63%	550.70	42.43%	(21.19)	-3.85%
2.1) Revenue from local sales	163.92	41.57%	189.68	39.72%	(25.96)	-13.67%	525.99	43.34%	548.65	42.29%	(22.66)	-4.17%
2.2) Revenue from export sales	1.46	0.37%	0.35	0.07%	1.11	313.04%	3.52	0.29%	1.65	0.14%	1.67	90.26%
Total sales	381.97	96.87%	392.94	82.20%	(10.97)	-2.79%	1,147.25	94.53%	1,180.55	90.96%	(33.30)	-2.82%
Other income ¹⁾	12.34	3.13%	65.10	17.80%	(72.76)	-65.50%	66.43	5.47%	117.98	9.04%	(50.95)	-43.41%
Total revenue	394.31	100.00%	478.05	100.00%	(83.74)	-17.52%	1,213.68	100.00%	1,297.93	100.00%	(84.25)	-6.49%

Notes: ¹⁾ Other income comprises mainly of gain on the sale of financial assets, interest and dividend income.

Cost of Goods Sold

Cost of goods sold for the third quarter ended 30 September 2022 and 2023 stood at THB 132.51 million and THB 137.96 million, respectively, equivalent to an increase of 4.11%, mainly due to the increased of international cost of goods sold from the market competition situation, aligned with the increase in the proportion of income from international sales.

Gross Profit

Gross profit for the third quarter ended 30 September 2022 and 2023 were THB 260.43 million and THB 244.01 million, respectively, or equivalent to a gross profit margin of 66.28 % and 63.88%, respectively. The gross profit margin has decreased compared to the same period last year, according to the proportion to the increase in cost of goods sold compared to the income.

Selling Expenses

The Company posted selling expenses for the third quarter ended 30 September 2022 and 2023 of THB 148.96 million and THB 147.21 million, respectively. This is equivalent to a decrease of 1.17% by a decrease in sales promotion expensed, according to the Company's control policy on sales expenses.



Administrative Expenses

The Company's administrative expenses for the third quarter ended 30 September 2022 and 2023 were THB 84.67 million and THB 93.08 million, respectively, equivalent to an increase of 9.92 %. This is mainly due to the increased in employee expenses to support the business expansion of subsidiaries. However, warehouse and office expenses has decreased according to the Synergy roadmap within group of companies.

Net Profit

The Company's Net Profit for the third quarter ended 30 September 2022 and 2023 were THB 23.18 million and THB (30.05) million, respectively, a decrease of THB 53.23 million and the Company's Net Profit margin has decreased from 4.85% to (7.62) % compared to total income.

The Operating results for the third quarter of 2023 has decreased from lower income and other income in terms of profits from the sale of financial assets and liabilities. And the impact from recognition of losses from valuation of financial assets according to accounting standards. The Company had a loss from valuation of financial assets in the third quarter of 2023 equal to THB 28.15 million.

Financial Position

Total Assets

As of 30 September 2023, the Company's total assets stood at THB 4,982.43 million, decreased by 6.32%, the decrease in total assets This was due to a net decrease of THB 259.85 million in cash and cash equivalents and short-term financial assets and a decrease in account receivable of THB 92.14 million from debt collection during the period. The decrease in cash was due to being used to payout the dividend to shareholders and paying debt according to normal conditions and investment in inventories.

Total Liabilities

As of 30 September 2023, the Company held total liabilities of THB 369.07 million, decreased by 36.95 % 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 September 2023, shareholders' equity of the Company was recorded at THB 4,613.37 million. The decrease in shareholders' equity of 2.53 % was mainly due to as a result of the dividend payment. In May 2023, the amount of THB 95.37 million, and in August, dividend payment of a subsidiary company in amount of THB 7.59 million.

Financial Ratio

Financial Ratio	As of 30 September 2023	As of 30 September 2022
Liquidity Ratio (times)	14.82	10.01
Debt to Equity Ratio (times)	0.08	0.12
Return on Equity - ROE (%)	-0.57%	1.45%
Return on Assets - ROA (%)	-0.15%	1.68%
Net Profit Margin (%)	-2.16%	5.24%

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon
Chief Financial Officer