



- Translation -

February 23<sup>rd</sup>, 2024

**Subject** Management Discussion and Analysis for the year ended December 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 year ended December 31, 2023 as follows:

**Management Discussion and Analysis**

**For the year ended December 31, 2023**

**Summary of Performance**

**Sales Revenue**

For the year ended 31 December 2022 and 2023, the Company recorded total sales revenue of THB 1,602.80 million and THB 1,587.90 million, respectively, similar to last year a slightly decrease of 0.93% with affecting income as follows.

This is mainly because revenue from skincare segments has increased 1.62% compared to the same period last year, driven by decreased revenue from domestic sales, has decreased 20.20% compared to the same period last year. The main reason is that in the first quarter of 2022 there was additional income from the normal income base from selling products to one customer, which was a one-time-sell. However, the international sales revenue of the skincare segment increased by 11.94%, 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 3.58% on the back of decreased domestic sales volumes. Domestic sales revenue of the beauty products segment decreased by 3.99%, 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 154.1% but still has a small proportion.

For the year ended 31 December 2023 the Company has other income of THB 80.07 million, which comes from returns in the form of interest and dividend. The other income has decreased from the same period last year THB 161.07 million, equivalent decreased 50.29% because the Company had a profit from sale of

assets and liabilities THB 113.71 million compare with last year of THB 31.83 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.

#### Sales Revenue by Segment

| Revenue by Segment                 | Consolidated financial statements |                |                 |                | Change<br>Increase/(Decrease) |               |
|------------------------------------|-----------------------------------|----------------|-----------------|----------------|-------------------------------|---------------|
|                                    | For the year ended 31 December    |                |                 |                |                               |               |
|                                    | 2023                              |                | 2022            |                | THB mm                        | %             |
|                                    | THB mm                            | %              | THB mm          | %              |                               |               |
| <b>1) Skincare segments</b>        | <b>829.08</b>                     | <b>49.71%</b>  | <b>815.83</b>   | <b>46.25%</b>  | <b>13.25</b>                  | <b>1.62%</b>  |
| 1.1) Revenue from local sales      | 208.97                            | 12.53%         | 261.86          | 14.85%         | (52.89)                       | -20.20%       |
| 1.2) Revenue from export sales     | 620.10                            | 37.18%         | 553.97          | 31.41%         | 66.13                         | 11.94%        |
| <b>2) Beauty products segments</b> | <b>758.83</b>                     | <b>45.49%</b>  | <b>786.97</b>   | <b>44.62%</b>  | <b>(28.14)</b>                | <b>-3.58%</b> |
| 2.1) Revenue from local sales      | 753.62                            | 45.18%         | 784.92          | 44.50%         | (31.30)                       | -3.99%        |
| 2.2) Revenue from export sales     | 5.21                              | 0.31%          | 2.05            | 0.12%          | 3.16                          | 154.10%       |
| <b>Total sales</b>                 | <b>1,587.90</b>                   | <b>95.20%</b>  | <b>1,602.80</b> | <b>90.87%</b>  | <b>(14.90)</b>                | <b>-0.93%</b> |
| Other income <sup>/1</sup>         | 80.07                             | 4.80%          | 161.07          | 9.13%          | (81.00)                       | -50.29%       |
| <b>Total revenue</b>               | <b>1,667.97</b>                   | <b>100.00%</b> | <b>1,763.87</b> | <b>100.00%</b> | <b>(95.90)</b>                | <b>-5.44%</b> |

Notes: <sup>/1</sup> 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 year ended 31 December 2022 and 2023 stood at THB 556.54 million and THB 584.21 million, respectively, equivalent to an increase of 4.97%, 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 year ended 31 December 2022 and 2023 were THB 1,046.25 million and THB 1,003.69 million, respectively, or equivalent to a gross profit margin of 65.28 % and 63.21%, 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 year ended 31 December 2022 and 2023 of THB 564.56 million and THB 597.30 million, respectively. This is equivalent to an increase of 5.80% by an increase in sales promotion expensed, according to the Company stimulate sales in the last quarter, which is the high season of the consumer products business group.

### Administrative Expenses

The Company's administrative expenses for the year ended 31 December 2022 and 2023 were THB 331.67 million and THB 354.92 million, respectively, equivalent to an increase of 7.01%. 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 year ended 31 December 2022 and 2023 were THB 135.29 million and THB (22.90) million, respectively, a decrease of THB 158.18 million and the Company's Net Profit margin has decreased from 7.67% to (1.37) % compared to total income.

The Operating results for the year 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 year of 2023 equal to THB 145.90 million.

### Financial Position

#### Total Assets

As of 31 December 2023, the Company's total assets stood at THB 5,015.94 million, decreased from last year by THB 302.45 million equivalent 5.69%, the decrease in total assets This was due to being used to payout the dividend to shareholders of THB 111.95 million a paid tax during the year and purchased assets. In addition, there was a decrease of trade receivables of THB 25.31 million from debt collection during the year and inventories decreased by THB 66.04 million as a result of efficient product management and sales increased in the last quarter.

In this regard, the liquidity management in the capital market of the Company has an investment value of 13.56% of total assets according to the consolidated financial statements and not more than 40% without meeting the investment conditions that are characterized as operating an investment management business according to the announcement NorPor.5/2023

#### Total Liabilities

As of 31 December 2023, the Company held total liabilities of THB 421.78million, decreased by 27.94 % 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 31 December 2023, shareholders' equity of the Company was recorded at THB 4,594.15 million. The decrease in shareholders' equity of 2.93 % 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 15.09 million.

### Financial Ratio

| Financial Ratio              | As of 31 December 2023 | As of 31 December 2022 |
|------------------------------|------------------------|------------------------|
| Liquidity Ratio (times)      | 12.34                  | 9.24                   |
| Debt to Equity Ratio (times) | 0.09                   | 0.12                   |
| Return on Equity - ROE (%)   | -0.50%                 | 2.86%                  |
| Return on Assets - ROA (%)   | -0.28%                 | 3.22%                  |
| Net Profit Margin (%)        | -1.37%                 | 7.67%                  |

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon  
Chief Financial Officer