

- Translation -

11 August 2023

Subject Management Discussion and Analysis for the second quarter ended June 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 second quarter ended June 30, 2023 as follows:

Management Discussion and Analysis
For the three-month period ended June 30, 2023

Summary of Performance

Sales Revenue

For the second quarter ending on June 30, 2022 and 2023, the company's revenue from sales amounted to 405.83 million baht and 375.23 million baht, respectively, representing a decrease of 7.54%. The factors impacting the revenue are as follows

Revenue from skincare product business decreased by 3.54% compared to the same period in the previous year. Domestic sales of skincare products declined by 18.87% due to slower-than-expected recovery in tourism, while international sales of skincare products increased by 2.70%, mainly driven by the growth in sales within the Philippines and the expanding in conjunction with entering other countries in the East Asian and Southeast Asian region, as well as within the extended East Asian region.

Revenue from beauty products decreased by 12.36%, consisting of a 12.66% decrease in domestic sales, primarily attributed to the decline in offline distribution channels from certain closed retail points in shopping centers. The impact has been mitigated by redirecting the distribution of products through other channels, such as online platforms and various events and exhibitions. However, revenue from foreign markets for beauty supplements increased by 69.37%, albeit with a smaller proportion.

In the second quarter of 2023, the company earned other income amounting to 29.33 million baht, an increase of 1.13 million baht or 4.01% from the same quarter of the previous year. This increase was attributed to returns in the form of interest income and dividend payments. The company maintains a conservative investment policy and exercises caution in investments to mitigate risks arising from volatile market conditions.

The company's accumulated revenue from sales for the 6-month periods ending on June 30, 2022 and 2023 amounted to 787.61 million Baht and 765.28 million Baht, respectively. This represents a decrease of 2.84% from the impact of the second quarter.

Revenue Table by Business Division:

Revenue by Segment	Consolidated financial statements:				Change		Consolidated financial statements:				Change	
	For Second Quarter ended 30 June				Increase/(Decrease)		For 6 Months ended 30 June				Increase/(Decrease)	
	2023		2022		THB mm	%	2023		2022		THB mm	%
1) Skincare segments	213.78	52.84%	221.62	51.06%	(7.84)	-3.54%	401.15	48.96%	427.14	52.10%	(25.99)	-6.08%
1.1) Revenue from local sales	52.03	12.86%	64.13	14.78%	(12.10)	-18.87%	109.55	13.37%	172.89	21.09%	(63.34)	-36.64%
1.2) Revenue from export sales	161.75	39.98%	157.49	36.29%	4.26	2.70%	291.60	35.59%	254.25	31.01%	37.35	14.69%
2) Beauty products segments	161.45	39.91%	184.21	42.44%	(22.76)	-12.36%	364.13	44.44%	380.46	43.97%	3.67	0.92%
2.1) Revenue from local sales	160.28	39.62%	183.52	42.28%	(23.24)	-12.66%	362.07	44.19%	359.97	43.78%	3.10	0.86%
2.2) Revenue from export sales	1.17	0.29%	0.69	0.16%	0.48	69.73%	2.05	0.25%	1.50	0.18%	0.55	36.77%
Total sales	375.23	92.75%	405.83	93.50%	(30.60)	-7.54%	765.28	93.40%	787.61	96.06%	(22.33)	-2.84%
Other income ¹⁾	29.33	7.25%	28.20	6.50%	1.13	4.01%	54.09	6.60%	32.27	3.94%	21.82	67.61%
Total revenue	404.56	100.00%	434.03	100.00%	(29.47)	-6.79%	819.37	100.00%	819.88	100.00%	(0.51)	-0.06%

Notes: /1 Other income comprises mainly of gain on disposal of financial assets, interest income and dividends received.

Cost of Goods Sold

Cost of goods sold for the second quarter ended 30 June 2022 and 2023 were 140.19 million baht and 135.92 million baht, respectively, representing a decrease of 3.05%. This decrease is attributed to the decline in sales volume as the main contributing factor.

Gross Profit

The gross profit for the second quarter ended 30 June 2022 and 2023 were 265.64 million baht and 239.32 million baht, respectively, representing an initial profit rate of 65.46% and 63.78% compared to the revenue from sales. The initial profit rate decreased when compared to the same period of the previous year, due to an increase in the proportion of selling costs relative to the revenue.

Selling Expenses

The selling expenses for the second quarter ending on June 30, 2022 and 2023 were 141.57 million baht and 138.69 million baht, respectively, showing a decrease of 2.03%. This reduction was mainly attributed to the decrease in promotional expenses as per the company's cost control policy in alignment with the sales volume.

Administrative Expenses

The Company's administrative expenses for the second quarter ended 30 June 2022 and 2023 were 87.12 million baht and 80.10 million baht, respectively, indicating a decrease of 8.07%. Following the Synergy

Roadmap plan within the company group, there has been a reduction in expenses related to warehouse and office facilities.

Net Profit

The company had a net profit for the second quarter, ending on June 30, 2022 and 2023, amounting to (10.31) million baht and 1.46 million baht, respectively. This represents an increase of 11.77 million baht or a percentage increase of 114.13%. The net profit margin of the company also improved from a loss of -2.37% to a profit of 0.36% when compared to the total revenue.

The overall performance in the second quarter of 2023 improved due to the increase in other income and the impact of recognizing losses from measuring financial assets at fair value, which decreased compared to the previous period. The company recognized losses from measuring financial assets in the second quarter of 2022 and 2023, amounting to 72.78 million baht and 48.31 million baht, respectively.

And there was a net profit attributable to the shareholders of the company for the second quarter ending on June 30, 2022 and 2023, amounting to (23.46) million Baht and (1.73) million Baht, respectively. This represents an increase rate of 96.64%.

Financial Position

Total Assets

As of 30 June 2023, the company's total assets amounted to 5,006.79 million baht, which decreased by 5.86% compared to the end of the previous year. Primarily, this is driven by a decrease in cash and cash equivalents and short-term financial assets, which decreased by a net amount of 298.45 million Baht, and a reduction in trade receivables by 36.34 million Baht due to additional debt collection efforts. The decline in cash resulted from using it to distribute dividends to shareholders, repay debt as per the debt repayment terms, and invest in remaining inventory.

Total Liabilities

As of 30 June 2023, the company's total liabilities amounted to 359.49 million baht, a decrease of 38.58% compared to the end of the previous year. The reduction in total liabilities was primarily attributed to the regular payment of trade payables and financial institution debts.

Shareholders' Equity

As of 30 June 2023, the company's total equity amounted to 4,647.29 million baht, with a decrease of 1.81% in equity attributable to shareholders. This decrease was a result of dividend payment of 95.37 million baht in the second quarter of 2023.

Financial Ratio

Financial Ratio	As of 30 June 2023	As of 30 June 2022
Liquidity Ratio (times)	15.73	12.02
Debt to Equity Ratio (times)	0.08	0.10
Return on Equity - ROE (%)	0.08%	0.96%
Return on Assets - ROA (%)	0.08%	1.20%
Net Profit Margin (%)	0.47%	5.47%

Please be informed accordingly.

Yours Sincerely,



Mr. Vanchai Srisushon

Chief Financial Officer