

- Translation –

23 February 2023

Subject Management Discussion and Analysis for the year ended 2022

Attention To President, The Stock Exchange of Thailand

Successmore Being Public Company Limited (“the Company”) would like to provide Management Discussion and Analysis for the year ended 2022 as follows

Financial Performance Summary for the year ended 31 December 2022

Consolidated	For period ended					
	31 December 2022		31 December 2021		Change	
	THB MIn	%	THB MIn	%	THB MIn	%
Revenue from Sales						
Sales through Local Businessmen	1,058.1	89.6%	1,112.2	86.6%	(54.1)	(4.9%)
Sales through Overseas Distribution Agents	60.4	5.1%	80.3	6.3%	(19.9)	(24.8%)
Revenue from Services	5.2	0.4%	15.8	1.2%	(10.7)	(67.4%)
Total Revenue from Sales and Services	1,123.7	95.2%	1,208.3	94.1%	(84.6)	(7.0%)
Cost of Sales	(252.7)	(21.4%)	(280.5)	(21.9%)	27.8	(9.9%)
Cost of Services	(3.8)	(0.3%)	(10.7)	(0.8%)	6.9	(64.5%)
Total Cost of Sales and Services	(256.5)	(21.7%)	(291.2)	(22.7%)	34.7	(11.9%)
Gross Profit	867.2	77.2%	917.1	75.9%	(50.0)	(5.4%)
Other Income	56.9	4.8%	69.7	5.4%	(12.9)	(18.4%)
Gain (Loss) on foreign exchange rate - net	(3.5)	(0.3%)	5.6	0.4%	(9.0)	(162.4%)
Selling expenses	(582.2)	(49.3%)	(608.2)	(47.4%)	(26.0)	(4.3%)
Administrative expenses	(116.2)	(9.8%)	(99.2)	(7.7%)	16.9	17.1%
Profit before Finance costs and Income tax	222.2	18.8%	285.0	22.2%	(62.8)	(22.0%)
Finance costs	(2.8)	(0.2%)	(3.5)	(0.3%)	0.7	(19.7%)
Profit before Income tax	219.4	18.6%	281.5	21.9%	(62.1)	(22.1%)
Income tax	(48.7)	(4.1%)	(57.7)	(4.5%)	8.9	(15.5%)
Net Profit	170.7	14.5%	223.8	17.4%	(53.1)	(23.7%)

Operating Results

Unless otherwise stated, the change (increase + / decrease -) (%) shall refer to the change vs period of 2021.

Revenues from Sales

Revenue from sales through local businessmen for the year ended 2022 decreased by THB 54.1 million (-4.9%). This was mainly due to the decline in domestic sales from supplementary products according to the economic slow down situation and the purchasing power of consumers which just in the recovery stage from the impact of COVID-19 epidemic. While the sales value of the company's agricultural product still continuously increasing since the situation of increased of fertilizer prices both in the world market and in Thailand that make the price of company's agricultural product become more competitive compared to similar products in the market. In addition, the company's agricultural products got more acceptance from customer and recommended to others, resulting in increased sales value of company's agricultural products. However, because the income from the supplementary products is in higher proportion than the income from agricultural products, as a result, the decline of sales from supplementary products leads to the decline of revenue from sales through local businessmen for the year ended 2022.

Revenue from sales through overseas distribution agents for the year ended 2022 decreased by THB 19.9 million (-24.8%) as a result of the epidemic situation of the corona virus (COVID-19) in each country where the company has distributors while the organizing online marketing activities in these countries still in the beginning stage compared to online activities in Thailand. As a result, sales of distributors in each country decreased and causing the number of new orders from Thailand to be reduced compared to the same period of the previous year.

Revenue from services for the year ended 2022 decreased by 10.7 million (-67.4%) due to the situation of the corona virus (Covid-19), the company has changed its marketing activities provided to members from offline format which the company recognized revenue from fee charging to the online format which is more effectiveness and reach a wider audience without fee charging. In addition, in 2021 the company collected service fees from overseas distributors in case the company online marketing activities are organized in Thailand and overseas customers participate in such activities. But in order to encourage overseas customers to have access to more online marketing activities organized in Thailand, the company has reduced the service fees charged from overseas distributors in 2022, which has resulted in revenue from services in 2022 decreased.

In summary, total revenue from sales and services for the year ended 2022 was THB 1,123.7 million, a decrease of THB 84.6 million (-7.0%) from 2021, which was at THB 1,208.3 million.

Other Income

Other income decreased by THB 12.9 million (-18.4%) from the reduction in fees collected from overseas distributors, according to the decreased in sales of overseas distributors due to the impact of the corona virus (COVID-19) epidemic.

Selling Expenses

Selling expenses decreased by THB 26.0 million (-4.3%), most of the selling expenses are the commissions that the company paid to businessmen which declined in the same direction as the decline in sales value.

Administrative Expenses

Administrative expenses for the year ended 2022 increased by THB 16.9 million (+17.1%) as a result of the company's budget using to develop information technology systems for management and customer service, follow the strategy: Driving Digital, which the company has set to perform in 2022. In addition, the company spent public relations budget and hired famous actor and celebrities to be presenters for the company's products, to create awareness and expand the customer base to a wider target group which is a strategy that the company started in 2022 for the first time since the establishment of the company. Moreover, Chadhai Leasing Co., Ltd., a subsidiary which the company holds 100% of shares, start it business in the fourth quarter of 2022 and has been recruiting employees to drive the organization. All of these resulting the company's administrative expenses throughout the year 2022 have increased compared to 2021.

Net Profit

The company's net profit for the year ended 2022 was THB 170.7 million, decreased by THB 53.1 million (-23.7%) from the net profit for the year ended 2021, which was THB 223.8 million. However, from the effective cost of goods management result the gross profit margin for the year ended 2022 equal to 77.2%, higher than the gross profit margin for the year ended 2021 which was 75.9%. While the higher administrative expenses result the net profit margin for the year ended 2022 was 14.5%, down from 17.4% in 2021.

Balance Sheet

Consolidated	For period ended					
	31 December 2022		31 December 2021		Change	
	THB Min	%	THB Min	%	THB Min	%
Total Assets	984.6	100.0%	1,048.0	100.0%	(63.4)	(6.0%)
Total Liabilities	219.2	22.3%	257.4	24.6%	(38.2)	(14.9%)
Shareholders' Equity	765.4	77.7%	790.6	75.4%	(25.1)	(3.2%)

Total Assets

Total assets as of 31 December 2022 decreased by THB 63.4 million (-6.0%), mainly due to decrease in cash and cash equivalents. In 2022, the company had continuously received cash from sales. However, the company had paid the dividend on 25 May 2022 in the amount of THB 102.0 million. As a result, the cash and cash equivalents of the company decreased.

Total Liabilities

Total liabilities as of 31 December 2022 decreased by THB 38.2 million (-14.9%), mainly due to the reduction of trade and other current payables, current income tax payable and reduction of lease liabilities.

Shareholders' Equity

Shareholders' equity as of 31 December 2022 decreased by THB 25.1 million (-3.2%), mainly due to decrease in retained earnings after the dividend payment on 25 May 2022.

Coronavirus-2019 Pandemic

The Coronavirus disease 2019 (COVID-19) pandemic has continued to evolve, resulting in economic slowdown and adverse impacts to most businesses. The management team have closely monitored the situation and assessed the financial impact on an ongoing basis. No implications that lead to a material impact to the company's operating results, value of assets, liability reserves or contingent liabilities have been identified.

Sincerely yours,

-Noppakrit Nithilertvijit-
(Mr. Noppakrit Nithilertvijit)

Chief Executive Officer