

- Translation –

11 May 2023

Subject Management Discussion and Analysis for 3-month period ended 31 March 2023

Attention To President, The Stock Exchange of Thailand

Successmore Being Public Company Limited (“the Company”) would like to provide Management Discussion and Analysis for 3-month period ended 31 March 2023 as follows

Financial Performance Summary for 3-month period ended 31 March 2023

| Consolidated | For period ended | | | | | |
|---|------------------|----------------|---------------|----------------|---------------|----------------|
| | 31 March 2023 | | 31 March 2022 | | Change | |
| | THB Mln | % | THB Mln | % | THB Mln | % |
| Revenue from Sales | | | | | | |
| Sales through Local Businessmen | 241.8 | 92.7% | 261.9 | 93.2% | (20.1) | (7.7%) |
| Sales through Overseas Distribution Agents | 1.9 | 0.7% | 5.8 | 2.1% | (3.9) | (67.4%) |
| Revenue from Services | 0.4 | 0.1% | 1.4 | 0.5% | (1.0) | (74.2%) |
| Total Revenue from Sales and Services | 244.0 | 93.6% | 269.1 | 95.8% | (25.1) | (9.3%) |
| Cost of Sales | (44.9) | (17.2%) | (58.4) | (20.8%) | (13.4) | (23.0%) |
| Cost of Services | (0.3) | (0.1%) | (1.3) | (0.5%) | (1.0) | (76.7%) |
| Total Cost of Sales and Services | (45.3) | (17.4%) | (59.7) | (21.2%) | (14.4) | -24.2% |
| Gross Profit | 198.8 | 81.5% | 209.4 | 77.8% | (10.6) | -5.1% |
| Interest income from hire-purchase | 2.1 | 0.8% | 0.0 | 0.0% | 2.1 | n/a |
| Other Income | 14.6 | 5.6% | 11.8 | 4.2% | 2.8 | 23.9% |
| Gain (Loss) on foreign exchange rate - net | (1.1) | (0.4%) | 0.0 | 0.0% | (1.1) | n/a |
| Distribution costs (Selling expenses) | (145.6) | (55.8%) | (138.3) | (49.2%) | 7.3 | 5.2% |
| Administrative expenses | (39.3) | (15.1%) | (34.6) | (12.3%) | 4.7 | 13.4% |
| Profit before Finance costs and Income tax | 29.6 | 11.4% | 48.3 | 17.2% | (18.7) | -38.7% |
| Finance costs | (0.6) | (0.2%) | (0.8) | (0.3%) | 0.2 | (19.3%) |
| Profit before Income tax | 29.0 | 11.1% | 47.5 | 16.9% | (18.5) | (39.0%) |
| Income tax | (8.9) | (3.4%) | (11.1) | (4.0%) | 2.2 | (19.8%) |
| Net Profit | 20.0 | 7.7% | 36.3 | 12.9% | (16.3) | (44.9%) |

Operating Results

Unless otherwise stated, the change (increase + / decrease -) (%) shall refer to the change vs the same period of 2022.

Revenues from Sales

Revenue from sales through local businessmen for 3-month period ended 31 March 2023 decreased by THB 20.1 million (-7.7%). 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 coupled with the increasing competition in the food supplement market. 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, lower revenues from dietary supplements are more than the increase in revenue from agricultural products. As a result, the income from the sale of products through domestic businessmen decreased.

Revenue from sales through overseas distribution agents (export) for 3-month period ended 31 March 2023 decreased by THB 3.9 million (-67.4%) as a result of the economic situation and the purchasing power of consumers in each country where the company has distributors. 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 3-month period ended 31 March 2023 decreased by 1.0 million (-74.2%) 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 the first quarter of 2022 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 since the middle of the year 2022 onwards, which has resulted in revenue from services in the first quarter of 2023 decreased.

In summary, total revenue from sales and services for 3-month period ended 31 March 2023 was THB 244.0 million, a decrease of THB 25.1 million (-9.3%) from 2022, which was at THB 269.1 million.

Other Income

Other income increased by THB 2.8 million (+23.9%). Even though the revenue from the brand using fee which collected from overseas distributors decreased in accordance with the sales of the distributors in each country. But the company has more other income from the commission income which company's subsidiary received from business partners in case of credit arrangements. In addition, the company also earns income from liquidity management through investing in low-risk fixed income securities. As a result, other income in the first three months of 2023 rose.

Distribution costs (Selling Expenses)

Selling expenses increased by THB 7.3 million (+5.2%), 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. However, the company's expenses for marketing promotion activities increased, consisting of advertising expenses and costs associated with hiring famous people such as influencers and blogger to publicize and create awareness for the company's products. Including the cost of organizing various seminars such as the "Inspiration" event and the "Start Your Business With Why" event that were not held in the same period last year due to the outbreak of Covid-19.

Administrative Expenses

Administrative expenses for 3-month period ended 31 March 2023 increased by THB 4.7 million (+13.4%) as a result of the employee expenses of Chadhai Leasing Co., Ltd., a subsidiary which the company holds 100% of shares. During the same period of the previous year, the subsidiary company did not have any employee expenses incurred because it has just started operating in the last quarter of 2022. In addition, the Company has set up an allowance for expected credit losses of hire-purchase receivables of the subsidiaries in the amount of THB 2.4 million which is an expense that did not exist during the same period of the year 2022, resulting in an increase in administrative expenses in the first three months of the year 2023.

Net Profit

The company's net profit for 3-month period ended 31 March 2023 was THB 20.0 million, decreased by THB 16.3 million (-44.9%) from the same period of the previous year, which was THB 36.3 million. However, from the effective cost of goods management result the gross profit equal to 81.5%, higher than the gross profit margin for the same period of the previous year which was 77.8%. While the higher distribution costs (Selling expenses), administrative expenses, and setting up an allowance for expected credit losses of hire-purchase receivables of company's subsidiaries result the net profit margin for 3-month period ended 31 March 2023 was 7.7%, down from 12.9% in the same period of 2022.

Balance Sheet

| Consolidated | For period ended | | | | | |
|----------------------|------------------|--------|------------------|--------|---------|------|
| | 31 March 2023 | | 31 December 2022 | | Change | |
| | THB Mln | % | THB Mln | % | THB Mln | % |
| Total Assets | 1,026.4 | 100.0% | 984.6 | 100.0% | 41.8 | 4.2% |
| Total Liabilities | 240.3 | 23.4% | 219.2 | 22.3% | 21.2 | 9.7% |
| Shareholders' Equity | 786.1 | 76.6% | 765.4 | 77.7% | 20.7 | 2.7% |

Total Assets

Total assets as of 31 March 2023 increased by THB 41.8 million (+4.2%), mainly due to the increase of inventories, hire-purchase receivables, and cash and cash equivalents. In the first 3 months of 2023, Chadhai Leasing Co., Ltd., a subsidiary which the company holds 100% of shares, continuously granting car hire-purchase loans to their customer, as a result, hire-purchase receivables increased. In addition, the company ordered products to replace the original stocks and to prepare products for sales and marketing plans in 2023, resulting in increased inventories.

Total Liabilities

Total liabilities as of 31 March 2023 increased by THB 21.2 million (+9.7%), mainly due to the increase of trade and other current payables, and current income tax payable. However, these liabilities will decrease when the payment period is reached and the company has paid it already.

Shareholders' Equity

Shareholders' equity as of 31 March 2023 increased by THB 20.7 million (+2.7%), mainly due to the increase of retained earnings according to the company's performance.

Sincerely yours,

-Noppakrit Nithilertvijit-
(Mr. Noppakrit Nithilertvijit)

Chief Executive Officer