



บริษัท รุ่งเรืองตลอดไป จำกัด (มหาชน)
Glory Forever Public Company Limited

NO. GLORY 2023-008

August 04, 2023

Subject: The Management Discussion and Analysis for -Month Period Ending 30 June 2023

To: President
The Stock Exchange of Thailand

Glory Forever Public Company Limited (“The Company”) and its group of companies (“The Group”) hereby provide the Management Discussion and Analysis for the first 6-months of 2023 as follow:

Revenue from sales and services

Over the 6-months period ending 30 June 2023, the Group generated sales and service revenue of 45.50 million Baht — an increase from the same period of last year by 1.66 million Baht, signifying a growth of 4%.

Other income

The Group's other income predominantly consists of top-up fees from Jinovel and Kawebook platforms, bank deposit interest, returns from investment in liquid assets, rental income, and ERP system consulting fees. The total other income for this period was 2.51 million Baht, accounting for 6% of the total income for the same period — an increase by 0.94 million Baht or 60% from other income in the first 6 months of 2022.

Cost of sales and services

For the first 6 months of 2023, the Group recorded a cost of sales and services of 26.78 million Baht, representing 59% of the total revenue in the same period — an increase from the same period of the previous year by 6.79 million Baht or 34%. The rise was primary due to the elevated cost of products that the Group launched and the cost of services, a significant portion of which involved purchasing copyrights amortized evenly over the period the company that holds the rights. This resulted in a timing disparity between revenue recognition and cost overtime. The Group's main service costs consist of fixed costs such as amortization costs, website maintenance costs, and variable costs such as translation costs, proofreading fees, remuneration for novel authors, and others.

In addition, the Group developed a new product, Alisa, representing Thailand's first Generative AI, which was introduced to the public in late March. As of now, Alisa has attracted a user base of 1.8 millions in Thailand. This AI, offers two main features: as a language model, it engages in a comprehensible conversations with humans, and as an image



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generator, it create visuals. These bifunctional abilities are integrated into a single AI system. Equipped with the latest data, Alisa can significantly reduce human work hours. Examples of its notable abilities include drafting advertisements, strategic planning, providing consultation, brainstorming, coding, assisting in research, marketing, as well as teaching, and summarizing informations from files or websites automatically, among others.

The gross profit for the Group during the first 6 months of 2023 was 18.71 million Baht, translating to a gross profit margin of 41% of the service revenue for the same period. This compares to a gross profit margin of 52% for the same period of 2022. The decline in gross profit is linked to the Group's investment in the initial stages of Alisa's development, which normally involves a higher cost that would eventually diminish.

Distribution and administrative expenses

The Group's selling expenses for the first 6-months of 2023 totaled to 14.85 million Baht, representing 31% of the Group's total revenue — an increase from the same period last year by 12.10 million Baht. The main factors contributed to the rise in expenses were the costs of sales, advertising expenses and marking initiative, related to the new product, Alisa, Generative AI. At this stage, this product requires a considerable budget, which is anticipated to decrease over time.

The Group's administrative expenses for the first 6 months of 2023 came to 31.90 million Baht — an increase rate of 18.90 million Baht or 70% compared to the same period last year. The primary factor for this increase was the realization of losses from Stark bonds, in which the Group had invested 16 million Baht. During this period, the Group, with substantial cash flow, sought to manage cash by investing in low-risk assets such as funds and bonds to generate a return higher than a regular deposit interest. At the time, the Group invested in several assets, including Stark bonds due to their BBB+ Company Rating, signifying Investment Grade, and the recommendation of the Group's financial advisor, Kiatnakin Phatra Bank.

However, following the issue with the Stark bonds, the Group gradually began to sell off other bonds, as per its resolution. This main objective for investing in funds and bonds was to manage liquidity for a return exceeding the regular deposit interest, rather than primarily seeking profit from this segment. Nonetheless, the Group still adheres to its investment policy, emphasizing the primary focus on investments within the Group's core business.

Additionally, there were increased expenses in the form of subsidiary company's administrative costs, employee-related expenses, and costs associated with the disposal of intangible assets which arose due to an increasing number of copyrights held by the Group.



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Net profit

For the first 6-months of 2023, The Group had a net profit of 24.68 million Baht — a decrease of 32.25 million Baht from the same period of the previous year. The principal causes for the decline in the Group's net profit were the losses incurred from Stark bonds and the costs related to the initial stage development and market launch of the Group's new product, Alisa, Generative AI.

Financial position

Asset

As of 30 June 2023, the Group had total assets of 298.30 million Baht, a decrease of 57.28 million Baht or 16%, compared to 31 December 2022. The primary factors for this decline were the investment in the Group's new product, Alisa, Generative AI, the provision for Stark bonds' debt, collections from trade receivables, investment in a joint venture, and increased tangible assets from the acquisition of additional copyrights.

Liability

As of 30 June 2023, the Group had total liabilities of 18.95 million baht, constituting 6% of the total liabilities and shareholders' equity. The total liabilities decreased by 16.40 million baht or 46%, compared to 31 December 2022. The primary cause was trade payables and other payables arising from normal business operations that have not yet reached the payment due date.

Equity

As of 30 June 2023, the Group's shareholders' equity was 279.35 million baht, representing 94% of the total liabilities and shareholders' equity. The shareholders' equity saw a decrease of 40.88 million baht compared to the shareholders' equity as of 31 December 2022. This was attributable to the loss from the company's operations for the first 6 months of 2023, totaling 24.68 million baht. As a result, the Group declared a dividend for the year 2022 amounting to 16.20 million baht.

Please be informed accordingly.

Yours sincerely,

MR. JARUNPAT BOONYANG

Chief Executive Officer