

- Translation –

8 November 2023

Subject Management Discussion and Analysis for the 3<sup>rd</sup> quarter ended 30 September 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 the 3<sup>rd</sup> quarter ended 30 September 2023 as follows

### Financial Performance Summary ended 30 September 2023

Consolidated	Q3/23 compared to Q2/23 (QoQ)				Q3/23 compared to Q3/22 (YoY)			9M-23 compared to 9M-22 (YTD)			
	Q3/23	Q2/23	Change	% Change	Q3/22	Change	% Change	9M-23	9M-22	Change	% Change
Revenue from Sales	210.1	235.8	(25.7)	-10.9%	277.2	(67.0)	-24.2%	689.6	830.7	(141.1)	-17.0%
- Sales through Local Businessmen	206.7	231.3	(24.6)	-10.6%	243.9	(37.1)	-15.2%	679.8	778.2	(98.4)	-12.6%
- Export to Overseas Distribution Agents	3.4	4.5	(1.1)	-24.3%	33.3	(29.9)	-89.8%	9.8	52.5	(42.7)	-81.4%
Revenue from Services	0.1	0.1	0.0	19.3%	1.1	(1.0)	-87.3%	0.6	4.5	(3.9)	-86.1%
<b>Total Revenue from Sales and Services</b>	<b>210.3</b>	<b>235.9</b>	<b>(25.6)</b>	<b>-10.9%</b>	<b>278.3</b>	<b>(68.0)</b>	<b>-24.4%</b>	<b>690.2</b>	<b>835.2</b>	<b>(145.0)</b>	<b>-17.4%</b>
Cost of Sales	(40.8)	(53.1)	(12.3)	-23.2%	(57.9)	17.1	29.6%	(138.8)	(185.2)	(46.5)	-25.1%
Cost of Services	(0.1)	(0.1)	0.1	151.3%	(1.0)	0.9	87.2%	(0.5)	(4.1)	(3.6)	-88.1%
<b>Total Cost of Sales and Services</b>	<b>(40.9)</b>	<b>(53.1)</b>	<b>(12.2)</b>	<b>-23.0%</b>	<b>(58.9)</b>	<b>18.0)</b>	<b>-30.5%</b>	<b>(139.3)</b>	<b>(189.3)</b>	<b>(50.1)</b>	<b>-26.4%</b>
Gross Profit	<b>169.4</b>	<b>182.8</b>	<b>(13.4)</b>	<b>-7.3%</b>	<b>219.4</b>	<b>(50.0)</b>	<b>-22.8%</b>	<b>550.9</b>	<b>645.9</b>	<b>(94.9)</b>	<b>-14.7%</b>
(% Gross Profit)	<b>80.6%</b>	<b>77.5%</b>			<b>78.8%</b>			<b>79.8%</b>	<b>77.3%</b>		
Interest income from hire-purchase	2.4	2.6	-0.2	-8.7%	0.0	2.4	n/a	7.1	0.0	7.1	n/a
Other income	9.7	11.8	(2.1)	-17.6%	12.4	(2.7)	-21.7%	36.2	40.4	(4.3)	-10.5%
Gain (Loss) on foreign exchange rate - net	2.3	3.3	(1.1)	31.7%	1.3	1.0	75.6%	4.6	1.8	2.7	151.7%
Distribution costs (Selling expense)	(120.6)	(129.3)	(8.7)	-6.7%	(144.3)	(23.7)	-16.4%	(395.4)	(425.8)	(30.4)	-7.1%
Administrative expenses	(36.0)	(38.0)	(2.0)	-5.3%	(31.6)	4.4	14.0%	(113.3)	(85.7)	27.6	32.2%
<b>Profit before Finance costs and Income tax</b>	<b>27.2</b>	<b>33.2</b>	<b>(6.0)</b>	<b>-18.2%</b>	<b>57.3</b>	<b>(30.1)</b>	<b>-52.5%</b>	<b>90.0</b>	<b>176.6</b>	<b>(86.6)</b>	<b>263.2</b>
Finance costs	(0.5)	(0.6)	(0.1)	-11.8%	(0.7)	(0.1)	-17.9%	(1.8)	(2.2)	(0.4)	-16.8%
<b>Profit before Income tax</b>	<b>26.7</b>	<b>32.6</b>	<b>(6.0)</b>	<b>-18.3%</b>	<b>56.6</b>	<b>(30.0)</b>	<b>-52.9%</b>	<b>88.2</b>	<b>174.5</b>	<b>(86.2)</b>	<b>-49.4%</b>
Income tax	(6.5)	(7.1)	(0.6)	-8.5%	(13.1)	(6.5)	-50.2%	(22.6)	(38.1)	(15.5)	-40.8%
<b>Net Profit</b>	<b>20.2</b>	<b>25.5</b>	<b>(5.4)</b>	<b>-21.0%</b>	<b>43.6</b>	<b>(23.4)</b>	<b>-53.7%</b>	<b>65.7</b>	<b>136.4</b>	<b>(70.7)</b>	<b>-51.8%</b>
(% Net Profit)	<b>9.1%</b>	<b>10.2%</b>			<b>15.0%</b>			<b>9.0%</b>	<b>15.6%</b>		

Sales by group of products	Q3/23 compared to Q2/23 (QoQ)				Q3/23 compared to Q3/22 (YoY)			9M-23 compared to 9M-22 (YTD)			
	Q3/23	Q2/23	Change	% Change	Q3/22	Change	% Change	9M-23	9M-22	Change	% Change
1. Nutrinal	91.8	101.4	(9.6)	-9.5%	144.3	(52.5)	-36.4%	290.0	381.8	(91.8)	-24.0%
2. Body Cheer	20.7	24.1	(3.4)	-14.0%	25.3	(4.6)	-18.3%	65.6	80.2	(14.6)	-18.2%
3. Neatly Home	3.7	3.9	(0.2)	-5.0%	5.0	(1.3)	-26.2%	11.7	15.9	(4.2)	-26.3%
4. S Mone	14.9	12.9	2.0	15.6%	14.0	0.9	6.5%	39.3	39.6	(0.3)	-0.8%
5. Growing More	75.0	88.9	(13.9)	-15.6%	85.7	(10.7)	-12.5%	268.5	304.9	(36.4)	-11.9%
6. Smart Creation	4.0	4.7	(0.7)	-14.1%	3.0	1.0	34.7%	14.5	8.4	6.1	73.5%
Total Revenue from Sales	<b>210.1</b>	<b>235.8</b>	<b>(25.7)</b>	<b>-10.9%</b>	<b>277.2</b>	<b>(67.1)</b>	<b>-24.2%</b>	<b>689.6</b>	<b>830.7</b>	<b>(141.1)</b>	<b>-17.0%</b>

## 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 9-month period ended 30 September 2023 decreased by THB 98.4 million (-12.6%). 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, and the decline in domestic sales from company's agricultural product due to the situation of fertilizer prices both in the world market and in Thailand, which have decreased by 30 - 40% and leads the company's agricultural products price become the same level and not different compared to the same product in the market. However, when considering sales volume by product groups in the third quarter of 2023 compared to the third quarter of 2022 (YoY), it will be found that the group of cosmetic products and mineral water making machine have been increased in sales volume +6.5% and +34.7% respectively.

Revenue from export to overseas distribution agents for 9-month period ended 30 September 2023 decreased by THB 42.7 million (-81.4%) 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 9-month period ended 30 September 2023 decreased by 3.9 million (-86.1%) due to 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 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, which has resulted in revenue from services in the 9-month period ended 30 September 2023 decreased comparing to the same period of 2022.

## Other Income

Other income for 9-month period ended 30 September 2023 decreased by THB 4.3 million (-10.5%). This was a result of a decrease in member register fee due to a decrease in the company's new membership, a decrease in revenue from overseas distributors using the brand (Brand using fee) that decreased in line with the sales of distributors in each country, and the decrease of revenue from sale of souvenirs that declined as well.

## Distribution costs (Selling Expenses)

Most of the selling expenses are the commissions that the company paid to businessmen and expenses for marketing promotion activities, consisting of advertising expenses. Selling expenses for 9-month period ended 30 September 2023 decreased by THB 30.4 million (-7.1%) in the same direction as sales decreased. However, when considering the proportion of the decrease in selling expenses that decreased at a rate less than the decrease in sales volume, because of the marketing expenses such as advertising expenses and hire celebrities to be presenters for the company's products which these expenses did not occur in the same period of 2022, resulting in selling expenses decreased at a rate less than the decrease in sales volume.

## Administrative Expenses

Administrative expenses for 9-month period ended 30 September 2023 increased by THB 27.6 million (+32.2%) 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 3.6 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 9-month of the year 2023.

## Net Profit

The company's net profit for the 3<sup>rd</sup> quarter of 2023 was THB 20.2 million, increased by THB 5.4 million (-21.0%) from the 2<sup>nd</sup> quarter of 2023, which was THB 25.5 million. With the intensive management in selling expenses and administrative expenses, the net profit margin in the third quarter of 2023 was 9.1% compared to 10.2% in the second quarter of 2023. However, compared to the third quarter of 2022 (YoY), net profit decreased by THB 23.4 million (-53.7%). The net profit for the first 9-month of 2023 compared to the first 9-month of 2022 showed a decrease of THB 70.7 million (-51.8%), with a net profit margin for the first 9-month of 2023 at 9.0%, lower than the net profit margin for the first 9-month of 2022 which was 15.6%, mainly due to lower sales volume but increased in administrative expenses as described in the previous section.

## Balance Sheet

Consolidated	For period ended					
	30 September 2023		30 June 2022		Change	
	THB MIn	%	THB MIn	%	THB MIn	%
Total Assets	887.6	100.0%	984.6	100.0%	(97.0)	-9.9%
Total Liabilities	192.2	21.7%	219.2	22.3%	(27.0)	-12.3%
Shareholders' Equity	695.4	78.3%	765.4	77.7%	(70.0)	-9.1%

### **Total Assets**

Total assets as of 30 September 2023 decreased by THB 97.0 million (-9.9%), mainly due to the decrease of cash and cash equivalents, and a decrease in other non-current financial assets (debentures held by the company for investment purpose) because the company's dividend was paid on 22 May 2023 in the amount of THB 66 million. Therefore, cash received from the sale of the debentures (which is scheduled to be sold to make a profit) were used to pay dividend, including a decrease in other trade receivables of THB 30.2 million. As a result, the total assets of the company decreased.

### **Total Liabilities**

Total liabilities as of 30 September 2023 decreased by THB 27.0 million (-12.3%), mainly due to the decrease of trade and other current payables, current income tax payable, and lease liabilities.

### **Shareholders' Equity**

Shareholders' equity as of 30 September 2023 decreased by THB 70.0 million (-9.1%), mainly due to the decrease of retained earnings according to the company's performance.

Sincerely yours,

-Noppakrit Nithilertvijit-  
( Mr. Noppakrit Nithilertvijit )

Chief Executive Officer