

- Translation –

22 February 2024

Subject Management Discussion and Analysis for the year ended 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 year ended 2023 as follows

Financial Performance Summary ended 31 December 2023

Consolidated	Q4/23 compared to Q3/23 (QoQ)				Q4/23 compared to Q4/22 (YoY)			12M-23 compared to 12M-22 (YTD)			
	Q4/23	Q3/23	Change	% Change	Q4/22	Change	% Change	12M-23	12M-22	Change	% Change
Revenue from Sales	227.5	210.1	17.4	8.3%	287.8	(60.3)	-21.0%	917.1	1118.5	(201.4)	-18.0%
- Sales through Local Businessmen	223.5	206.7	16.8	8.1%	279.9	(56.4)	-20.2%	903.3	1058.1	(154.8)	-14.6%
- Export to Overseas Distribution Agents	4.0	3.4	0.6	19.0%	7.9	(3.9)	-49.1%	13.8	60.4	(46.6)	-77.2%
Revenue from Services	2.4	0.1	2.3	1626.9%	0.7	1.8	265.2%	3.1	5.2	(2.1)	-40.6%
Total Revenue from Sales and Services	230.0	210.3	19.7	9.4%	288.5	(58.6)	-20.3%	920.2	1,123.7	(203.5)	-18.1%
Cost of Sales	(76.0)	(40.8)	35.2	86.4%	(67.5)	(8.5)	-12.6%	(214.8)	(252.7)	(38.0)	-15.0%
Cost of Services	(1.6)	(0.1)	1.5	1194.9%	(0.6)	(1.0)	-164.3%	(2.1)	(3.8)	(1.7)	-43.8%
Total Cost of Sales and Services	(77.6)	(40.9)	36.7	89.8%	(68.1)	(9.5)	-14.0%	(216.9)	(256.5)	(39.6)	-15.4%
Gross Profit	152.3	169.4	(17.0)	-10.1%	220.4	(68.1)	-30.9%	703.3	867.2	(163.9)	-18.9%
(% Gross Profit)	66.2%	80.6%			76.4%			76.4%	77.2%		
Interest income from hire-purchase	2.3	2.4	-0.1	-4.6%	0.0	2.3	n/a	9.3	0.0	9.3	n/a
Other income	17.4	9.7	7.6	78.3%	16.5	0.9	5.4%	53.5	56.9	(3.3)	-5.9%
Gain (Loss) on foreign exchange rate - net	(5.4)	2.3	(7.7)	337.1%	(5.3)	(0.1)	2.0%	(0.8)	(3.5)	2.6	-75.7%
Distribution costs (Selling expense)	(105.3)	(120.6)	(15.3)	-12.7%	(156.4)	(51.1)	-32.7%	(500.7)	(582.2)	(81.5)	-14.0%
Administrative expenses	(31.6)	(36.0)	(4.4)	-12.1%	(30.5)	1.1	3.7%	(144.9)	(116.2)	28.7	24.7%
Profit before Finance costs and Income tax	29.6	27.2	2.4	8.9%	44.7	(15.1)	-33.7%	119.7	222.2	(102.5)	46.1%
Finance costs	(0.5)	(0.5)	(0.1)	-9.6%	(0.7)	(0.2)	-25.4%	(2.3)	(2.8)	(0.5)	-18.8%
Profit before Income tax	29.1	26.7	2.5	9.3%	44.1	(14.9)	-33.9%	117.4	219.4	(102.0)	-46.5%
Income tax	(5.8)	(6.5)	(0.7)	-11.5%	(10.7)	(4.9)	-46.0%	(28.3)	(48.7)	(20.4)	-41.9%
Net Profit	23.4	20.2	3.2	16.0%	33.4	(10.0)	-30.0%	89.1	170.6	(81.6)	-47.8%
(% Net Profit)	9.4%	9.1%			10.9%			9.1%	14.5%		

Sales by group of products	Q4/23 compared to Q3/23 (QoQ)				Q4/23 compared to Q4/22 (YoY)			12M-23 compared to 12M-22 (YTD)			
	Q4/23	Q3/23	Change	% Change	Q4/22	Change	% Change	12M-23	12M-22	Change	% Change
1. Nutrinal	107.2	91.8	15.4	16.8%	131.6	(24.3)	-18.5%	397.3	513.3	(116.0)	-22.6%
2. Body Cheer	33.3	20.7	12.6	60.8%	30.1	3.2	10.6%	98.9	110.3	(11.5)	-10.4%
3. Neatly Home	6.1	3.7	2.4	65.4%	6.4	(0.3)	-4.7%	17.8	22.3	(4.5)	-20.2%
4. S Mone	15.6	14.9	0.7	4.4%	14.3	1.3	9.1%	54.9	53.9	1.0	1.8%
5. Growing More	61.3	75.0	(13.7)	-18.3%	102.0	(40.7)	-39.9%	329.7	406.9	(77.2)	-19.0%
6. Smart Creation	4.1	4.0	0.1	3.5%	3.0	1.1	38.3%	18.6	11.4	7.3	64.2%
Total Revenue from Sales	227.6	210.1	17.5	8.3%	287.3	(59.7)	-20.8%	917.2	1,118.1	(200.9)	-18.0%

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 the year ended 2023 decreased by THB 154.8 million (-14.6%). This was mainly due to the decline in domestic sales of supplementary products due to the economic slowdown situation and the purchasing power of consumers coupled with the increasing competition in the food supplement market, and the decline in domestic sales of a company's agricultural products due to the situation of fertilizer prices both in the world market and in Thailand, which have decreased by 30–40% and led the company's agricultural products price to 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 fourth quarter of 2023 compared to the third quarter of 2023 (QoQ), it found that every product group except the agricultural product group had a high increase in sales, which was a result of the company using a strategy to reduce product prices to reach more consumers and help create an opportunity for increased repeat purchases, along with reducing the product's point value (PV) in a corresponding proportion.

Revenue from exports to overseas distribution agents for the year ended 2023 decreased by THB 46.6 million (-77.2%) because 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, 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 2023 decreased by 2.1 million (-40.6%) because the company has changed its marketing activities provided to members from an offline format, in which the company recognized revenue from fee-charging, to an online format, which is more effective and reaches a larger audience without fee-charging. To encourage overseas customers to participate in more online marketing activities organized in Thailand, the company has reduced the service fees charged from overseas distributors, which has resulted in decreased revenue from services in 2023.

Other Income

Other income for the year ended 2023 decreased by THB 3.3 million (-5.9%). 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 the year ended 2023 decreased by THB 81.5 million (-14.1%) in the same direction as sales decreased. However, when comparing the proportion of distribution costs to sales and service income, in the fourth quarter of 2023, that proportion was 45.8%, a decrease from the third quarter of 2023 (QoQ) of 57.3 percent and a decrease from the fourth quarter of 2022 (YoY), which was at 54.2 percent, mainly due to a price reduction and a reduction in product's point value (PV), which resulted in lessening the commission that the company paid.

Administrative Expenses

Administrative expenses for the year ended 2023 increased by THB 28.7 million (+24.7%) because of the employee expenses of Chadhai Leasing Co., Ltd., a subsidiary in which the company holds 100% of the shares. During the same period of the previous year, the subsidiary company did not have any employee expenses incurred because it had 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 for THB 3.8 million, which is an expense that did not exist during the same period of the year 2022, resulting in an increase in administrative expense throughout the year 2023. However, when considering the proportion of administrative expense compared to sales and service income, in the fourth quarter of 2023, that proportion was 13.8 percent, a decrease from the third quarter of 2023 (QoQ) of 17.1 percent, which was a result of the company's expense management.

Net Profit

The company's net profit for the year ended 2023 was THB 89.1 million, decreased by THB 81.6 million (-47.8%) from the net profit for the year ended 2022, which was THB 170.6 million, with a net profit margin for the year ended 2023 at 9.1%, lower than the net profit margin for the year ended 2022 which was 14.5%, mainly due to lower sales volume but increased in administrative expenses. However, the net profit in the fourth quarter of 2023 was 9.4%, higher than the net profit margin in the third quarter of 2023 (QoQ) was 9.1%, mainly due to expense management as described in the previous section.

Balance Sheet

Consolidated	For period ended					
	31 December 2023		31 December 2022		Change	
	THB Mln	%	THB Mln	%	THB Mln	%
Total Assets	887.6	100.0%	984.6	100.0%	(97.0)	-9.9%
Total Liabilities	184.0	20.7%	219.2	22.3%	(35.2)	-16.1%
Shareholders' Equity	703.6	79.3%	765.4	77.7%	(61.8)	-8.1%

Total Assets

Total assets as of 31 December 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 5 September 2023 in the amount of THB 60 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 41.2 million. As a result, the total assets of the company decreased.

Total Liabilities

Total liabilities as of 31 December 2023 decreased by THB 35.2 million (-16.1%), mainly due to the decrease of trade and other current payables, current income tax payable, and lease liabilities.

Shareholders' Equity

Shareholders' equity as of 31 December 2023 decreased by THB 61.8 million (-8.1%), mainly due to the decrease of retained earnings according to the company's performance.

Sincerely yours,

(Mr. Noppakrit Nithilertvijit)

Chief Executive Officer