



บริษัท รุ่งเรืองตลอดไป จำกัด (มหาชน)
Glory Forever Public Company Limited

NO. GLORY 2024-003

February 16, 2024

Subject: The Management Discussion and Analysis for the year 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 year 2023 as follow:

Overview of operating results for the year

Facing the challenges of a highly competitive and investment-intensive business, The Group reported an operational loss in 2023. The declined in profit was driven by increasing competition across the industry, the expansion of business model to strengthen The Group, such as investing both in the development and promotion of AI technology and in joint ventures or subsidiaries. The early stage of these investments demanded substantial capital to enhance products, goods and service offerings. Nevertheless, The Group has maintained a robust financial and liquidity position, positioning itself to return to profitability in its core operations and to pursue growth opportunities in new ventures.

Revenue from sales and services

In 2023, The Group generated sales and service revenue of 85.59 million Baht — an decrease from the same period of last year by 47.43 million Baht, representing a decline of 35.66 % as competition in the industry intensifies.

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 3.79 million Baht, accounting for 4.24% of the total income for the same period —a decrease by 1.30 million Baht or by 25.56% as The Group proceeded with the gradual sale of its various bonds in accordance with its corporate resolutions. This led to a decrease in the recognized returns from investments on these assets compared to the previous year.



Cost of sales and services

In 2023, The Group recorded a cost of sales and services of 59.92 million Baht, representing 67.04% of the total revenue in the same period — a decrease from the same period of the previous year by 4.32 million Baht or 6.73%. This decline was due to lower sales of health products, alongside an increase in the costs of new products introduced by the company. Moreover, The Group's service costs, which are primarily related to the acquisition of copyrights, are amortized evenly over the period the company that holds the rights. This resulted in a 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 more than 2 millions in Thailand. This AI, offers two main features: as a language model, it engages in comprehensible conversations with humans, and as an image generator, it creates 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 information from files or websites automatically, among others. Currently, Alisa is under development to Version 2.0 with increased performance and enhanced support for larger workloads.

The gross profit of the Conglomerate for the year 2023 amounted to 25.67 million Baht, translating to a gross profit margin of 29.99% of the service revenue for the same period. This compares to a gross profit margin of 51.71% 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

In 2023, The Group's distribution expenses amounted to 19.81 million Baht, representing 23.15% of The Group's total revenue — an increase from the same period last year by 13.29 million Baht. The main factors contributed to the rise in expenses were the costs of sales, advertising expenses and marketing initiative, related to the new product, Alisa, Generative AI. At the initial stages of investment, the project incurs a significant expense.



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The Group's administrative expenses for the year 2023 amounted to 51.19 million Baht — an increase rate of 23.37 million Baht 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.

Net profit

In 2023, The Group had a loss profit of 40.31 million Baht — a decrease 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 31 December 2023, The Group had total assets of 294.91 million Baht, a decrease of 60.68 million Baht or 17.06%, 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.



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Liability

As of 31 December 2023, The Group had total liabilities of 26.71 million baht, constituting 9.06% of the total liabilities and shareholders' equity. The total liabilities decreased by 8.65 million baht or 24.46%, 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 31 December 2023, The Group's shareholders' equity was 263.90 million baht, representing 89.49% of the total liabilities and shareholders' equity. The shareholders' equity saw a decrease of 56.33 million baht compared to the shareholders' equity as of 31 December 2022. This was attributable to the loss from the company's operations in the year 2023, totaling 40.61 million baht. As a result, The Group declared a dividend for the year 2022 amounting to 16.20 million baht and raised additional capital of 0.48 million baht from the exercise of conversion rights of the Glory-W1 warrants.

Trends in business operations and future growth

The world is swiftly transforming with the introduction of Artificial Intelligence (AI) which quickly addresses to organizations' needs and enhances daily activities and business operations across a range of fields such as finance, healthcare, voice commands, art, design of logos and packaging. It also plays an important role in the search for and development of innovations as well as new scientific principles. In 2024, AI is expected to significantly impact the Thai business sector, valuing it at 6,000 million baht (with the global market value at \$5.1 trillion). This shift indicates that The Group is optimistic about achieving better performance and growth in 2024, thanks to the sustained profitability of its primary business (online media platform) and the introduction of new products and solutions in technology, media, clean energy, and AI technology. These factors emphasize not only the potential for future growth of The Group but also its vision and desire to lead the technology sector by differentiating itself and aiming for sustainable and continuous development.

Please be informed accordingly.

Yours sincerely,

MR. JARUNPAT BOONYANG

Chief Executive Officer