

Subject: Management Discussion and Analysis on Financial Statements for the Year 2021

Attention: President

The Stock Exchange of Thailand

Readyplanet Public Company Limited (the “Company”) would like to inform the Management Discussion and Analysis on financial statements for the year 2021 as follows.

Operating Performance and Profitability

Total Revenues

The Company had a total revenue of THB 147.47 million in 2020 and increased to THB 151.32 million in 2021. The change in the Company’s total revenue was a result of changes in revenue from rendering of services, which is main source of the Company’s revenue. This is because the majority of the Company’s total revenue comes from revenue from rendering of services.

	For the Year Ended December 31,			
	2020		2021	
	THB million	Percentage	THB million	Percentage
Revenue from Rendering of Services				
- Self Services ^{1/}	62.93	42.67	62.39	41.23
- Managed Services ^{2/}	79.87	54.16	83.26	55.02
Total Revenue from Rendering of Services	142.80	96.83	145.65	96.25
Other Incomes ^{3/}	4.67	3.17	5.67	3.75
Total Revenues	147.47	100.00	151.32	100.00

Remarks: 1/ Providing services that customers can perform by themselves through the use of the Company’s platform (Self Services) where the customer is a user of the Company’s platform for digital marketing yourself such as building a website, customer relationship management (CRM) and direct hotel booking system management (Direct Hotel Booking) etc.

2/ Providing services that the Company’s experts manage for customers through the Company’s platform (Managed Services), whereby experts on digital marketing and related fields from the Company using the Company’s platform in providing services to customers such as website design and advertising management etc.

3/ Key other incomes such as rental income, gain on translation of foreign currencies, and revenue from social security remedial measures

Revenue from Rendering of Services

In 2021, the Company's revenue from rendering of services was THB 145.65 million, showing a 2.0% growth from 2020. Despite the fact that multiple waves of the COVID-19 outbreak since 2020 caused growth in revenue from rendering of services to fall below expectations, modifications to business strategy with focus on providing services to medium-sized and large corporations that still possess the ability to spend on sales and digital marketing served as a key driver in achieving the increase in revenues from the previous year for the Company. Key details on the rendering of services are as follows.

- Revenue from rendering of self services amounted to THB 62.39 million in 2021, reflecting a 0.9% decrease from that of 2020, which stood at THB 62.93 million. Such decrease was a result of prolonged COVID-19 outbreak, making the Company's customers unable to return to normal business operations especially hotels which rely on tourism and economic recovery. This affected the volume of usage of the Company's digital marketing platform.
- Revenue from rendering of managed services amounted to THB 83.26 million in 2021, reflecting a 4.2% increase from that of 2020, which stood at THB 79.87 million. Such increase was a result of the Company's targeted business strategy in providing an all-in-one sales and marketing platform service to reach larger business groups. In addition, the Company has started a new service, namely website enhancements to optimize search engine results (AdPro SEO) to provide a more comprehensive online advertising service offering.

Other Incomes

In 2021, the Company had THB 5.67 million in other incomes, reflecting a 21.41% increase, due to Readyplanet Max Company Limited ("RPMAX")'s record of other income from the collection of value added tax penalty paid by RPMAX's previous shareholder of THB 3.07 million, which is in accordance with the acquisition agreement that the Company agreed with the RPMAX's previous shareholders to be responsible for the tax burden arising from the operation before the Company acquisition. Moreover, the Company had a THB 1.68 million increase in other incomes-others comprising revenue from social security remedial measures pertaining to Article 33 of THB 0.87 million and subsidy from the Ministry of Labor of THB 0.81 million.

Cost of Services

The Company had cost of services of THB 51.92 million in 2020 and increased to THB 58.31 million in 2021, an increase from previous year. The Company's cost of services comprises employee expenses, amortization expenses, and commission expenses for advertising management employee. The key reason for such increase was related to amortization expenses and other cost of services. Amortization expenses showed an increasing trend since 2019 as the Company continuously invested in the development of software to ensure that the Company's services better responded to customer needs. Meanwhile, cost of other services increased from 2020 because the Company closed down subsidiary, which led to allocation of other cost of services for the subsidiary which was closed down to be displayed as part of loss from discontinued operations. In 2021, the subsidiary had no operations, cost of other services were not allocated and recognized as the Company's cost of services. This led to an increase in cost of other services from 2020 to 2021.

Selling Expenses

The Company had selling expenses of THB 28.38 million in 2020 and decreased to THB 24.80 million in 2021, a decrease from the previous year. This was mainly due to the continuous decrease in advertising and sales promotion expenses since 2020 as the Company made downward adjustments to advertising and public relations budget in accordance with the COVID-19 outbreak. Additionally, the Company did not renew the advertising reseller contract called Google Ads Reseller that the Company was no longer required to spend marketing expenses to maintain advertising volume on Google platform to be in accordance with the agreement with Google.

Administrative Expenses

The Company had administrative expenses of THB 163.60 million in 2020 and decreased to THB 50.55 million in 2021. This was mainly due to the fact that the Company recorded a THB 90.00 million impairment loss on goodwill in 2020, which made up 55.01% of total administrative expenses. This was following the COVID-19 outbreak which affected customers' volume of online advertising on various platforms and caused volume on the Google platform for advertising services to fall short of the amount set by Google. The Company, therefore, did not receive Google rebate^{1/} since quarter 2 of 2020, which prompted the recoverable amount from goodwill to be lower than cost once tested for impairment. The Company thus recognized impairment loss on goodwill.

Remark: 1/ The Company partnered with Google as a Google Ads reseller and signed an agreement for which the Company will receive revenue from Google advertising rebate every quarter, calculated from the total volume of advertising on Google platform for every customer of the Company. Targets and the rebate rate were specified in the agreement.

Net Profit

In 2021, the Company turned to profitability with net profit of THB 13.82 million, as a result of a shift in its strategy since 2019 to provide an all-in-one sales and marketing platform service to reach larger business groups that ultimately led to a slight increase in the Company's revenue from rendering of services. Additionally, the Company placed importance on controlling cost of services and selling and administrative expenses in line with the COVID-19 outbreak situation.

Analysis of Financial Position

Assets

As at 31 December 2021, the Company had THB 250.08 million in total assets, reflecting a THB 1.75 million increase slightly from that as at 31 December 2020. This was because the Company's key assets were related to business operations, such as cash and cash equivalents which increased by THB 27.56 million etc, and posed an increasing outlook as the Company's business operations improves.

Liabilities

As at 31 December 2021, the Company had THB 175.91 million in total liabilities, reflecting a THB 17.20 million decrease from that as at 31 December 2020. This was because accounts payable in 2021 decreased by THB 11.90 million, in accordance with online advertising volume, which had not recovered much from the COVID-19 outbreak. Moreover, cash received from advertising reduced by THB 4.16 million.

Shareholders' Equity

As at 31 December 2021, the Company had THB 74.17 million in total shareholders' equity, reflecting a THB 18.95 million increase from that as at 31 December 2020. This was because of improved operating performance following a shift in strategy since 2019 to provide an all-in-one sales and marketing platform service to reach larger business groups. This represented a major factor contributing to better operating results in 2021.

Please be informed accordingly.



Yours sincerely,

Miss Ananya Sangratanadech

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