



Ref. MEB CS 02/2023 Subject: Management Discussion and Analysis for the year ended 31 December 2022

24 February 2023 To: President
 The Stock Exchange of Thailand

Meb Corporation Public Company Limited (the “**Company**”) would like to clarify Management Discussion and Analysis for the operating results of the year ended 31 December 2022.

Please be informed accordingly,

Sincerely,

-Phanthep Luangwiriya-

(Mr. Phanthep Luangwiriya)

Company Secretary

Meb Corporation Public Company Limited

A summary of the key financial information

Profit & Loss Statement	For the year ended 31 December			
	2021		2022	
	THB million	%	THB million	%
Revenue from Sales of Goods and Services ⁽¹⁾	1,444.46	99.18	1,711.74	99.20
Total Revenue ⁽¹⁾	1,456.38	100.00	1,725.50	100.00
Cost of Sales and Services ⁽²⁾	1,035.03	71.66	1,197.58	69.96
Gross Profit ⁽²⁾	409.43	28.34	514.16	30.04
Operating Profit ⁽¹⁾	343.70	23.60	413.03	23.94
Profit for the year ⁽¹⁾	275.34	18.91	330.89	19.18

Remark: (1) Percentage of Total Revenue

(2) Percentage of Revenue from Sales & Services

Total Revenue

For the year ended 31 December 2021 and 2022, the Company had total revenue of THB 1,456.38 million and THB 1,725.50 million, respectively, representing an increase of 18.48% in 2022 when comparing to previous year. Most of the total revenue come from revenue from the sales of goods and rendering of services, which accounted for 99.18% and 99.20% of total revenue for the years 2021 and 2022, respectively. Therefore, the increase in the total revenue of the Company was mainly a result of an increase in revenue from sales and services.

Total Revenue	For the year ended 31 December			
	2021		2022	
	THB million	%	THB million	%
1. Revenue from sales of goods and rendering of services				
1.1 E-Book ⁽¹⁾	1,358.07	93.25	1,576.55	91.37
- Fiction	1,097.22	75.34	1,306.03	75.69
- Other categories ⁽²⁾	260.85	17.91	270.52	15.68
1.2 readAwrite Platform ⁽³⁾	53.84	3.70	83.58	4.84
1.3 Others ⁽⁴⁾	32.55	2.23	51.61	2.99
Total Revenue from sales of goods and rendering of services	1,444.46	99.18	1,711.74	99.20
2. Investment income	0.95	0.07	1.43	0.08
3. Other income	10.97	0.75	12.34	0.71
Total Revenue	1,456.38	100.00	1,725.50	100.00

Remark: (1) Revenue from the sale of E-Books from meb, Hytexts and Hibrary platforms is the income before deducting writer contribution.

(2) such as Cartoon, Light novels, Magazines, and Newspapers

(3) Revenue from the readAwrite platform is net revenue after deducting writer contribution

(4) such as revenue from E-Buffer, Audio Book and E-Reader, etc



Total Revenue from Sales of Goods and Services

In 2022, the Company's revenue from sales and services increased by THB 267.28 million, or an increase of 18.50% compared to the previous year which was mainly from the increase in revenue from the sale of electronic books (E-Book) from both meb and readAwrite platforms. The Monthly Active User (MAU) of the meb platform increased from 0.51 million users/month in 2021 to 0.59 million users/month in 2022 and the MAU of the readAwrite platform increased from 4.64 million users/month in 2021 to 5.64 million users/month in 2022 as a result of marketing activities and promotional items and the result of increasing interest in online literature especially during the COVID-19 epidemic situation. In addition, the revenue per MAU of both meb and readAwrite platforms has also increased where the annual revenue per MAU of the meb platform increased from THB 2,663 per person in 2021 to THB 2,687 per person in 2022, and the annual revenue per MAU of the readAwrite platform increased from THB 12 per person in 2021 to THB 15 per person in 2022 due to the increasing popularity among readers. The revenue contribution from readAwrite has been growing steadily in recent times from 3.70% of the Company's total revenue in 2021 to 4.84% of the Company's total revenue in 2022.

Monthly Active User (MAU)

Monthly Active User (MAU) ⁽¹⁾	2021	2022
meb (Million MAU/month)	0.51	0.59
readAwrite (Million MAU/month)	4.64	5.64

Revenue per MAU for the year ⁽²⁾ (THB per person)

Revenue per MAU for the year/period ⁽²⁾ (THB per MAU)	2021	2022
Meb Platform ⁽³⁾	2,663	2,687
readAwrite Platform ⁽⁴⁾	12	15

Remark: (1) Monthly average of data from January to December

(2) Calculated from annual revenue divided by the Monthly Active Users for the relevant period

(3) Calculated from the sale of E-books which includes revenue from Meb Hytexts and Hibrary platforms divided by Meb's average monthly subscriber

(4) Revenue of readAwrite is data according to the Company's financial statements, which is the revenue after deducting the contribution to the author

Cost of Sales & Services, Gross Profit and Gross Profit Margin

Items	Unit	For the year ended 31 December	
		2021	2022
Cost of Sales & Services	THB million	1,035.03	1,197.58
Gross Profit	THB million	409.43	514.16
Gross Profit Margin	%	28.34	30.04



For the year ended 31 December 2021 and 2022, the Company's cost of sales and services are equal to THB 1,035.03 million and THB 1,197.58 million respectively, accounting for 71.66% % and 69.96% of revenue from sales and services, respectively.

For the year ended 31 December 2021 and 2022, the Company's cost of sales and services mainly including Publishers and Writers Compensation and other costs such as employee benefit expenses, mainly for programmer employees, server cost, and literary translation fees, etc.

For the year 2022, the cost of sales and services of the Company increased by THB 162.55 million or equivalent to an increase of 15.70% compared to the previous year. This was mainly due to an increase in publishers and writers' remuneration and is in accordance with the increase in revenue from sales and services. The Company's gross profit margin for the years 2021 – 2022 increased from 28.34% to 30.04%, respectively, which was mainly due to expenses, some semi-fixed expense that did not increase in the same proportion as revenue from sales and services, such as employee benefit expenses and server cost which is in line with the nature of the Company's business.

Net Profit for the year and Net Profit Margin

Items	Unit	For the year ended 31 December	
		2021	2022
Net Profit for the year	THB million	275.34	330.89
Net Profit Margin	%	18.91	19.18

For the year ended 31 December 2021 and 2022, the Company's net profit for the year was THB 275.34 million and THB 330.89 million respectively, representing a net profit margin of 18.91% and 19.18% respectively.

In 2022, the Company's profit for the year increased by THB 55.55 million, representing an increase of 20.18% compared to the previous year. The Company's net profit margin increased from 18.91% to 19.18% in 2021 and 2022, respectively, mainly due to increased sales and service income while the Company was able to manage costs and expenses more efficiently.

Financial Positions

Total Assets

Balance Sheet	As of 31 December			
	2021		2022	
	THB million	%	THB million	%
Assets				
Current Assets				
Cash and cash equivalents	612.71	90.42	482.03	85.97
Trade receivables	40.19	5.93	44.75	7.98
Other receivables	12.10	1.79	15.31	2.73
Inventories	1.81	0.27	3.03	0.54
Total Current Assets	666.80	98.41	545.12	97.22
Non-Current Assets				
Building improvement & equipment	2.14	0.32	2.24	0.40
Right-of-use assets	1.89	0.28	5.59	1.00
Goodwill	3.58	0.53	3.58	0.64
Intangible assets	1.33	0.20	1.64	0.29
Deferred tax assets	0.62	0.09	1.22	0.22
Other non-current assets	1.23	0.18	1.31	0.23
Total Non-Current Assets	10.78	1.59	15.58	2.78
Total Assets	677.59	100.00	560.70	100.00

As of 31 December 2021, and 2022, the Company has total assets of THB 677.59 million and THB 560.70 million, respectively. Total assets mainly consisting of cash and cash equivalents, trade receivables, and other receivables representing 98.14% and 96.68% of total assets, respectively.

Total Liabilities

Balance Sheet	As of 31 December			
	2021		2022	
	THB million	% ⁽¹⁾	THB million	% ⁽¹⁾
Liabilities				
Current Liabilities				
Trade payables	115.04	54.68	132.79	35.23
Other payables	21.16	10.06	154.77	41.06
Contract liabilities	21.85	10.39	29.36	7.79
Current portion of lease liabilities	1.45	0.69	2.65	0.70
Income tax payable	47.70	22.67	48.65	12.91
Total Current Liabilities	207.20	98.49	368.23	97.70

Balance Sheet	As of 31 December			
	2021		2022	
	THB million	% ⁽¹⁾	THB million	% ⁽¹⁾
Non-Current Liabilities				
Lease liabilities	0.47	0.22	2.99	0.79
Non-current provisions for employee benefits	2.71	1.29	5.69	1.51
Total Non-Current Liabilities	3.18	1.51	8.67	2.30
Total Liabilities	210.39	100.00	376.90	100.00

Remark: (1) Percentage of total liabilities

As of 31 December 2021, and 2022 the Company has total liabilities of THB 210.39 million and THB 376.90 million, respectively. Total liabilities mainly consisting of trade payables, income tax payable, contract liabilities, and other payables accounting for 97.80% and 97.00% of total liabilities as of 31 December 2021, and 2022, respectively.

Equity

As of 31 December 2021, and 2022, the Company equity was THB 467.20 million and THB 183.80 million, respectively.

Shareholders' equity as of as of 31 December 2022 decreased by THB 283.40 million, or equivalent to a decrease of 60.66% from 31 December 2021, mainly due to a decrease in retained earnings from dividend payment of THB 755.72 million, offset by total net profit (part of the parent company) for the year 2022 in the amount of THB 328.83 million and the capital increase to existing shareholders in proportion to their shareholding of the Company in the amount of THB 143.49 million.