



Ref. MEB CS 09/2023      **Subject: Management Discussion and Analysis for the three months and six months ended 30 June 2023**

11 August 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 three months and six months ended 30 June 2023.

Please be informed accordingly,

Sincerely,

*-signed-*

(Mr. Phantep Luangwiriya)

Chief Financial Officer

Meb Corporation Public Company Limited

### A summary of the key financial information

Profit & Loss Statement	Quarter 2				For the 6 months ended 30 June			
	2022		2023		2022		2023	
	THB million	%	THB million	%	THB million	%	THB million	%
Net merchandise value (NMV) <sup>(1)</sup>	472.56		534.00		935.73		1,048.07	
Revenue from Sales of Goods and Services <sup>(2)</sup>	422.41	98.45	468.48	98.35	833.68	98.83	923.55	98.92
Total Revenue <sup>(2)</sup>	429.04	100.00	476.35	100.00	843.51	100.00	933.64	100.00
Cost of Sales and Services <sup>(3)</sup>	298.07	70.56	326.48	69.69	586.14	69.96	642.26	69.54
Gross Profit <sup>(3)</sup>	124.34	29.44	247.54	30.61	142.00	29.69	281.30	30.46
Operating Profit <sup>(2)</sup>	101.40	23.64	203.87	25.21	120.11	24.17	228.77	24.50
Profit for the period <sup>(2)</sup>	81.54	19.01	96.06	20.16	163.66	19.40	182.96	19.60

Remark: (1) Net merchandise value (NMV) shows sales revenue before deducting writer contribution (according to management report)

(2) Percentage of Total Revenue

(3) Percentage of Revenue from Sales & Services

### Total Revenue

For the second quarter of 2022 (Q2'22) and second quarter of 2023 (Q2'23), the Company had total revenue of THB 422.41 million and THB 468.48 million, respectively, representing an increase of 11.03% from the same period of last year. Most of the total revenue come from revenue from the sales of goods and rendering of services, which accounted for 98.45% and 98.35% of total revenue for Q2'22 and Q2'23, 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	Quarter 2				For the 6 months ended 30 June			
	2022		2023		2022		2023	
	THB million	%	THB million	%	THB million	%	THB million	%
Net merchandise value (NMV) <sup>(1)</sup>	472.56		534.00		935.73		1,048.07	
1. Revenue from sales of goods and rendering of services								
1.1 E-Book <sup>(2)</sup>	389.69	90.83	428.05	89.86	771.46	91.46	842.60	90.25
- Fiction	316.63	73.80	351.06	73.70	637.94	75.63	697.48	74.71
- Other categories <sup>(3)</sup>	73.06	17.03	77.00	16.16	133.52	15.83	145.12	15.54
1.2 readAwrite Platform <sup>(4)</sup>	19.58	4.56	27.38	5.75	38.31	4.54	52.22	5.59
1.3 Others <sup>(5)</sup>	13.14	3.06	13.05	2.74	23.91	2.83	28.73	3.08
Total Revenue from sales of goods and rendering of services	422.41	98.45	468.48	98.35	833.68	98.83	923.55	98.92
2. Investment income	0.84	0.20	3.69	0.77	0.84	0.10	3.69	0.40
3. Other income	5.79	1.35	4.18	0.88	8.99	1.07	6.39	0.68
<b>Total Revenue</b>	<b>429.04</b>	<b>100.00</b>	<b>476.35</b>	<b>100.00</b>	<b>843.51</b>	<b>100.00</b>	<b>933.64</b>	<b>100.00</b>

- Remark:** (1) Net merchandise value (NMV) shows sales revenue before deducting writer contribution (according to management report)  
 (2) Revenue from the sale of E-Books from meb, Hytexs and Hibrary platforms is the income before deducting writer contribution.  
 (3) such as Cartoon, Light novels, Magazines, and Newspapers  
 (4) Revenue from the readAwrite platform is net revenue after deducting writer contribution  
 (5) such as revenue from E-Buffer, Audio Book and E-Reader, etc.

### Net Merchandise Value (NMV)\* and Revenue from Sales of Goods and Services

For Q2'22 and Q2'23, the Company had NMV amounted of THB 534.00 million, increased by THB 61.44 million or 13.00% from the same period of last year. The Company's revenue from sales and services was at THB 468.48 million, increased by THB 46.07 million, or an increase of 10.91% from the same period of last year which was mainly from the increase in sale of electronic books (E-Book) from both fiction category and other categories and an increase of Monthly Active User (MAU) of both meb platform and readAwrite platform. meb platform's MAU increased from 0.57 million users/month to 0.67 million users/month and readAwrite platform's MAU increased from 5.97 million users/month to 6.07 million users/month. Moreover, an increase in the number of contents and success of E-Book fair campaign supported the sales growth in this quarter. In addition, revenue from sales and services from readAwrite platform increased by 39.80% from the same period of last year, resulting to an increase of sales of readAwrite platform proportion to total revenue from 4.56% to 5.75%.

\*Net merchandise value (NMV) shows sales revenue before deducting writer contribution (according to management report)

#### Monthly Active User (MAU)

Monthly Active User (MAU) <sup>(1)</sup>	Q2'22	Q2'23
meb Platform (Million MAU/month)	0.57	0.67
readAwrite Platform (Million MAU/month)	5.97	6.07

#### Revenue per MAU for the period <sup>(2)</sup> (THB per person)

Revenue (3 months) per MAU for the period <sup>(2)</sup> (THB per MAU)	Q2'22	Q2'23
meb Platform <sup>(3)</sup>	682	636
readAwrite Platform <sup>(4)</sup>	3	5

- Remark:** (1) Monthly average of data  
 (2) Calculated from revenue for the 3 months period divided by the Monthly Active Users for the relevant period  
 (3) Calculated from the sale of E-books which includes revenue from meb Hytexs 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	Quarter 2		For the 6 months ended 30 June	
		2022	2023	2022	2023
Cost of Sales & Services	THB million	298.07	326.48	586.14	642.26
Gross Profit	THB million	124.34	247.54	142.00	281.30
Gross Profit Margin	%	29.44	30.61	29.69	30.46



For Q2'22 and Q2'23, the Company's cost of sales and services were equal to THB 298.07 million and THB 326.48 million respectively, accounting for 70.56% % and 69.69% of revenue from sales and services, respectively.

The Company's cost of sales and services mainly includes Publishers and Writers Compensation and other costs such as employee benefit expenses, mainly for programmer employees, server cost, and literary translation fees, etc.

For Q2'23, the cost of sales and services of the Company increased by THB 28.41 million or equivalent to an increase of 9.53% from the same period of last 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 Q2'22 and Q2'23 increased from 29.44% to 30.31%, respectively, which was mainly due to an increase of revenue from sales and services from readAwrite platform, and expenses, some semi-fixed expense that did not increase in the same proportion as revenue from sales and services, such as employee benefit expenses which is in line with the nature of the Company's business.

#### Selling and Administrative Expenses (SG&A)

For Q2'22 and Q2'23, the Company's SG&A were equal to THB 29.57 million and THB 29.76 million respectively, accounting for 6.89% % and 6.25% of total revenue, respectively. In Q2'23, SG&A increased by THB 0.20 million or equivalent to an increase of 0.66% from the same period of last year. This was mainly due to an increase in selling expenses as an increase of revenue from sales and services. However, the Company still managed the administrative expenses effectively.

#### Net Profit for the year and Net Profit Margin

Items	Unit	Quarter 2		For the 6 months ended 30 June	
		2022	2023	2022	2023
Net Profit for the year	THB million	81.54	96.06	163.66	182.96
Net Profit Margin	%	19.01	20.16	19.40	19.60

For Q2'22 and Q2'23, the Company's net profit for the period was THB 81.54 million and THB 96.06 million respectively, representing a net profit margin of 19.01% and 20.16% respectively.

In Q2'23, the Company's profit for the period increased by THB 14.51 million, representing an increase of 17.80% from the same period of last year, mainly due to an increase of sales and service income and gross profit.

For the 6 months period ended 30 June 2023, NMV was THB 1,048.07 million, increased by 12.00% from the same period of last year. Revenue from sales and services was THB 923.55 million, increased by 10.78% from the same period of last year which was mainly from the increase in sale of E-Book both fiction category and other categories and an increase of MAU of both meb platform and readAwrite platform. Profit for the period was THB 182.96 million, increased by 11.80% from the same period of last year, mainly due to an increase of sales and service income and gross profit.

## Financial Positions

### Total Assets

Balance Sheet	As of 31 December		As of 30 June	
	2022		2023	
	THB million	%	THB million	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	482.03	85.97	1,121.03	91.88
Trade receivables	44.75	7.98	66.87	5.48
Other receivables	15.31	2.73	14.44	1.18
Inventories	3.03	0.54	3.45	0.28
<b>Total Current Assets</b>	<b>545.12</b>	<b>97.22</b>	<b>1,205.79</b>	<b>98.83</b>
Total Non-Current Assets	15.58	2.78	14.26	1.17
<b>Total Assets</b>	<b>560.70</b>	<b>100.00</b>	<b>1,220.05</b>	<b>100.00</b>

As of 31 December 2022, and 30 June 2023, the Company has total assets of THB 560.70 million and THB 1,220.05 million, respectively. Total assets mainly consisting of cash and cash equivalents, trade receivables, and other receivables representing 96.68% and 98.55% of total assets, respectively.

### Total Liabilities

Balance Sheet	As of 31 December		As of 30 June	
	2022		2023	
	THB million	% <sup>(1)</sup>	THB million	% <sup>(1)</sup>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade payables	132.79	35.23	131.34	54.69
Other payables	154.77	41.06	20.82	8.67
Contract liabilities	29.36	7.79	32.00	13.33
Current portion of lease liabilities	2.65	0.70	2.33	0.97
Income tax payable	48.65	12.91	45.71	19.04
<b>Total Current Liabilities</b>	<b>368.23</b>	<b>97.70</b>	<b>232.20</b>	<b>96.68</b>
Total Non-Current Liabilities	8.67	2.30	7.96	3.32
<b>Total Liabilities</b>	<b>376.90</b>	<b>100.00</b>	<b>240.16</b>	<b>100.00</b>

Remark: (1) Percentage of total liabilities

As of 31 December 2022, and 30 June 2023, the Company has total liabilities of THB 376.90 million and THB 240.16 million, respectively. Total liabilities mainly consisting of trade payables, income tax payable, contract liabilities, and other payables accounting for 97.00% and 95.72% of total liabilities as of 31 December 2022 and 30 June 2023, respectively.



## Equity

As of 31 December 2022, and 30 June 2023, the Company equity was THB 183.80 million and THB 979.89 million, respectively.

Shareholders' equity as of as of 30 June 2023 increased by THB 796.09 million, or equivalent to an increase of 433.13% from 31 December 2022, mainly due to an increase in retained earnings from the capital increase from initial public offering (IPO) and net profit for the period of this year.