



MANAGEMENT DISCUSSION AND ANALYSIS 1Q/2021

May 14, 2021

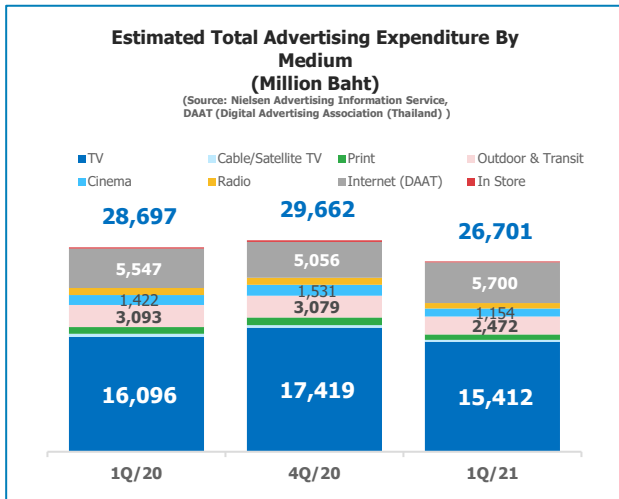
Executive Summary

- The new wave of COVID-19 pandemic continued to pressure the advertising spending and therefore the Company's advertising income. Additionally, in 4Q 2020, BEC group divested its investment in Tero, which had made continuous losses. Tero revenue and expenses are consequently excluded from BEC Group's consolidated financial statements in this quarter.
- The company has transformed from a TV business to a content provider via multiple platforms. The company continues to expand Global Content Licensing business to overseas via various platforms. The company has established its own OTT platform ("CH3 Plus) and introduced SVOD "CH3Plus Premium", an extension of CH3 Plus as a subscription video on demand or SVOD. In this quarter, total revenue from the Global Content Licensing business and Digital Platform business amounted to Baht 126.1 million.
- BEC Group's cost decreased 39.0% YoY from 1Q/20 and decreased 4.2% QoQ from 4Q/20, which was mainly due to operation cost reduction and downsizing of the organization as planned.
- BEC Group's selling and administrative expenses decreased 60.5% YoY from 1Q/20 and decreased 53.9% QoQ from 4Q/20, which was mainly due to expense reduction and downsizing of the organization.
- Net profit attributable to the Company increased 150.5% from 1Q/20 to Baht 138.8 million. The performance of the company has turned around since 3Q 2020 in which its net profit has been continuously positive up to this quarter.
- Cash and cash equivalents in the statement of financial position increased by Baht 492 million or 19.2% from the end of 2020 to Baht 3,057.3 million at the end of 1Q/21, with net cash flow from operation of Baht 982.5 million. This is the result of significant performance improvement when compared with 1Q/20.

Economic Overview and Market Situation

In 1Q/21, the Thai economy slowed down due to the new wave of COVID-19 virus outbreak. Although the impact was less than the first wave from disease control measures and adjustment of business and household sectors, it caused the services sector to have liquidity problems and affected the employment rate. The tourism sector would likely recover slowly as international travel was still limited. If there had been a nationwide COVID-19 vaccination, it

would enable both inbound and outbound travel for Thailand to be more free. In addition, the household debt burden remained high, coupled with the political uncertainty which might affect the overall recovery of the Thai economy.



According to Nielsen Media Research ("Nielsen"), the estimated advertising expenditures ("AdEx") in 1Q/21 were at Baht 26,701 million, a decrease of Baht 1,996 million or 7% YoY lower than 1Q/20 at Baht 28,697 million and a decrease of Baht 2,961 million baht or down 10% QoQ from 4Q/20. The TV group was still the main advertising media and had the most market share of about 58%. The

biggest increase was from the Internet media, which increased 3% YoY from 1Q/20 and increased 13% QoQ from 4Q/20. The highest decline was seen in the TV-Cable/Satellite media which dropped 34% YoY from 1Q/20 and 16% QoQ declined from 4Q/20. The radio media was down by 22% YoY from 1Q/20 and down by 22% QoQ from 4Q/20.

The total TV ("TV") spending (TV + Cable / Satellite TV) was at Baht 15,702 million, which dropped 5% YoY from 1Q/20 and declined 12% QoQ from 4Q/20.

Overall, the advertising spending when compared to the same period last year for the Food & Beverage segment increased 18%, the Media & Marketing segment (which came mainly from the direct sales business) increased 8%, the cosmetic segment dropped 4% and automotive segment dropped by 12%. The segment which saw a significant and continuing drop from last year was the travel segment, which dropped by 72%.

Important Changes in 1Q/21

In 2020, Channel 3 launched the application CH3Plus, a digital entertainment platform, which was a success and well received with more than 1 million subscriptions and usage. In 1Q/21, the BEC Group announced the launch of "CH3Plus Premium", an extension of CH3 Plus as a subscription video on demand or SVOD. It includes various functions e.g. offering over 10,000 hours of continuous content without commercials, Full HD (1080P) picture and sound, adjustable viewing speed up to 8 levels, 24 hours of live streaming and rerun programs. Moreover, there are exclusive contents that have never been aired before, including "Fandom", a feature that allows viewers to be closer to their favorite stars than ever before. On March 19, 2021, "Gulf The Next Stage" was the first virtual concert via CH3 Plus Premium, which received positive feedback. It had been watched simultaneously by more than 7,000 viewers in 75 countries around the world. These live events are planned on a monthly basis.





Consolidated Performance Summary

STATEMENT OF INCOME (Consolidated)	1Q/20		4Q/20		1Q/21		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
Total Revenues	1,636.5	100.0%	1,717.8	100.0%	1,308.2	100.0%	(328.3)	-20.1%	(409.6)	-23.8%
Advertising income	1,400.0	85.5%	1,327.3	77.3%	1,174.5	89.8%	(225.4)	-16.1%	(152.7)	-11.5%
Income from copyright and other services	219.6	13.4%	380.0	22.1%	133.7	10.2%	(85.9)	-39.1%	(246.3)	-64.8%
Income from organizing concerts and shows	6.1	0.4%	0.0	0.0%	-	0.0%	(6.1)	-100.0%	(0.0)	-100.0%
Sales of goods	10.8	0.7%	10.5	0.6%	-	0.0%	(10.8)	-100.0%	(10.5)	-100.0%
Total Cost	(1,595.4)	-97.5%	(1,016.2)	-59.2%	(973.3)	-74.4%	(622.1)	-39.0%	(42.9)	-4.2%
Cost of sales and services	(1,589.7)	-97.1%	(1,016.4)	-59.2%	(973.3)	-74.4%	(616.3)	-38.8%	(43.0)	-4.2%
Cost of organizing concerts and shows	(5.7)	-0.4%	0.1	0.0%	-	0.0%	(5.7)	-100.0%	0.1	100.0%
Gross Profit	41.1	2.5%	701.5	40.8%	334.9	25.6%	293.8	715.4%	(366.7)	-52.3%
Selling and Admin Expenses	(370.8)	-22.7%	(317.8)	-18.5%	(146.4)	-11.2%	(224.4)	-60.5%	(171.4)	-53.9%
Other income	11.6	0.7%	51.4	3.0%	10.9	0.8%	(0.7)	-6.4%	(40.5)	-78.8%
Non-Recurring Item - Asset Impairment	-	0.0%	(87.2)	-5.1%	-	0.0%	-	100.0%	(87.2)	100.0%
Impairment loss in accordance with Financial Reporting Standard No. 9	(8.8)	-0.5%	(9.9)	-0.6%	(3.2)	-0.2%	(5.7)	100.0%	(6.8)	100.0%
Share of profit (loss) of associates held by subsidiary	(0.7)	0.0%	(0.4)	0.0%	-	0.0%	0.7	100.0%	0.4	100.0%
Finance costs	(29.3)	-1.8%	(27.8)	-1.6%	(24.1)	-1.8%	(5.2)	-17.7%	(3.7)	-13.2%
Profit (Loss) before income tax expense	(356.9)	-21.8%	309.8	18.0%	172.1	13.2%	529.0	148.2%	(137.7)	-44.4%
Income tax (expense) revenue	51.5	3.1%	(46.3)	-2.7%	(33.3)	-2.5%	84.8	164.6%	(13.1)	-28.2%
Profit (Loss) for the period	(305.4)	-18.7%	263.4	15.3%	138.8	10.6%	444.2	145.5%	(124.6)	-47.3%
Net Profit (Loss) attributable to BEC World	(275.2)	-16.8%	267.5	15.6%	138.8	10.6%	414.0	150.5%	(128.7)	-48.1%
Non-controlling interests	(30.2)	-1.8%	(4.1)	-0.2%	0.0	0.0%	30.2	100.0%	4.1	100.1%

Note: From December 8, 2020, the Company has removed BEC-Tero Entertainment Public Company Limited financials from the Company's consolidated financial statements.

Revenue

BEC Group's advertising income in 1Q/21 stood at Baht 1,174.5 million, a 16.1% YoY dropped from 1Q/20 and a 11.5% QoQ drop from 4Q/20. The drop in revenue was from lower advertising minutes sold due to the seasonality factor in January, where the spending was reduced and affected by the new wave of COVID-19 pandemic, which reduced the overall advertising spending. In addition, the impact from removing BEC-Tero Entertainment Public Company Limited ("Tero") financials from the Company's consolidated financial statements. The removal would reduce both income and expenses according to the new structure in 2021.

Income from copyrights and other services was at Baht 133.7 million, a decrease of 39.1% YoY from 1Q/20 and decreased 64.8% QoQ from 4Q/20 mainly from the removal of revenue from ticketing business after the divestment of Tero. Revenue from the Global Content Licensing business and Digital Platform business amounted to Baht 126.1 million this quarter which was lower than the previous quarter since there was simulcast of contents to overseas in the previous quarter.

Income from organizing concerts and shows decreased to zero because the Company sold its investment in Tero and removed it from the Company's consolidated financial statements.

BEC Group's overall income for 1Q/21 was at Baht 1,308.2 million, which decreased 20.1% YoY from 1Q/20 and decreased 23.8% QoQ from 4Q/20. Advertising sales of Channel 33 remained the main source of income for the BEC Group, accounting for 89.8% of total income.

Cost

Cost of sales and services for 1Q/21 was at Baht 973.3 million, which decreased 38.8% YoY from 1Q/20 and decreased 4.2% QoQ from 4Q/20. This was according to the plan that had been implemented on an ongoing basis including operation cost reduction, a downsizing of the organization and the termination of Channel 3 broadcasts in the analog system after the end of the concession contract, as well as removing Tero's cost from BEC group cost structure. This would be the new cost structure of the BEC group in 2021.

Gross Profit

Gross profit in 1Q/21 was at Baht 334.9 million, or increased 715.4% YoY from 1Q/20, but decreased 52.3% QoQ from 4Q/20. Global Content Licensing business and Digital Platform business were the main contributors to the high revenue totaling Baht 329.7 million. The gross profit margin in this quarter is 25.6%.

BEC Group's selling and administrative expenses was at Baht 146.4 million, which decreased 60.5% YoY from 1Q/20 and decreased 53.9% QoQ from 4Q/20, which was



mainly from expense reduction, organization downsizing and the removal of Tero's financial statement.

Financial Cost

Financial cost for 1Q/21 was at Baht 24.1 million, registering a 17.7% decrease YoY from 1Q/20 and a 13.2% decrease QoQ from 4Q/20.

Conclusion

In conclusion, BEC Group reported consolidated net income attributable to BEC World of Baht 138.8 million which increased 150.5% YoY from 1Q/20 but decreased 48.1% QoQ from 4Q/20. Moreover, BEC group had a net cash flow from operation of Baht 982.5 million and Cash and cash equivalents of Baht 3,057.3 million as at ending 1Q/21.

Best regards,

(Piriya-dit Choophungart)

Executive Vice President, Finance & Accounting

BEC World Public Company Limited