

MCOT Public Company Limited



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Ref: MCOT/ 6154/2084

November 9, 2021

The Stock Exchange of Thailand

Attn: The President

Re: Management's Discussion and Analysis (MD&A) on the Company's Operating Results for 3-Month and 9-Month Period Ended September 30, 2021

On November 9, 2021, the Board of Directors of MCOT Public Company Limited, at the Meeting No. 14/2021, has resolved to approve the Financial Statements ended September 30, 2021, which were reviewed by EY Company Limited and the Audit Committee of MCOT, the details of which are as follows:

Management's Discussion and Analysis (MD&A) on the Company's Operating Results for 3-Month and 9-Month Period Ended September 30, 2021

The Company's operating results in Q3-2021 showed profitability that continued from the previous quarter. Profits in Q3-2021 and the first nine months were 21 million and 100 million Baht, which increased 120% and 109%, compared to the same period of 2020 respectively. Such profitability was due to increased revenue and continued cost management, bringing a significant cost reduction in 2021. The management of MCOT, therefore, explains the details of the changes, operations as well as established measures to enhance the Company's competitiveness as follows:

Operating Results of MCOT Plc. and Subsidiaries

| | Unit: Million Baht (Reviewed) | | |
|---|-------------------------------|------------------|-------------|
| | Jan-Sep 2021 | Jan- Sep 2020 | %YoY |
| Total Revenue | 1,141 | 1,183 | -4 |
| Television | 370 | 314 | +18 |
| Radio | 297 | 345 | -14 |
| Broadcast Network Operator (BNO) + C-Band | 341 | 326 | +5 |
| Digital and New Business | 62 | 53 | +17 |
| Joint Operation (concession) | - | 101 | - |
| Others | 71 | 44 | +61 |
| Total Expense | 1,026 | 2,352 | -56 |
| Net Finance revenue | (16) | 1 | |
| Profit (loss) before income tax expenses | 100 | (1,168) | +109 |
| Profit (loss) for the period | 100 | (1,168) | +109 |
| Earnings (loss) per share (Baht) | 0.15 | (1.70) | +109 |
| Profit (loss) attributable to: | | | |
| Equity holders of the Company | 100 | (1,167) | +109 |
| Non-controlling interests of the subsidiaries | (0.6) | (0.5) | -20 |

At MCOT, we all work together towards a common goal of promoting transparency and anti-corruption to achieve sustainable development.

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Unit: Million Baht (Reviewed)

| | Jul-Sep 2021 | Jul-Sep 2020 | %YoY | Apr-Jun 2021 | %QoQ |
|---|-----------------|-----------------|-------------|-----------------|------------|
| Total Revenue | 392 | 401 | -2 | 388 | +1 |
| Television | 137 | 131 | +5 | 129 | +6 |
| Radio | 95 | 115 | -17 | 102 | -7 |
| Broadcast Network Operator (BNO) + C-Band | 117 | 130 | -10 | 113 | +4 |
| Digital and New Business | 29 | 19 | +53 | 20 | +45 |
| Joint Operation (concession) | - | - | - | - | - |
| Others | 14 | 6 | +133 | 24 | -42 |
| Total Expense | 366 | 506 | -28 | 340 | +8 |
| Net Finance revenue | (5) | (0.7) | | (5) | |
| Profit (loss) before income tax expenses | 21 | (106) | +120 | 43 | -51 |
| Profit (loss) for the period | 21 | (106) | +120 | 43 | -51 |
| Earnings (loss) per share (Baht) | 0.03 | (0.15) | +120 | 0.05 | -50 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | 21 | (106) | +120 | 44 | -52 |
| Non-controlling interests of the subsidiaries | (0.2) | (0.2) | - | (0.2) | - |

Significant issues in Q3-2021

- Total revenue in the first nine months of 2021 dropped 4% , compared to last year, due to recognition of revenue from the Joint-Operations Agreement, which was expired since March 2021. Regardless of concession revenue in 2020, 5% increase in revenue in the first 9 months of 2021 would be found, compared to the same period of last year.
- Advertising spending of the industry in Q3-2021 dropped 10% and 7%, compared to Q3 -2020 and the previous quarter. TV spending in the industry dropped 8%. Meanwhile, MCOT's TV revenue increased 5%. As for radio, spending dropped 11%. Similarly, MCOT's radio revenue dropped 17%, which is lower than the industry.
- Total revenue in Q3-2021 dropped 2%, compared to Q3-2020 but rose 1% compared to Q2-2021. Profitability that continued from the previous quarters, comprised profits in Q3-2021 of 21 million Baht profits in 9-month period of 100 million Baht.
- In Q3-2021, MCOT was able to generate more revenue, compared to Q3-2020. Revenue from TV increased 5% and revenue from digital and others increased 53%.
- Effective cost management continued from 2020. For instance, content management focusing on seeking partnership and adjustment of personnel cost structure through launch of mutual separation program. This brought a 28% cost reduction in Q3-2021, compared to the same period of 2020.

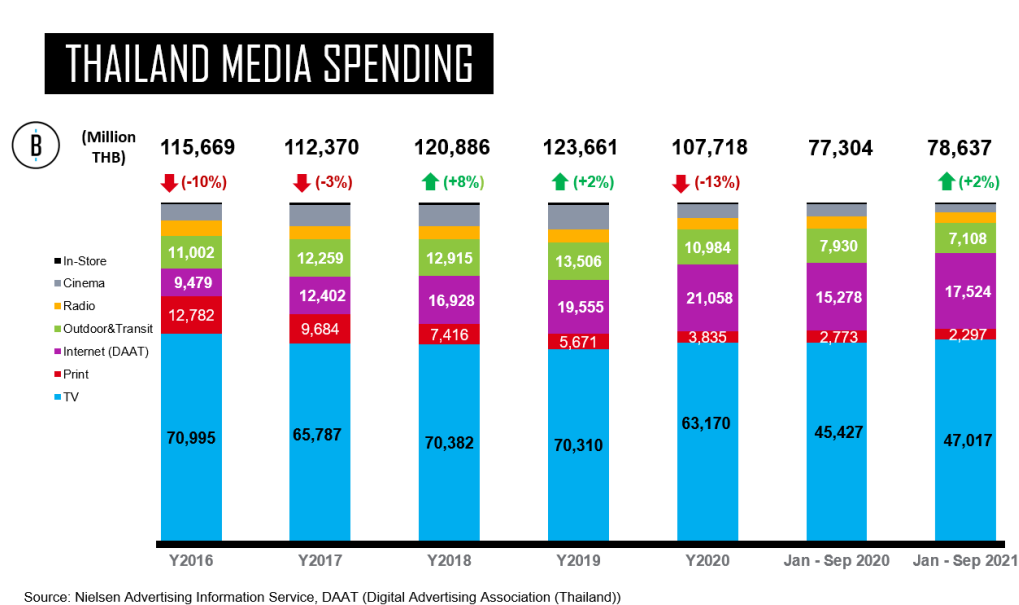
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Overall Industry

Nielsen Thailand revealed that Thailand’s advertising spending from January-September 2021 was valued 78,637 million Baht, a 2% increase compared to the same period of last year. TV remained the most spent medium among other media, accounting for 60% of total spending.

Advertising spending in Q3-2021 was valued at 24,997 million Baht, a 10% decrease compared to the same period of last year. In the 9-month period, the top three spenders were 1. food and beverage, 2. personal care and cosmetics and 3. media & marketing mainly from direct sales which increased 14% compared to the 9-month period of 2020.



Total revenue

In Q3-2021, the total revenue was 392 million Baht, a 1% increase, compared to the previous quarter, but dropped 2% , compared to the same period of last year, mainly due to increased revenue from all business including TV, broadcast network operations, digital and new business.

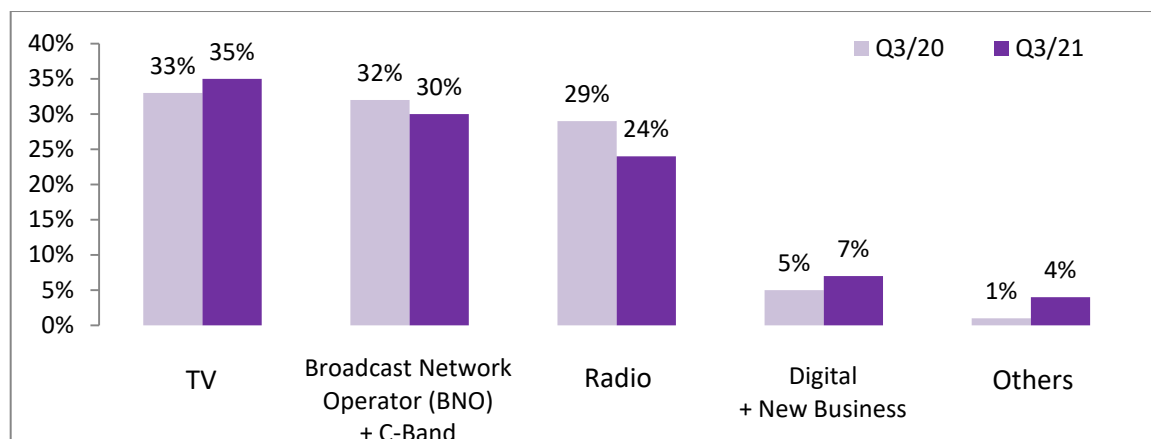
MCOT’s revenue structure was as follows:

- TV (35%)
- Broadcast Network Operator and MCOT satellite network (30%)
- Radio (24%)
- Digital and new business (7%)
- Others (4%)

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Revenue structure in comparison between Q3-2021 and Q3-2020



MCOT's total revenue in Q3-2021 increased from the same period of 2020. Details of revenue from each business were as follows:

- TV revenue increased 5% due to increase in advertising revenue in Nine Entertain programs and special projects with public sectors as well as time-rental partnership
- Broadcast network operations' (BNO) revenue dropped 10%, compared to the same period last year. The drop was partly due to the fact that services provided for a distance learning channel during the outbreak situation of COVID-19 for a 6-month period were ended in May 2020.
- In Q 3-2021, radio business was affected by the outbreak situation of COVID-19, which prohibited MCOT's radio stations from arranging marketing activities, therefore, affected customers' consideration in spending PR budget. Central radio was largely affected rather than regional radio. The major source of MCOT's radio revenue was from central network, which accounted for 72% of total revenue. The highest revenue-generating station was F.M. 95 MHz., followed by F.M. 100.5 MHz. and F.M. 96.5 MHz.
- Revenue from digital and new business increased 53% due to an increase in revenue from social platforms (YouTube and Facebook) and revenue sharing from selling products through Shop Mania program, whose business model had been modified in 2020. Shop Mania was re-launched in March 2021.

Total expenses

MCOT's total expenses in Q3-2021 and the first 9 months of 2021 were 366 million Baht and 1,026 million Baht, which decreased 28% and 56%, compared to the same period of last year. In Q3-2021, sales and services accounted for 65% of the total expenses, which dropped 36%, compared to the same period of last year. Such significant decrease in the total expenses was a result from restructuring expenses, managing expenses on contents and reducing personnel expenses following the Mutual Separation Plan. In Q3-2021, the structure of expenses was as follows:

- Cost of sales and services 65%
- Selling and distribution expenses 9%
- Administrative expenses 26%

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Net Profit

The Company's operating results in Q3-2021 and the first 9 months of 2021 showed profits of 21 million Baht and 100 million Baht, a 120% and 109% increase, compared to the same period of last year. This was a result of increased revenue and reduced costs as well as continuous effective cost management.

The management of MCOT plans to improve content quality to better meet the needs of viewers and listeners. News presentation is to be improved in order to verify and provide trusted news. Smart entertainment will also be focused in collaboration with various business partners. In adhering to the commitment of being "a quality media organization that builds a strong and enriching community", MCOT will be able to maintain revenue from traditional media and generate more revenue from digital and new business including asset utilization, to continuously grow. The Company will also continue to reduce and restructure cost to achieve sustainable profitability.

Assets, Liabilities and Shareholder's Equity

| | Unit: Million Baht (Reviewed) | |
|----------------------|-------------------------------|-------------------------|
| | 30 September 2021 | 31 December 2020 |
| Asset | 7,647 | 8,043 |
| Liabilities | 2,771 | 3,267 |
| Shareholder's Equity | 4,876 | 4,776 |

As of September 30, 2021, the Company had total assets of 7,647 million Baht, total liabilities of 2,771 million Baht and shareholder's equity of 4,876 million Baht. The Company had Cash, Cash equivalents and Short-term fixed deposits of 612 million Baht. This reflected the Company's financial strength.

Sincerely yours,



(Mr. Pornchit Piamsri)
Vice President of Corporate Secretary Department
MCOT Public Company Limited
Authorized to sign on behalf of the company

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