

MCOT Public Company Limited



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Ref: MCOT/ 6154/2542

November 10, 2022

The Stock Exchange of Thailand

Attn: The President

Re: Management's Discussion and Analysis (MD&A) on Operating Results for Three-Month and Nine-Month Periods, Ended 30th September, 2022

On 10th November 2022, the Board of Directors' meeting no. 15/2022 resolved to approve the financial statements of MCOT Public Company Limited, for the three-month and nine-month periods, ended 30th September 2022, which were reviewed by EY Company Limited and the Audit Committee, the details of which are as follows:

Management's Discussion and Analysis (MD&A) on operating results for three-month and nine-month periods as of 30th September 2022, MCOT recorded the bottom line in the red ink at 72 million Baht, considered as 172% drop comparing to the same period of the last year. The main reasons of the decreasing of the revenue was from the decrease of revenue of tradition media (TV and Radio) over 23%. While the revenue from broadcast network operations and digital business increase 9% and 35%, respectively. However, MCOT is able to manage the expense as per the budget whereby the expenses increase by 4%, comparing to the same period of last year, due to amortization of radio frequency fee starting from 4th April 2022.

Due to decreased revenue and increased expenses, the operating results of MCOT changes over 20%, compared to the same period of the last year. Explanation of such change, operations and adjustment measures to improve the Company's competitiveness by the management of MCOT are as follows:

Operating Results of MCOT Plc. and Subsidiaries

	Unit: Million Baht (Reviewed)		
	Jan-Sep 2022	Jan-Sep 2021	%YoY
Total Revenue	1,017	1,143	-11
Television	284	370	-23
Radio	259	297	-13
Broadcast Network Operator (BNO) + C-Band	373	341	+9
Digital and New Business	84	62	+35
Others	17	73	-77
Total Expense	1,089	1,043	+4
Profit (loss) before income tax expenses	(72)	100	-172
Profit (loss) for the period	(72)	100	-172
Earnings (loss) per share (Baht)	(0.10)	0.15	-167

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Unit: Million Baht (Reviewed)

	Jul - Sep 2022	Jul - Sep 2021	% Change (YOY)	Apr - Jun 2022	% Change (QOQ)
Total Revenue	355	392	-9	355	-
Television	104	137	-24	101	+3
Radio	92	95	-3	88	+5
Broadcast Network Operation Service+C-Band	124	117	+6	125	-1
Digital + New Business	33	29	+10	31	+3
Others	3	14	-79	10	-70
Total Expenses	372	371	-	365	+2
Profit (loss) before income tax expenses	(17)	21	-181	(10)	-70
Profit (loss) for the period	(17)	21	-181	(10)	-70
Earnings (loss) per share (Baht)	(0.02)	0.03	-167	(0.02)	-

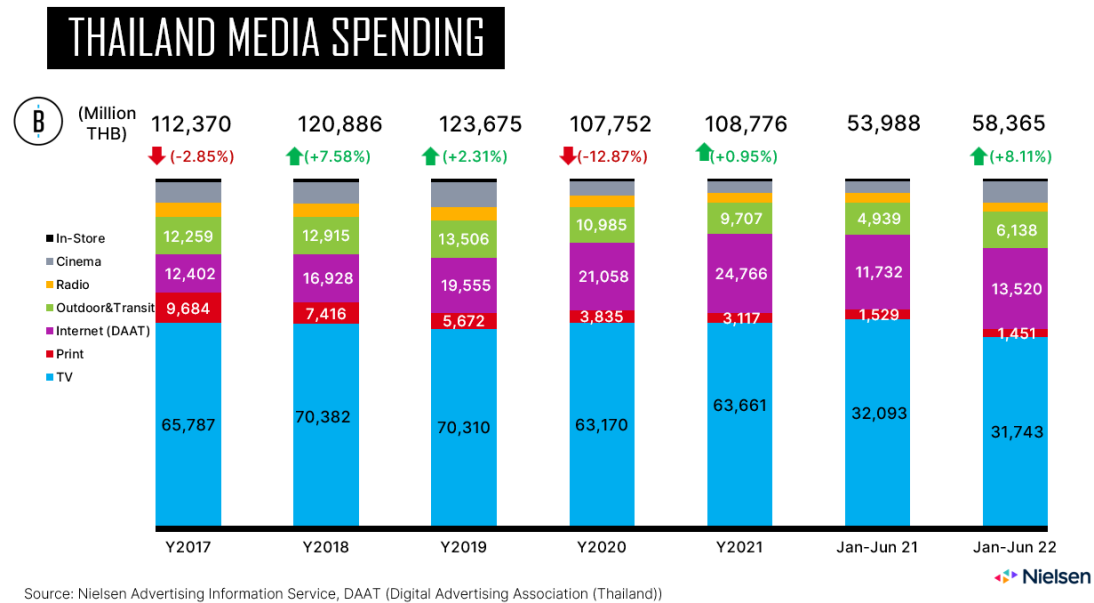
Significant issues in operating results in the first nine months in 2022 and Q3-2022

1. MCOT is able to continuously generate revenue from BNO since Q3-2021 of which greater the revenue from than TV and radio, after broadcast of a public service channel T-Sports 7.
2. The licenses to operate 47 radio frequencies that MCOT has acquired from the auction, have taken effect since April 4, 2022, for a period of 7 years. The 47 frequencies consist of:
 - 6 frequencies in Bangkok and vicinity
 - 41 frequencies in regional area
3. On February 21, 2022, MCOT won the auction for radio frequencies. The Company has already paid the license fee of 544 million Baht to the National Broadcast and Telecommunications Commission (NBTC) on March 24, 2022. The license fee is amortized for 7 years per the license period resulting in an increase of 6 million Baht of expense on monthly basis.
4. Revenue from rental of assets (studio and master control room) is recognized in late Q1-2022 for the broadcast operations of T-Sports 7.
5. Although the timeline for 50-rai utilization (new business) is extended, MCOT is able to generate revenue through leasing out part of the land for a short term. Rental revenue from joint-operations with CKST is recognized until Q1-2023.

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Overall Industry



From Nielsen Thailand report, total spending in advertising industry spending in the first nine months of 2022, was higher than the same period of previous year, valued at 88,108 million Baht. TV is considered as the highest value among the media spending accounting to 54% of total spending. Overall value of the advertising industry in September was increased by 19% comparing to the same period of the previous year.

Most of the advertising budget are used for the sectors of Food & Beverage followed by Personal care & Cosmetic and Retail shop/ Food outlets.

Details of advertising spending are as follows:

Media (Jan-Sep 2022)	Percentage	% Changes, compared to 9M-2021
TV amounted to 47,490 million	54%	1% increase
Internet amounted to 19,816 million	22%	9% increase
Outdoor & transit amounted to 9,795 million	11%	38% increase
Cinema amounted to 5,636 million	6%	205% increase
Radio amounted to 2,463 million	3%	3% increase
Printed amounted to 2,255 million	3%	2% drop
In-store amounted to 653 million	1%	34% increase

Total Revenue

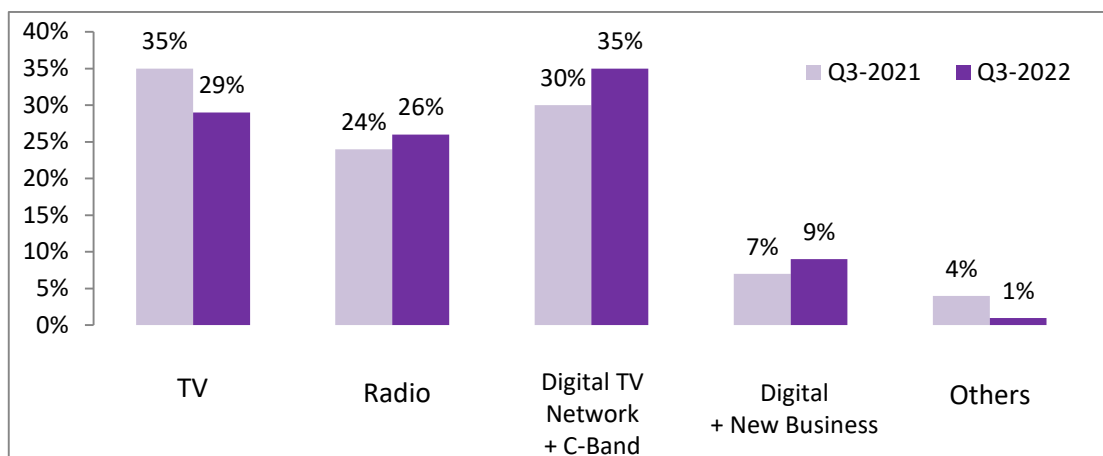
For the first nine month, MOCT recorded the revenue at 1,017 million Baht, decreased by 11% comparing to the same period of last year. Revenue in Q3-2022 was 355 million Bath, decreased by 9% comparing to the same period of last year. Details of revenue are as follows:

- Broadcast Network Operation Service and MCOT satellite network (35%)
- TV (29%)
- Radio (26%)
- Digital and New Business (9%)
- Others (1%)

Table chart showing revenue structure in Q3-2022 in comparison with Q3-2021

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The total revenue in Q3-2022 decreased 9% comparing to the same period of the last year of which mainly from the reduction in revenue from traditional media (TV and radio), which is the major business of MCOT. Meanwhile the revenue from BNO business is accounted as the highest contributor to MCOT's revenue due to network rental from the new client. Broadcast Network Operation Service revenue has continued since Q3-2021.

Details of revenue from each business in Q3-2022 are as follows:

- Revenue from BNO was 124 million Baht, increased by 6% comparing to the same period of the last year due to the new client, T Sports 7 operated by the Sports Authority of Thailand since July 2021
- TV revenue was recorded at 104 million Baht, decreased by 24% comparing to the same period of the last year, mainly from the decrease of the revenue from governmental PR campaigns in the news programs. Revenue from news programs declined by 27%, compared to the same period of last year. On a contrary, MCOT was able to generate more revenue from advertising, for example; time-rental and broadcast of special programs and events.
- Radio revenue was recorded at 92 million Baht, slightly decreased by 3% comparing to the same period of the last year. Though MCOT operates 47 radio stations (previously 60 stations). The Radio business has been improving their performance to the same level of previous year evidenced by the continuation of improvement of the revenue from Radio business. Q3-2022 performance was considered as 5% higher than Q2-2022.
Radio revenue mainly comes from central operations, accounted to 79% of radio revenue. The highest revenue contributor is F.M. 95 MH.z, followed by F.M. 100.5 MH.z., F.M. 96.5 MH.z. and F.M. 107 MH.z.
- Revenue from digital and new business was recorded at 32 million Baht, increased by 10% comparing to the same period of the last year, due to an increase in revenue from social platforms (YouTube and Facebook) and content distribution, and sharing from selling products through Shop Mania program. In addition, the new revenue from the asset's rental which is considered as a new business has been recognized since Q1- 2022.

Total expenses

For the period January-September 2022, total expenses was recorded at 1,089 million Baht, increase by 4% increase comparing to the same period of the last year. Expenses in Q3-2022 was 372 million Baht, slightly increased by 0.3% comparing to the same period of last year. The increase in expenses was partly from the expense of amortization of the radio frequency license fee, 6 million Baht per month.

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Cost structure:

- Sales and service expenses 68%
- Distribution expenses 5%
- Administrative expenses 25%
- Financial cost 2%

Net Profit

For Q3-2022, MCOT posted the red ink at 17 million Baht or 126% decreased comparing to the same period of the last year. QoQ performance also plunged by 70% of which mainly from the decrease in the revenue in core business i.e. TV and radio. However, MCOT is able to control and manage the expense per the budget.

Assets, Liabilities and Shareholder's Equity

	September 30, 2022	December 31, 2021
Assets	10,078	9,909
Liabilities	3,383	3,142
Shareholder's Equity	6,695	6,767

As of 30th September 2022, the Company posted total assets of 10,078 million Baht, which increased from December 31, 2021, due to 2 factors:

- 1) Decrease in current assets by 209 million Baht comprised of;
Decrease in cash and cash equivalent due to payment of license fees and increase in accounts receivable and debtors and unsettled payment of sponsorship for BNO rental from the NBTC.
- 2) Increased non-current assets to 385 million Baht
Increase in non-current assets including licenses to operate radio frequencies, music rights, and software and graphic systems.

Total liabilities are 3,383 million Baht, partly due to a long-term loan from a financial institute for the license fee payment and shareholder's equity are 6,695 million Baht.

MCOT has cash/cash equivalent and short-term investment totaling 198 million Baht. The Company also possesses land assets as shown in Statement of Financial Position (property for investment) of 8,112 million Baht (3 plots of land with total area of 149 rais). This reflects the Company's financial and liquidity is still strong.

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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