



MANAGEMENT DISCUSSION AND ANALYSIS 2Q/2023

August 11, 2023

BEC Group reported consolidated net profit attributable for 2Q/23 performance at Baht 74.9 million or increasing 1,901% QoQ from 1Q/23, with Cash and cash equivalents of Baht 3,793.2 million as at ending 2Q/23

Executive Summary

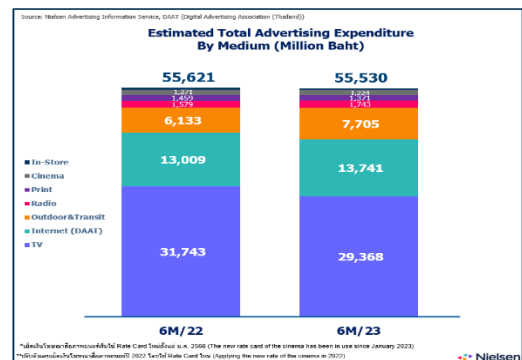
- BEC World Public Company Limited (“BEC Group” or “The Company”) reported a net profit attributable to the Company of Baht 74.9 million in 2Q/23, representing an increase of 1,901% QoQ compared to 1Q/23 and the gross profit margin improving to 27.7% in 2Q/23 from 18.5% in 1Q/23. The Company’s improved performance from the previous quarter could be attributed to a gradual recovery in TV ad spending in 2Q/23 compared to continued expansion in the tourism and private consumption sectors in 1Q/23 amidst various domestic and international uncertainties including political instability, consistently high inflation rates worldwide, cost push pressure on consumers as well as the fluctuations in the global financial markets.
- In 2Q/23, revenue from Global Content Licensing and Digital Platform business together amounted to Baht 125.5 million or accounting for 10.4% of revenue from operation.
- On April 28, 2023, the Annual General Shareholders’ Meeting of the Company for the year 2023 resolved to pay a dividend of Baht 0.16 per share to shareholders, amounting to Baht 320 million. The dividend payment was made on May 25, 2023.
- Cash and cash equivalents in the statement of financial position decreased by 4%, or Baht 159 million, to Baht 3,793.2 million as at June 30, 2023, from Baht 3,952.2 million as at December 31, 2022, mainly due to the dividend payment of Baht 320 million. The Company had a net cash flow from operating activities of Baht 1,079.9 million for the first half of 2023.

Economic Overview and Market Situation

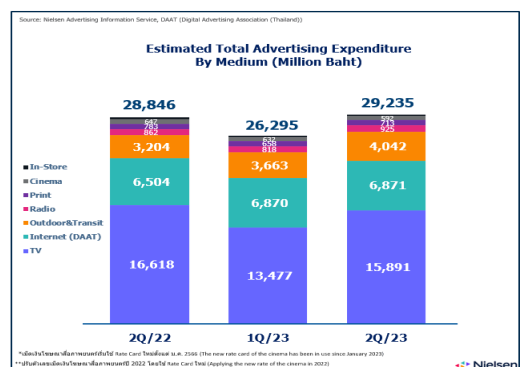
The Thai economy gradually recovered in 2Q/23, following a slow recovery from 1Q/23. This recovery was characterized by continuous expansion in the tourism and private consumption sectors, as well as an improvement in the labor market in accordance with the recovery in economic activities. This positive trend also helped improve consumer confidence, leading to the return of multinational brands and companies in investing and advertising spending in 2Q/23 albeit at a lower level compared with 2Q/22 on account of domestic political uncertainties as well as macro-economic factors such as globally high inflation, cost push pressure on consumers, fluctuations in the world’s financial markets from the central bank’s policies in continuing to increase policy rates, concerns about financial institutions in several countries, and the US Government debt ceiling issue. These factors had led to advertisers’ cautious investment and advertising spending.



Nielsen Media Research (“Nielsen”) reported the estimated advertising expenditures (AdEx) for the first half of 2023 (“6M/23”) at Baht 55,530 million, slightly decreasing by Baht 91 million or 0.2% YoY from the first half of 2022 (“6M/22”). The media that experienced the most significant increase from 6M/22 was the Outdoor & Transit media, which increased by 25.6% YoY, and the Radio media, which increased by 10.4% YoY from 6M/22. As COVID-19 situation had lessened compared to last year, people resumed their life outside their home and the tourism and private consumption sectors expanded. These resulted in advertisers’ increased confidence to invest and spend continuously to attract and retain their customer base amidst the volatile economy. Total advertising spending of the TV group (TV + Cable/Satellite TV) was at Baht 29,368 million, a decrease of Baht 2,375 million or 7.5% YoY. However, the TV group continued to dominate media spending, accounting for approximately 53% of the total spending in 2Q/23.

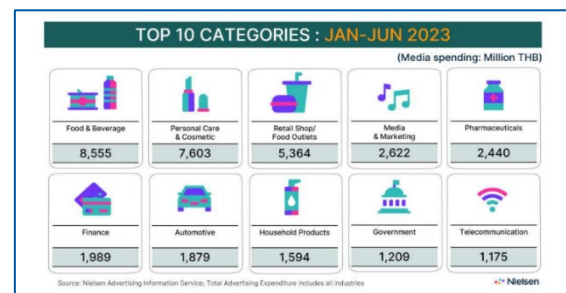


In 2Q/23, AdEx reached Baht 29,235 million, showing an increase of Baht 2,940 million or 11.2% QoQ from 1Q/23, which recorded Baht 26,295 million, and an increase of Baht 389 million or 1.4% YoY from 2Q/22, which recorded Baht 28,846 million. The media with the highest increase in 2Q/23 was the Outdoor & Transit media, which saw a 26.2% YoY increase from 2Q/22 and a 10.4% QoQ increase from 1Q/23. Additionally, Radio media increased by 7.3% YoY from 2Q/22 and 13.1% QoQ from 1Q/23. On the other hand, the media that showed the highest decrease in 2Q/23 was In-Store media, which declined by 11.8% YoY from 2Q/22 but increased by 13.6% QoQ from 1Q/23. Furthermore, the total advertising spending of the TV group was recorded at Baht 15,891 million, indicating a decrease of 4.4% YoY from 2Q/22, but a significant increase of 17.9% QoQ from 1Q/23. The TV group continued to dominate media spending, accounting for approximately 54.4% of the total spending.



Nielsen reported the top three industries with the highest advertising spending in 1H/23 as follows:

1. Food & Beverage Industry, with a market value of Baht 8,555 million.
2. Personal Care and Cosmetic Industry, with a market value of Baht 7,603 million.
3. Retail Shop/Food Outlets with a market value of Baht 5,364 million.



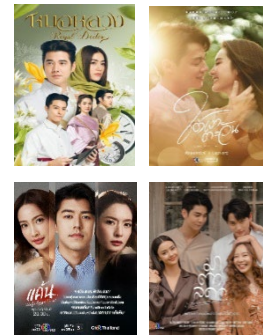


Significant Developments in 2Q/23

In 2Q/23, BEC group had significant business development as follows:

1. Global Content Licensing (GCL) Business

- Simulcasts titles
 - Royal Doctor via Netflix, VIU
 - Eclipse of The Heart via VIU
 - To the Moon and Back via Netflix
 - Nobody's Happy If I'm Not via VIU



- The Company participated in the Hong Kong International Film & TV Market, also known as "FILMART 2023", to showcase Channel 3's TV drama content to international audiences, aiming to expand its reach to a broader international market. In addition to distributing to existing customers, the Company also set targets to penetrate new markets. The TV dramas presented by Channel 3 at this international market included:



- Love Destiny 2
- Royal Doctor
- Nobody's Happy If I'm Not
- Doctor Detective

- Love at First Night
- To the Moon and Back
- The Legend of Nang Nak
- Love in a Cage

In addition, the Company also presented its upcoming TV drama series " Duangjai Taewaprom" consisting of 5 sub-titles, making its debut and attracting attention for the first time at this event. Furthermore, the Company was invited to participate as a representative of Thailand in the panel discussion titled "**The Asian Wave in 2023 and Beyond.**"

2. Digital Platform Business

Based on the success of the Company's partnership project with the business partner "AIS" in 1Q/23, with an aim to increase the number of 3Plus Premium subscribers, the collaboration continued seamlessly. In 2Q/23, the partnership between the two entities continued to thrive. Whereas in 2Q/23:

- The Company has announced a business partnership project with SCB to launch a "Full of entertainment in every content at the 3Plus app" offering special privileges for all types of SCB Mastercard and debit cardholders, as well as PLANET SCB cardholders, to apply for 3Plus Premium membership at a special price. The offer includes Monthly, 3-month, and yearly packages and is valid from 1 May 2023 to 30 April 2024.





- The Company has collaborated on a special project with Garena RoV Thailand to create Brand Awareness among a new group of players from Garena RoV Thailand's gaming community. There was an introduction of a new skin called "Bella Raneer," featuring Bella Raneer as the presenter and animation character. This skin was offered for free to players who participated in the game between June 20th and the beginning of August 2023. Additionally, RoV also produced a fun short advertisement film that revolves around the disappearance of the Lady Boss and her gang as they embarked on a journey to find her and they all eventually ended up in the ROV multiverse. They eventually end up in the fantasy world of RoV. This special project coincided with the re-run of the popular TV series "Buppesannivas or Love Destiny" on the 3Plus Application.
- In July 2023, "3Plus Premium," the Company's online streaming platform in the form of SVOD (Subscription Video on Demand, offering monthly or yearly subscription-based membership) surpassed 100,000 subscriptions, in line with the plan to increase the number of 3Plus Premium membership.



3. Music Business

- The Company released the second song of "Bow Maylada Susri" following the overwhelming response to the first single "CUTE" during the end of last year, with over 32 million views on Youtube. As a result, on May 22, 2023, the Company has released the second single named "Nae Nam Hai Pen Fan Rao" with more than 10 million views on Youtube within just one month after its release. This achievement is considered another level of success for the music business under the supervision of BEC World.



4. **The Company held a signing ceremony for a memorandum of understanding for academic cooperation between the Company and representatives from three universities** on May 26, 2023 including Dhonburi Rajabhat University, Stamford International University, and Sripatum University. This initiative aimed at supporting the policy to develop academic agreements with educational institutions, with the goal of producing personnel who would contribute to the continued development of soft power in the entertainment industry.

5. **The Company received the Innovation Awards for the OTT Platform**, an accolade given in recognition of its success in bringing content originally broadcast on terrestrial television to various streaming platforms. This achievement includes excellence in public relations and marketing, both offline and online, leading to the content becoming immensely popular. The drama "Royal Doctor" is a prime example of the creative efforts submitted to the judging committee, which led to BEC World receiving this prestigious award. It is worth noting that BEC World was



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one of only two Thai companies to receive awards at the Asia-Pacific Broadcasting+ Awards 2023 held in Singapore on June 8, 2023.

Consolidated Performance Summary

STATEMENT OF INCOME (Consolidated)	2Q/23		2Q/22		1Q/23		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
Revenues from Operation*	1,205.3	100.0%	1,348.3	100.0%	995.9	100.0%	(143.0)	-10.6%	209.4	21.0%
Advertising income	1,071.8	88.9%	1,179.4	87.5%	907.3	91.1%	(107.6)	-9.1%	164.5	18.1%
Income from copyright and other services	133.5	11.1%	168.9	12.5%	88.6	8.9%	(35.4)	-20.9%	44.9	50.7%
Total Cost	(871.8)	-72.3%	(940.1)	-69.7%	(811.3)	-81.5%	(68.4)	-7.3%	60.5	7.5%
Cost of sales and services	(871.8)	-72.3%	(940.1)	-69.7%	(811.3)	-81.5%	(68.4)	-7.3%	60.5	7.5%
Gross Profit	333.5	27.7%	408.1	30.3%	184.6	18.5%	(74.6)	-18.3%	148.9	80.7%
Selling and Admin Expenses	(227.4)	-18.9%	(175.6)	-13.0%	(166.2)	-16.7%	51.9	29.5%	61.2	36.8%
Other income	1.3	0.1%	5.3	0.4%	3.0	0.3%	(4.0)	-75.7%	(1.8)	-57.9%
Non-Recurring Item - Gain on valuation of investments in non-marketable equity securities	0.03	0.0%	-	0.0%	-	0.0%	(0.03)	0.0%	(0.03)	0.0%
Reverse (Impairment loss) in accordance with Financial Reporting Standard No. 9	3.5	0.3%	7.0	0.5%	1.5	0.2%	(3.6)	-50.6%	2.0	131.8%
Share of Profit from investments in joint ventures	2.7	0.2%	-	0.0%	2.7	0.3%	2.7	0.0%	(0.0)	-0.6%
Earning Before Interest and Tax [EBIT]	113.5	8.4%	244.9	18.2%	25.6	2.6%	(131.3)	-53.6%	87.9	343.3%
Interest income	8.2	0.7%	6.7	0.5%	6.1	0.6%	1.5	21.8%	2.1	35.0%
Finance costs	(27.5)	-2.3%	(33.6)	-2.5%	(27.5)	-2.8%	(6.0)	-17.9%	0.1	0.3%
Profit (Loss) before income tax expense	94.2	7.8%	218.0	16.2%	4.2	0.4%	(123.9)	-56.8%	90.0	2143.4%
Income tax expense	(19.3)	-1.6%	(44.9)	-3.3%	(0.5)	0.0%	(25.6)	-57.1%	18.8	4126.5%
Profit (Loss) for the period	74.9	6.2%	173.1	12.8%	3.7	0.4%	(98.2)	-56.7%	71.1	1901.6%
Net Profit (Loss) attributable to BEC World	74.9	6.2%	173.1	12.8%	3.7	0.4%	(98.2)	-56.7%	71.1	1901.1%
Non-controlling interests	0.0	0.0%	0.0	0.0%	(0.0)	0.0%	(0.0)	-85.7%	0.0	200.0%

*Revenues from Operation (excluding other income) for analysis in the Management Discussion and Analysis.

REVENUE

BEC Group's advertising income in 2Q/23 was at Baht 1,071.8 million, increasing Baht 164.5 million or 18.1% YoY from 1Q/23 at Baht 907.3 million but decreasing Baht 107.6 million or 9.1% YoY from 2Q/22 at Baht 1,179.4 million. The increase in advertising income in 2Q/23 from the 1Q/23 was consistent with the TV group advertising expenditures reported by Nielsen Media Research in which the expansion in the tourism and private consumption sectors led to advertisers' increased advertising budget from 1Q/23. Additionally, 2Q/23 was typically a high-season, compared with the previous quarter, which was a low-season.

The advertising income of the BEC Group has decreased when compared to 2Q/22 as a result of the advertising cautious investment and spending; however, the Company holds a positive outlook that the situation is expected to improve in the 3rd quarter of 2023 in anticipation of an official establishment of a new government after parliamentary meetings, along with the support received from the tourism and private consumption sectors in Thailand and foreign countries, which have shown continuous expansion trends.

The income from copyright and other service consists of income from two main businesses, namely revenue from the Global Content Licensing business and the Digital Platform business. In 2Q/23, income from Copyright and Other Services was at Baht 133.5 million or increasing 50.7% QoQ from 1Q/23 but decreasing 20.9% YoY from 2Q/22. Revenue from Global Content Licensing Business was at Baht 49.2 million, increasing Baht 22.8 million or 86.4% QoQ from 1Q/23 primarily due to the recognition of revenue from the drama "Royal Doctor" in 2Q/23. GCL revenue decreased by Baht 16.4 million or 25% YoY from 2Q/22 as there were more Simulcast



dramas last year. In this regard, the plan to sell drama rights abroad for this year is scheduled predominantly for the second half of 2023.

Revenue from the Digital Platform Business in this quarter was recorded at Baht 76.3 million, reflecting an increase of Baht 21.5 million or 39.4% QoQ from 1Q/23. This growth could be attributed to the presence of more First-Run dramas in this quarter compared to the previous one. There was a decrease of Baht 21.2 million or 21.7% YoY from 2Q/22 due to a lower number of First-Run dramas compared to the previous year. The combined revenue from the two businesses amounted to Baht 125.5 million, showing an increase of Baht 44.4 million or 54.7% QoQ from 1Q/23. It decreased by Baht 37.6 million or 23% YoY from 2Q/22. This combined revenue accounts for 10.4% of the total revenue from operation.

BEC Group's revenue from operations in 2Q/23 was at Baht 1,205.3 million, indicating an increase of Baht 209.4 million or 21% QoQ from 1Q/23. It decreased by Baht 143 million or 10.6% YoY from 2Q/22. Additionally, advertising income continued to be the primary source of income for BEC Group, accounting for 88.9% of the revenue from operations, which is still mainly from the revenue from airtime of Channel "33".

COST OF SALES

Cost of sales and services in 2Q/23 amounted to Baht 871.8 million, representing an increase of Baht 60.5 million or 7.5% QoQ from 1Q/23 at Baht 811.3 million. The increase was due to the higher usage of First-Run dramas in this quarter compared to the previous one. However, there was a decrease Baht 68.4 million or 7.3% YoY from 2Q/22 at Baht 940.1 million. This decrease was due to lower drama and series amortization, including lower series acquisition and adjustments in the program schedule, which reduced airtime for dramas (after primetime news) to 1.30 hours instead of the usual 2 hours starting from 1Q/23. Additionally, there was an increased usage of Re-Run dramas compared to the previous year.

GROSS PROFIT

As the operating income of the BEC group increased more than the total cost of sales of the BEC group, the gross profit of the BEC group in 2Q/23 was at Baht 333.5 million or increased 80.7% QoQ from 1Q/23 at Baht 184.6 million but decreased 18.3% YoY from 2Q/22 at Baht 408.1 million, with a gross profit margin of BEC Group was 27.7% in 2Q/23.

BEC group's selling and administrative expenses in 2Q/23 amounted to Baht 227.4 million, increasing Baht 61.2 million or 36.8% QoQ from 1Q/23 and increasing Baht 51.9 million or 29.5% YoY from 2Q/22, mainly from higher drama PR and 3Plus Premium marketing expenses.

In 2Q/23, BEC group had a reversal in accordance with Financial Reporting Standards No.9 of Baht 3.5 million, increased Baht 2.0 million QoQ from 1Q/23 at Baht 1.5 million but decreased Baht 3.6 million YoY from 2Q/22 at Baht 7.0 million.

SHARE OF PROFIT (LOSS) FROM JOINT VENTURE

The Company recognized the share of profit from the "Buaphan Fan Yap " joint venture according to the equity method in line with the investment proportion in the amount of Baht 2.7 million in 2Q/23 and realized a profit share of Baht 5.4 million for the first half of 2023. When combined with the share of profit in 4Q/22 of Baht 4.1 million, the Company would have recognized the share of profit from the "Buaphan Fan Yap " joint venture



totaling of Baht 9.5 million. This is considered another successful milestone for the Company in its investment in new businesses, in line with the Company's strategy.

FINANCE COSTS

BEC Group's Finance Costs in 2Q/23 was at Baht 27.5 million, decreased Baht 6 million or 17.9%YoY from 2Q/22 at Baht 33.6 million but remained the same from 1Q/23 at Baht 27.5 million.

INCOME TAX EXPENSES

Income tax expenses of BEC Group in 2Q/23 was at Baht 19.3 million, increasing Baht 18.8 million QoQ from 1Q/23 but decreasing Baht 25.6 million or 57.1% YoY from 2Q/22, in line with the increase in profit before taxes for 2Q/23 and decrease in profit before taxes from 2Q/22.

CONCLUSION

In conclusion, BEC Group reported a consolidated net profit attributable to BEC World of Baht 74.9 million or increasing Baht 71.1 million or 1,901% QoQ from 1Q/23 but decreasing Baht 98.2 million or 56.7% YoY from 2Q/22. In addition, BEC Group had a net cash from operation of Baht 1,079.9 million. On May 25, 2023, the Company had a dividend payment to shareholders amounting to Baht 320 million and Cash and Cash equivalents of Baht 3,793.2 million as of ending 2Q/23.

Considering the statement of financial position, the Company has a strong financial position with a debt-to-equity ratio of 0.56 times, an interest-bearing debt to equity ratio of 0.39 times, and Net interest-bearing debt to equity ratio of -0.25 times.

DRIVING BUSINESS FOR BEC GROUP'S SUSTAINABILITY

Throughout its operational history, BEC Group has consistently pursued business growth while maintaining a strong commitment to corporate governance and social responsibility. The Company firmly believes that sustainable growth can only be achieved by considering the interests of all stakeholders, including society, communities, and the environment, while ensuring the long-term viability of the business. In 2Q/23, BEC Group actively engaged in various ESG-related activities including:

Environmental Aspect

- On June 19, 2023, BEC Group, recognizing the importance of "Pride Month" in terms of "Diversity and Equality" for those with disabilities and illnesses who also desire to live in the society as equals, organized an activity called "Channel 3 Volunteers to Do Good: Plastic Cups & Stockings for the Disabled." The aim is to serve as a collection center for clean plastic cups (coffee cups) and stockings in good condition, which will be donated to the Prosthetic Clinic. A donation box would be set up on the 4th floor of Maleenont Tower 1 from June 19, 2023, until the end of 2023. This initiative also benefits the separation and management of plastic waste, leading to the recycling process and avoiding landfill disposal.






Social and Community Aspect

- BEC Group and Ch3 recognized the significance of education and human rights of underprivileged students in remote schools. Therefore, on May 19, 2023 BEC organized an event called "Channel 3 Volunteers to Do Good for the Border Patrol Police School" with the participation of 50 volunteers. The event took place at Ban Phraek Ta Kro Border Patrol Police School, Hua Hin District, Prachuap Khiri Khan Province. The Border Patrol Police Unit cooperated in providing support for the students, aiming to ensure equal opportunities for education. During the event, the volunteers sponsored the printing of students' workbooks worth Baht 10,000 and donated essential items. Additionally, they arranged games and performances to promote holistic development and foster a sense of unity among the students.
- BEC Group organizes the "CH3 News Creator Program 2023," which offers training for media enthusiasts passionate about journalism. Applications were open from June 12 to June 30, 2023, and the training would take place from August 2 to October 31, 2023, spanning a duration of 3 months.
- On June 23, 2023, the Economics Cultural Division of the Ministry of Culture, responsible for a public relations project promoting the creative cultural industry encompassing 5 F (Food, Film, Festival, Fighting, Fashion), took the initiative to boost interest among Chinese tourists by introducing the Royal Doctor drama PR in China. The aim is to create awareness and attraction for this cultural gem, offering a unique guideline for Chinese tourists visiting Thailand to dress in the style of the drama and help promote a wider recognition and popularity of the Royal Doctor drama within China.
- On June 26, 2023, the BEC Group organized a meaningful and impactful activity titled "Channel 3 Volunteers to Do Good: Changing Lottery to Merit Points." This heartfelt initiative invited BEC's employees to donate their non-winning lottery tickets as the materials to make artificial funeral flowers for the impoverished deceased in Koh Klang community in Khlong Toei District and to make paper lotus flowers for monk offering. Proceeds from sales will be given to the elderly members of the community, which will take place throughout the year 2023.



Governance Aspect

- June 1, 2023 marked the start of Pride Month. BEC Group organized the event "PRIDE TO BE ME  Diversity Equality and Inclusion." to be a part of supporting and promoting all forms of diversity and pushing for equality, so that everyone can feel proud of being themselves. This initiative goes beyond just supporting the LGBTQ+ community; it also includes embracing different ethnicities, religions, and human rights. In the following week, the Company held the event "Be Who You Are," providing an opportunity for all employees to dress in a style that represents their true self.



Best regards,

(Piriya-dit Choophungart)
Executive Vice President, Finance & Accounting
BEC World Public Company Limited