



The ONE Enterprise Public Company Limited

# **Management Discussion and Analysis**

## **Quarter 2/2023**

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Ending 30 June 2023

## Executive Summary and Important Events in Q2/23

**Total Revenue  
H1/2023**



**3,025.4**  
THB mn

The One Enterprise Public Company Limited (“the Company”) reported Q2/23 earnings result, 3 months period, with total revenue of 1,607.8 million baht, an increase of 13.4% QoQ and 64.9% YoY. The highest revenue growth in Q2/23 was the Concerts and Events, and Artist Management. For the net profit in the quarter, the Company reported net profit for Q2/23, 3 months period of 121.0 million baht, an increase of 134.1% QoQ, however, a decrease of 32.4% YoY. As of 30 June 2023, the Company’s Total Assets stood at 9,179.3 million baht, of that 1,319.4 was cash and cash equivalence. The Total Liabilities stood at 2,259.5 million baht, and Shareholders’ Equity stood at 6,919.8 million baht.

**Net Profit  
H1/2023**



**172.7**  
THB mn

The Company positioning itself as a comprehensive Entertainment & Lifestyle business with a strategic focus on content as the key driver for generating revenue across TV, Online, Copyright & Licensing, and Production Services. These services are considered our strengths, along with Idol Marketing. We are on plans to create new artists and expand their presence on the international stage. ONEE’s Idol Marketing ecosystem is a complete cycle. It’s not only limited to managing showbiz or events alone but emphasizes a stronger connection with the fandom (Fan-Kingdom). With this business structure in place, the Company is confident in linking idols with partnerships and consumers from both domestic and international markets to create revenue growth in all channels.

In Q2/23, 3 months period, the Company saw significant signs of recovery, both QoQ and YoY. We see significant growth in all the businesses that are our future key driving forces which will expand the reputation growth of artists experienced. The businesses such as Concerts and Activities, increased by 32.6% QoQ and 707.2% YoY, and additionally, revenue from Artist Management increased by 65.8% YoY. The TV advertising media business remains the major revenue contributor, approximately 46%. In Q2/23, the outstandingly rated dramas are, "Love Hurt" (“Rak Rai”) and "A Wildflower In The City” (“Dok Ya Pa Concrete”). Also the other Company’s conventional media, Radio media, achieved a remarkable growth of over 39.6% QoQ and 34.8% YoY, surpassing the negative overall industry trends.

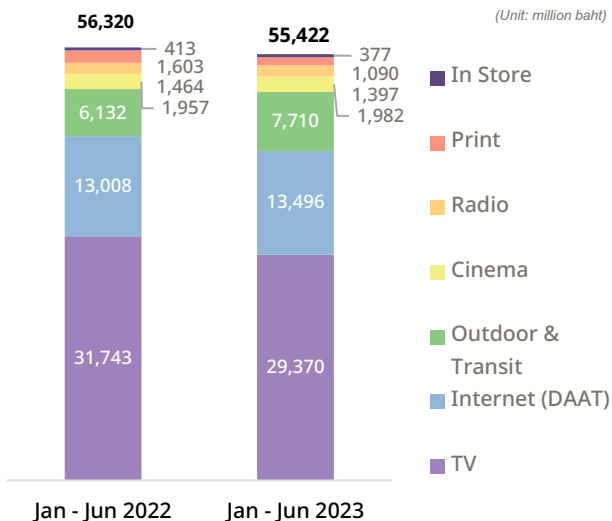
In H2/23, The Company is strategically developing new content tailored to teenagers, scheduled for Saturday evenings on the one31 channel as "Saturday Night Fin-ver!!". This initiative caters to the "In Trend" and "New Gen" demographics, while also expanding into the dynamic realm of "Idol Marketing." The Company aims to boost existing artists and, at the same time, introduce new talents to attract a dedicated fan base. The content that will be filled into the new time slot includes the series "Laws of Attraction" followed by the series "Love in Translation" and a mega project "Across The Sky" which is directed by Khun Boy - Takonkiet.

Focusing on the drama content in H2/23, the Company plans to launch a mega project drama under collaboration with SBS Contents Hub, a renowned radio and television station in South Korea. The drama series is titled "VIP Hidden Love" which features the top actor “Pong – Nawat” and “Pooklook - Fonthip” as the lead pair. In addition to broadcasting on one31 channel, it is also on air in China and other countries worldwide. Furthermore, there are also blockbuster dramas produced under the Company’s umbrella that will be aired on various channels in H2/23. These include "Pomnaka", “Tale of The

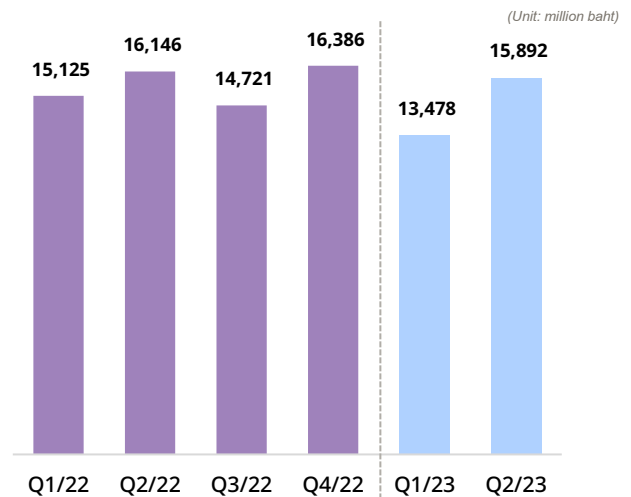
Grandmaster" ("Duangjai Jom Kabi"), "Bu-Nga Saree", "Life part 2", an intense drama "Thong Prakai Sad", "One Night Stand - Life Changer", "Enigma", and the first boy-love drama from CHANGE2561, "PIT BABE The Series."

## Economic Overview and Market Situation <sup>1</sup>

### Thailand Advertising Expenditure



### Quarterly TV Advertising Expenditure



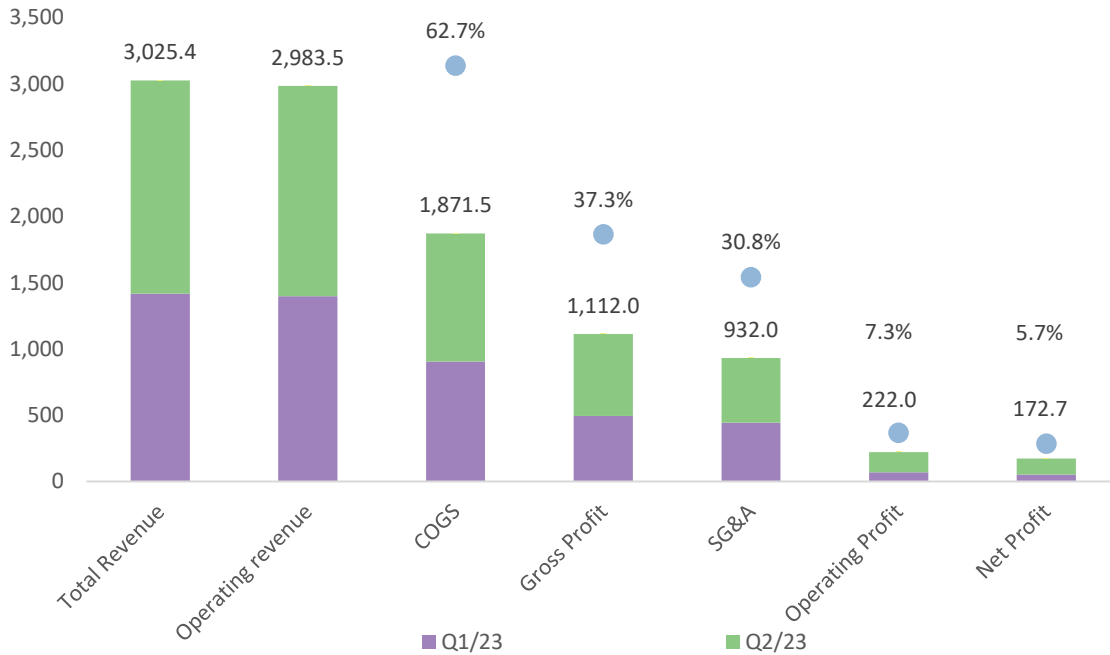
- The Bank of Thailand (BOT) predicts that the Thai economy will continue to expand by 3.6% in 2023, in line with the forecast by Kasikorn Research, which estimates the GDP growth at 3.7%. The projection is supported by two main factors: 1) The tourism sector shows sustained improvement, reflected in the continuous increase of international tourists from almost all countries, particularly from Malaysia and Europe. It is estimated that the number of foreign tourists will reach 29.0 million in 2023; and 2) Private consumption is expected to expand consistently, aligning with the recovery of the tourism sector. This will lead to a better employment rate and increased income for the labour force.
- Kasikorn Research predicts that the Thai economy will expand by 4.3% in H2/23, which is higher than that of approximately 3.0% in H1/23. However, the research house also points out that Thailand may face various challenges in its economic recovery, such as the risk associated with the formation of a new government, and the sluggish economic recovery of China, which could impact ASEAN countries that heavily rely on China in various aspects by 15-30%, drought, and household debt that remains at a high level, accounting for more than 80% of the country's GDP.
- From Nielsen's data, the overall advertising budget in Thailand for H1/23 had a total value of 55,422 million baht, a decrease of 898 million baht, or -1.6% YoY. Specifically, the advertising budget for television media was 29,370 million baht, showing a decrease of 2,373 million baht, or -7.5% YoY. The main reason for this decline was attributed to a decrease in advertising budgets for television media in January 2023.
- For the advertising budget in Q2/23, 3 months period, there were positive signals of growth both on QoQ and YoY. The total advertising budget amounted to 29,137 million baht, increasing by 291 million baht, or +1.0% YoY. Additionally, it increased by 2,852 million baht, or +10.9% QoQ. However, for television media advertising, the total budget was 15,892 million baht, decreased by 726 million baht, or -4.4% YoY. Nevertheless, it increased by 2,414 million baht, or 17.9% QoQ, which the main reason for this growth was due to a low base of television media advertising in January 2023.

<sup>1</sup> The data is from the Bank of Thailand, The Nielsen Company (Thailand) Limited, and Kasikorn Research Centre.

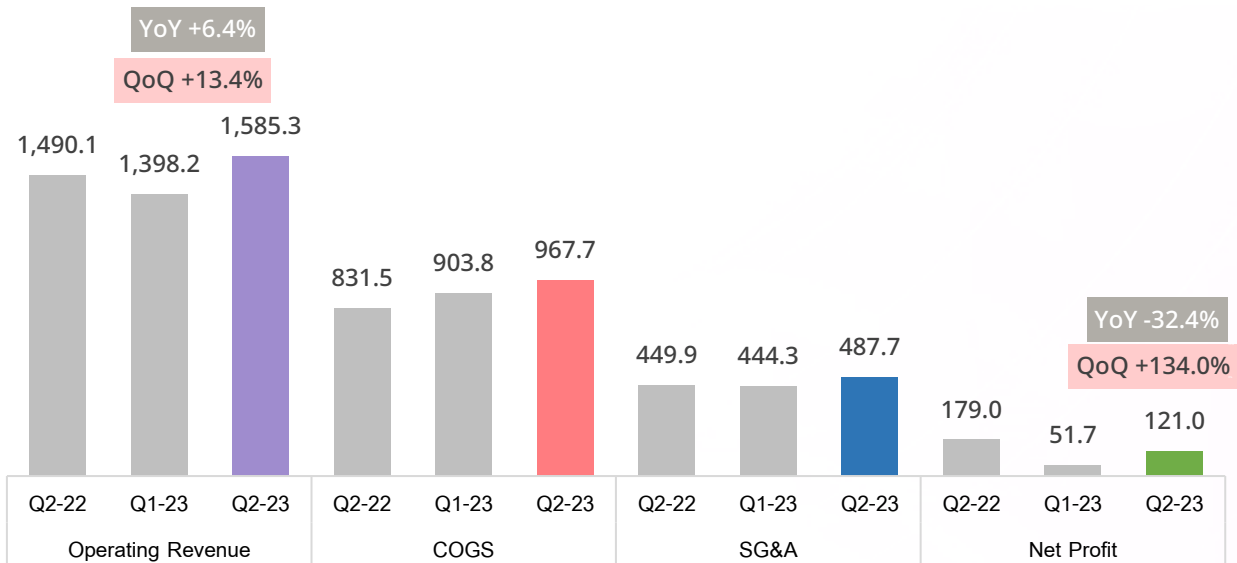
# The Company's Financial Performance

## Statement of Comprehensive Income

### Summary of 6 months financial performance

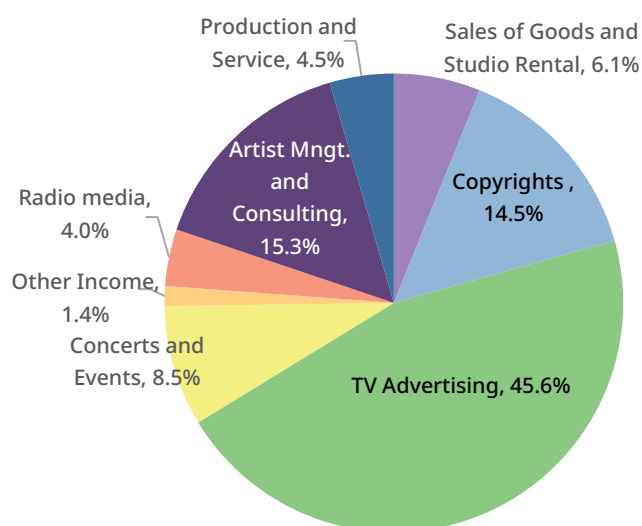


### Summary of financial performance of 2<sup>nd</sup> quarter, 3 months period, YoY and QoQ



## Revenue

	Q2/22	Q1/23	Q2/23	%QoQ	%YoY
Revenue from Advertising, Promotion, and Lease of Television Station	769.5	630.9	749.1	18.7%	(2.7%)
Revenues from Copyrights Management	338.6	220.5	216.8	(1.7%)	(36.0%)
Revenue from Radio Production	52.8	51.0	71.2	39.6%	34.8%
Revenue from Production and Service	101.4	58.8	78.4	33.3%	(22.7%)
Revenue from Event Business	18.2	110.8	146.9	32.6%	707.1%
Revenue from other Related Business	209.6	326.2	322.9	(1.0%)	54.1%
- Artist Management and Consulting	135.1	239.5	224.1	(6.4%)	65.9%
- Sales of Goods	66.4	79.5	88.0	10.7%	32.5%
- Studio for Rental	8.1	7.2	10.8	50.0%	33.3%
<b>Revenue from Sale and Services</b>	<b>1,490.1</b>	<b>1,398.2</b>	<b>1,585.3</b>	<b>13.4%</b>	<b>6.4%</b>
Other Income	42.1	19.4	22.5	16.0%	(46.7%)
<b>Total Revenue</b>	<b>1,532.2</b>	<b>1,417.6</b>	<b>1,607.8</b>	<b>13.4%</b>	<b>4.9%</b>



**The Company's revenue contribution H1/23**

For Q2/23, the Company had a total revenue of 1,585.3 million baht, increasing by 95.2 million baht, or 6.4% YoY. The main reasons for this increase were the rise in revenue from Radio production by 18.4 million baht, revenue from Concert and Event Management by 128.7 million baht, and revenue from Artist Management and Consulting Fees by 89.0 million baht.

From Nielsen's television advertising budget report for Q2/23, April to June 2023, shows a decrease of approximately 4.6% YoY. However, the Company's impact was less severe than the industry as a whole, as the Company's revenue in this segment decreased by only 2.7% YoY. Nevertheless, in this quarter, we have observed positive trends in the industry's recovery, with TV advertising

budget growing by 17.9% QoQ and showing continuous improvement. When compared to the industry, the Company continues to perform better overall. Specifically, revenue from TV advertising and airtime grew by 18.7% QoQ.

For the revenue decreased, several factors contributing to that were a decline in revenue from Copyright Management from the high-base in Q2/22, partly due to the Q2/22 still having continuous revenue from the popular series "F4 Thailand: Boy Over the Flower" in Q1/22, and help to boost exceptionally high revenue from this series via OTT platforms and international channels. Additionally, some series contents that were scheduled to air in this quarter, were postponed to H2/23, which also

affected the revenue recognition. The decline in revenue was also from the Content Production Services. The revenue decreased in this quarter compared to the same period of the previous year due to the delayed scheduling of program production, coupled with reallocating some production capacity to serve the programs that can generate a broader range of revenue streams outside of the Production Services segment.

The businesses that outperform in this quarter such as, the Radio production business which continued to show consecutive growth QoQ and YoY. This was due to the return of normal traffic patterns on the roads compared to the year 2022. In addition, revenue from Concert and Event organizing increased in this quarter as there is no limitation for full-scale concerts and events since mid-year 2023. Most of this revenue came from major concert events such as "Love Out Loud Fan Fest 2023: LOVOLUTION", "BELUCA FOURTIVERSE CONCERT", and "4 Po Dam vs. 3 Dok Chik #Dangerous Alliance."

### **Cost of Sales and Services**

In Q2/23, 3 months period, the Company's cost of sales and services was 967.7 million baht, which increased by 136.2 million baht, or 16.4% YoY. This was mainly due to higher costs for Concerts and Events and Artist Management by GMM TV Co., Ltd. These expenses rose in line with the increased revenue from Concerts and Events and Artist Management compared to the same period in 2022.

### **Selling and servicing expenses**

In Q2/23, 3 months period, the Company's Selling and servicing expenses were 98.4 million baht, which increased by 30.5 million baht or increased 44.9% YoY mainly from increased marketing and public relations expenses for concerts and events.

### **Administrative expenses**

In Q2/23, 3 months period, the Company's Administrative expenses amounted to 389.3 million baht, an increase of 7.3 million baht, or 1.9% higher YoY.

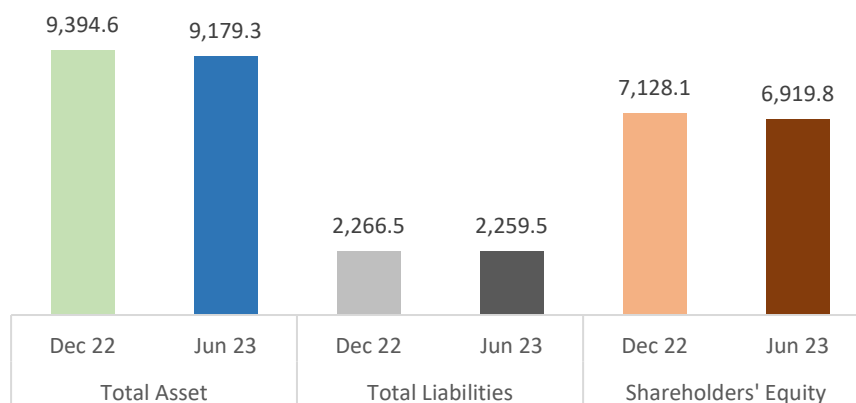
### **Finance Cost (Income)**

In Q2/23, 3 months period, the Company's net Finance Income amounted to 3.3 million baht, an increase of 1.4 million baht compared to the same period last year. That was mainly due to a reduction in the net interest-bearing debt (IBD) during this quarter compared to the same period of the previous year. As of the end of Q2/23, the Company's net IBD stood at 138.5 million baht leading to higher income from investments in financial assets than the interest paid for the debt. As a result, the Company achieved a positive net financial income in this quarter.

### **Net Profit**

In Q2/23, 3 months period, the Company reported a net profit of 121.0 million baht, a decrease of 58.0 million baht, or a decrease of 32.4% YoY. This was mainly due to increased costs of sales and services, as well as selling and servicing expenses as previously explained. Nevertheless, this quarter showed significant improvement, with a remarkable 134.0% growth in net profit compared to the previous quarter.

## Statement of Financial Position



### Total Assets

As of 30 June 2023, the Company's total assets stood at 9,179.3 million baht, a decrease of 215.3 million baht, or 2.3% decline from the total assets recorded on 31 December 2022, which stood at 9,394.6 million baht. The major items that impacted the changes were the decrease in cash, cash equivalence and short-term investment total of 500.8 million baht; the increase in the trade and other receivables of 241.7 million baht, and the increase in the Advance payments of 30.9 million baht and investment in associate of 23.7 million baht.

### Total Liabilities

As of 30 June 2023, the Company's total liabilities stood at 2,259.5 million baht, a decrease of 7.0 million baht, or 0.3% decrease from the total liabilities recorded on 31 December 2022, which stood at 2,266.5 million baht.

### Shareholders' Equity

As of 30 June 2023, the Company's Shareholders' Equity stood at 6,919.8 million baht, a decrease of 208.3 million baht, or 2.9% decline from that recorded on 31 December 2022, which stood at 7,128.1 million baht. The decline was mainly due to the dividend payout from the H2/22 performance which was paid out to the shareholders on 26 May 2023.

## Financial Ratios

	H1 / 2022	H1 / 2023
Gross Profit Margin	44.9%	37.3%
EBIT Margin	17.7%	7.6%
EBITDA Margin	40.0%	30.3%
Net Profit Margin	13.7%	5.7%
ROE	6.0%	2.5%
ROA	4.5%	1.9%
D/E (times)	0.32	0.33

## Sustainability Development



### Environment (E)

The Company operates and controls to prevent, reduce, manage, and ensure that the Company and its subsidiaries do not create or cause negative impacts on the environment. This includes covering the use of raw materials, energy consumption, and actively participating in achieving net zero emissions by the year 2050. In Q2/23, the company's activities for the environment are as follows:

- Green Wave collaborated with PTT Plc. in the project "You Help Collect, We Help Plant". The participant in the project will jointly plant trees through a mobile game application, which will translate into real tree planting in various areas nationwide.
- Green Wave collaborated with 7 partners, including Bangkok Metropolitan Administration, CCIF Thailand Foundation for Children and Youth, and Srinakharinwirot University, among others, in the campaign "Green Charity Share for Art" to transform plastic waste into canvas painting frames and colour plates. The campaign has already delivered 100 canvas frames to underprivileged children in art camps across 25 provinces throughout the country.



### Social (S)

The Company is aware of the importance of community and social responsibility. We have engaged in developing projects that genuinely benefit the community and actively participate in activities for public welfare, education, and the nation's progress. In Q2/23, the Company's activities are as follows:

- P'Aoy P'Chod on tour in the campaign "The love and relationship issues of children are not always a minor matter" to help educate teenagers in university about relationships, engaging in conversations, and listening to all their problems.
- Collaborated with Bangkok University on the "BU Come One" project, welcoming selected students to join as trainees at One31. The students will undergo a comprehensive 6-month on-the-job training program alongside industry professionals. Upon successfully meeting the evaluation criteria, they will have the opportunity to join the One31 Channel team permanently.
- The Company encourages employees, artists, and performers to engage with the positive aspects of Buddhist culture by hosting a group of ordination at Wat Bowon Niwet Ratchawarawihan in July this year.





**Governance**  
**(G)**

The company's committee adopts the principles of good corporate governance based on the Corporate Governance Code (CG Code) of 2017 issued by the Stock Exchange of Thailand (SET) and the Thai Institute of Directors Association (IOD). From the 8 principles for directors' practice, the emphasize the following key aspects; 1) Being aware of the roles and responsibilities as leaders who create sustainable value for the business. 2) Implementing appropriate risk management and internal control systems; 3) Maintaining financial credibility and disclosure of information, and; 4) Supporting participation and communication with shareholders.

on 27 April 2023, the Company held its 2023 AGM, conducted through electronic media 6 months in advance prior to the meeting, the Company had invited the shareholders, through SET platform, to propose meeting agendas and nominate individuals for consideration as company directors. This was done to support participation and communication with shareholders.

Please be informed accordingly,

Respectfully yours,

(Mr. Unnop Senasuttipan)

Group Chief Financial Officer

Authorized Person for Information Disclosure