



MANAGEMENT DISCUSSION AND ANALYSIS 3Q/2023

November 10, 2023

Executive Summary

- BEC World Public Company Limited (“BEC Group” or “The Company”) reported a net profit attributable to the Company of Baht 37.9 million in 3Q/23, representing a decrease of 65.9% YoY from 3Q/22 and a decrease of 49.4% QoQ from 2Q/23. This decline was against the backdrop of the company’s strengthened leadership position and popularity in the television industry among its target audience, comprising viewers in Bangkok and major cities aged 15 and above, from high-quality dramas such as “To the Moon and Back” and “Nobody’s Happy If I’m Not”. Meanwhile, the overall television advertising market had been pressured by fragile economy suffering from many factors and lower purchasing power from cost-of-living increase as well as domestic and international political situation. These factors have impacted the Company’s advertising income in this quarter.
- In 3Q/23, the Company expanded its revenue from the Global Content Licensing and Digital Platform businesses, amounting to Baht 189 million. This represents 16.9% of BEC Group’s revenue from operation, marking a 9.4% YoY increase from the 3Q/22 and a significant 50.6% QoQ rise from 2Q/23
- In summary, the Company continued to maintain a strong financial position, with cash and short-term investment equivalents totaling Baht 3,633.7 million as at 3Q/23. Additionally, the Company had a net cash flow from operations amounted to Baht 1,339.2 million for the first nine months of 2023.

Significant Business Developments in 3Q/23

In 3Q/23, BEC group had significant business developments as follows:

1. Global Content Licensing (GCL) Business

- Content Distribution as DOB (Date-of-Broadcast) titles
 - Doctor Detective via Prime Video (SVOD)
 - The Betrayal via VIU (SEA) & VieOn Vietnam
- The Company has reached an agreement to license its drama content, totaling more than 600 hours, to Mediacorp, the largest television network and content producer in Singapore. Mediacorp broadcasts to over 3 million viewers daily in Singapore, with titles such as “Love Destiny 2”, “Love Destiny”, “Dare to Love”, “To Me, It’s Simply You” and “Nakee”.



2. Digital Platform Business

Based on the success of the Company's partnership project with the business partners "AIS" in 1Q/23 and SCB in 2Q/23, with an aim to increase the number of 3Plus Premium subscribers, 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.



The Company has continued to look for new business partnerships. On October 16, 2023, the Company launched a collaboration project with its business partner, Bangkok Bank whereby Bangkok Bank customers who are fans of Channel 3 dramas could subscribe to 3Plus Premium package, allowing them to enjoy entertainment content, including popular dramas, series, and various entertainment programs with an option to watch content on-demand uninterrupted and ads-free, anytime and anywhere, through the 3Plus website and application. Subscription plans are available on a monthly, 6-month, and yearly basis at special prices.

3. Movie Business

Following the success of the Company's first film release, "Bua Phan Fan Yup," which generated revenue of over Baht 120 million last year, the Company continued its momentum by collaborating with M STUDIO to produce its second Thai film, "Tee-Yod." The storyline of the film is based on a popular true story from social media, starring Nadech Kugimiya and Rattanawadee Wongthong. The film premiered on October 26, 2023, at IMAX theaters (with over 1,700 cinemas worldwide in more than 80 countries), which has marked the first time a Thai film stepped onto the global stage. The movie set a new record for Thai movie industry by achieving the highest opening revenue of the year.



4. BEC STUDIO Business

On October 2, 2023, BEC STUDIO announced its first expansion into the international market at the "Unbox Thai Entertainment", an event organized by Prime Video, a global streaming video service provider. The event showcased a lineup of new movies, TV dramas, series, and concerts from around the world. BEC STUDIO distributed two series to Prime Video: "Office Games" and "Undercover Chef," both are produced by BEC STUDIO and will be available for streaming on the Prime Video platform in the Southeast Asia region starting from November/December 2023.





5. Academic Cooperation



On July 20, 2023, the Company held the 1st Academic Collaboration Network Meeting via an online platform, collaborating with 19 universities within the network, which signed agreements to jointly develop students in the field of mass communication and related disciplines. The collaboration aimed to enhance learning opportunities and professional experiences, fostering innovation in the entertainment industry, developing human resources and youth in Thailand into skilled professionals, promoting new innovations in the

entertainment industry, and providing sustainable services to society with a long-term goal to become a national level program.

Additionally, discussions were held to plan activities for the academic collaboration network for the year 2023-2024. These activities included the News Creator 2023 project, training new generations of mass communication professionals who are passionate about journalism, producing programs to promote sustainable tourism for society and the environment, developing skill enhancement programs to meet industry demands for Credit Bank, and the new era Sandbox Innovation curriculum. These initiatives mark the next step in developing the workforce and Thailand's soft power on the global stage.

6. Content Asia Awards

The Company received two prestigious awards at the 4th Content Asia Awards held on August 24, 2023, at The Athenee Hotel Bangkok, for the "Best Director of a Scripted TV Program" for the series "Bad Romeo" and the Best Asian Drama Soundtrack Award" for the song "I Still Miss You" from the series "Spirits of the Mekong River." These awards are considered outstanding achievements in the Asian television industry. The competition featured 123 participants from 12 Asian countries, including China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam, making it a significant recognition at the Asian level.

7. Award of Honor for Good Content

On August 26, 2023, the Company received a plaque of honor for the good content from the Ministry of Culture for the drama series "To the Moon and Back". The drama series was recognized for its compelling storyline, outstanding performances, and positive family values. Additionally, the Company organized a "MEET & GREET With IDOL" event, aiming to promote relationships and strengthen the family network. The event took place at the National Art Gallery, Ministry of Culture. Moreover, the drama series "To the Moon and Back" serves as a powerful example of Soft Power for Thai society, promoting ethical values, cultural richness, and fostering strong family bonds.

BEC WORLD PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS 3Q/2023



Consolidated Performance Summary

STATEMENT OF INCOME (Consolidated)	3Q/23		3Q/22		2Q/23		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
Revenues from Operation*	1,113.7	100.0%	1,301.7	100.0%	1,205.3	100.0%	(188.1)	-14.4%	(91.6)	-7.6%
Advertising income	919.1	82.5%	1,128.2	86.7%	1,071.8	88.9%	(209.1)	-18.5%	(152.7)	-14.2%
Income from copyright and other services	194.6	17.5%	173.5	13.3%	133.5	11.1%	21.0	12.1%	61.1	45.7%
Total Cost	(821.5)	-73.8%	(917.1)	-70.4%	(871.8)	-72.3%	(95.6)	-10.4%	(50.3)	-5.8%
Cost of sales and services	(821.5)	-73.8%	(917.1)	-70.4%	(871.8)	-72.3%	(95.6)	-10.4%	(50.3)	-5.8%
Gross Profit	292.2	26.2%	384.7	29.6%	333.5	27.7%	(92.5)	-24.0%	(41.3)	-12.4%
Selling and Admin Expenses	(229.8)	-20.6%	(229.4)	-17.6%	(227.4)	-18.9%	0.4	0.2%	2.4	1.0%
Other income	2.4	0.2%	7.0	0.5%	1.3	0.1%	(4.6)	-66.0%	1.1	84.8%
Non-Recurring Item - Gain on valuation of investments in non-marketable equity securities	-	0.0%	(0.08)	0.0%	0.03	0.0%	(0.08)	-100.0%	0.03	100.0%
Reverse (Impairment loss) in accordance with Financial Reporting Standard No. 9	1.3	0.1%	3.3	0.3%	3.5	0.3%	(2.0)	-59.8%	(2.2)	-62.0%
Share of Profit from investments in joint ventures	0.01	0.0%	(0.07)	0.0%	2.7	0.2%	0.1	115.9%	(2.7)	-99.6%
Earning Before Interest and Tax [EBIT]	66.1	5.1%	165.4	12.7%	113.5	9.4%	(99.4)	-60.1%	(47.5)	-41.8%
Interest income	9.5	0.9%	1.0	0.1%	8.2	0.7%	8.5	830.6%	1.3	15.9%
Finance costs	(27.6)	-2.5%	(28.3)	-2.2%	(27.5)	-2.3%	(0.7)	-2.4%	0.1	0.3%
Profit (Loss) before income tax expense	47.9	4.3%	138.1	10.6%	94.2	7.8%	(90.2)	-65.3%	(46.2)	-49.1%
Income tax expense	(10.0)	-0.9%	(26.9)	-2.1%	(19.3)	-1.6%	(16.9)	-62.8%	(9.3)	-48.1%
Profit (Loss) for the period	37.9	3.4%	111.3	8.5%	74.9	6.2%	(73.4)	-65.9%	(37.0)	-49.4%
Net Profit (Loss) attributable to BEC World	37.9	3.4%	111.3	8.5%	74.9	6.2%	(73.4)	-65.9%	(37.0)	-49.4%
Non-controlling interests	(0.0)	0.0%	0.0	0.0%	0.0	0.0%	(0.0)	-125.0%	(0.0)	-200.0%

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

Economic Overview and Market Situation

In the third quarter of 2023, the Thai economy remained fragile due to various factors and was impacted by the global economic slowdown, affecting Thailand's exports and industrial production. Notably, the economic softening was partially a result of China's economic downturn, a key trading partner for Thailand, which experienced substantial slowdowns both in the short and long term. Additionally, there were concerns related to the debt ceiling of the United States, raising concerns about potential defaults.

Domestically, the economic challenges stemmed from private sector spending limitations, both in terms of consumption and delayed investments in the past period. This was a consequence of household debt levels, inflation, and high financial costs, as the Monetary Policy Committee (MPC) consistently raised the policy interest rates, putting pressure on domestic spending. Moreover, Thailand faced severe drought conditions in several areas, marking the most severe drought crisis in 41 years in many areas. These factors collectively exerted significant pressure on advertisers, leading to delayed advertising budget allocations. Another factor affecting advertising spending was the political situation following the elections in May. The formation of a government took a considerable amount of time and remained politically uncertain, leading to limited government's economic stimulus measures in the current year. Consequently, several brands and advertisers postponed their marketing activities during this period. Despite these challenges, the Thai economy was driven by the tourism sector, contributing to the recovery of the service sector and mitigating vulnerabilities in the labor market.

REVENUE

Due to the economic and industrial challenges mentioned earlier, the overall situation led to a decrease in advertising income for BEC Group in 3Q/23. BEC Group's advertising income in 3Q/23 decreased by Baht 209.1 million or 18.5% YoY from 3Q/22 at Baht 1,128.2 million and decreased Baht 152.7 million or 14.2% QoQ from 2Q/23 at Baht 1,071.8 million to at Baht 919.1 million in 3Q/23. Despite the Company's efforts to enhance its



leadership and popularity in the television business for its target audience through high-quality dramas such as "To the Moon and Back" "Nobody's Happy if I'm Not" and "The Betrayal"

The Company however was able to increase its income from copyright and other service including revenue from two main businesses: Global Content Licensing and Digital Platform. In 3Q/23, the income from Copyright and Other Services amounted to Baht 194.6 million or increasing 12.1% YoY from 3Q/22 and increasing 45.7% QoQ from 2Q/23.

Revenue from Global Content Licensing Business in 3Q/23 was at Baht 97.1 million. This reflected a Baht 3 million increase, or a 3.2% YoY rise from 3Q/22. Furthermore, there was a substantial increase of Baht 47.9 million, marking a significant 97.3% QoQ rise from 2Q/23. This boost was attributed to partial revenue recognition from the dramas "To the moon and back" and "Nobody's happy if I'm not" during this quarter. Additionally, two more international drama licenses were sold during this quarter: "Doctor Detective" and "The Betrayal."

Meanwhile, revenue from the Digital Platform amounted to Baht 91.9 million. This reflected a Baht 13.3 million increase, or a 16.9% YoY rise from 3Q/22. Additionally, there was a substantial increase of Baht 15.6 million, marking a significant 20.5% QoQ rise from the 2Q/23. This growth was attributed to well-received dramas that became social Soft Power, coupled with collaborations with numerous partners to increase SVOD subscriptions.

The combined revenue from both business segments amounted to Baht 189 million. This marked an increase of Baht 16.3 million, representing a 9.4% YoY growth from 3Q/22. Additionally, there was a substantial increase of Baht 63.5 million, equating to a notable 50.6% QoQ rise from 2Q/23. The combined revenue accounts for approximately 17.0% of BEC Group's total revenue from operation.

In summary, BEC Group's revenue from operations in 3Q/23 stood at Baht 1,113.7 million, reflecting a decrease of Baht 188.1 million or 14.4% YoY from 3Q/22 and a reduction of Baht 91.6 million or 7.6% QoQ from 2Q/23. Additionally, advertising income continued to be the primary source of income for BEC Group, accounting for 82.5% 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 3Q/23 amounted to Baht 821.5 million, representing a decrease of Baht 95.6 million or 10.4% YoY from 3Q/22 at Baht 917.1 million due to lower international 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 and the increased utilization of re-runs drama compared to the previous year. These adjustments aligned with higher re-run dramas compared to the last quarter and resulted in a further decrease of Baht 50.3 million or 5.8% QoQ from 2Q/23, where the costs were at Baht 871.8 million Baht

GROSS PROFIT

As the revenue from operation of the BEC group decreased more than the total cost of sales of the BEC group, the gross profit of the BEC group in 3Q/23 was at Baht 292.2 million or decreased 24% YoY from 3Q/22 at Baht 384.7 million and decreased 12.4% QoQ from 2Q/23 at Baht 333.5 million. The gross profit margin of BEC Group in 3Q/23 stood at 26.2%.



BEC group's selling and administrative expenses in 3Q/23 amounted to Baht 229.8 million and increasing Baht 0.4 million or 0.2% YoY from 3Q/22 and increasing Baht 2.4 million or 1% QoQ from 2Q/23, mainly from higher drama PR/marketing expenses.

FINANCE COSTS

BEC Group's finance costs in 3Q/23 was at Baht 27.6 million, decreasing Baht 0.7 million or 2.4% from 3Q/22 at Baht 28.3 million but increased Baht 0.1 million or 0.3% YoY from 2Q/23 at Baht 27.5 million

INCOME TAX EXPENSES

Income tax expenses of BEC Group in 3Q/23 was at Baht 10 million, decreasing Baht 16.9 million or 62.8% YoY from 3Q/22 and decreasing Baht 9.3 million or 48.1% QoQ from 2Q/23, in line with the decrease in profit before taxes in 3Q/23.

SUMMARY

In summary, BEC Group reported a consolidated net profit attributable to BEC World of Baht 37.9 million or decreasing Baht 73.4 million or 65.9% YoY from 3Q/22 and decreasing Baht 37 million or 49.4% QoQ from 2Q/23. In addition, BEC Group had a Cash and cash equivalents and short-term investment in the statement of financial position amount to Baht 3,633.7 million as ending of 3Q/23. The Company had a net cash flow from operating activities of Baht 1,339.2 million for the first nine - months of 2023.

Regarding the statement of financial position, the Company maintained a strong financial status with a debt-to-equity ratio of 0.54 times, an interest-bearing debt to equity ratio of 0.38 times, and Net interest-bearing debt to equity ratio of -0.22 times.


DRIVING BUSINESS FOR BEC GROUP'S SUSTAINABILITY

BEC Group is committed to driving sustainable business growth through a combination of growth-oriented strategies, effective corporate governance, and a focus on creating benefits for society, communities, and the environment. We continuously strive to meet the expectations of all stakeholders, ensuring that our business can grow in harmony with society, communities, and the environment. In 3Q/23, BEC Group carried out various activities and projects aimed at promoting and sustaining society, including the following:

Environmental Aspect

- "Channel 3 Volunteers To Do Good, Planting trees, and Creating Food Sources for Wildlife" in Nakhon Ratchasima Province from August 18 to 19 2023. Executives and volunteer employees joined hands to plant trees, enhancing the greenery of the forest. Together, the volunteer employees improved grasslands, eradicated weeds, and learned how to create artificial salt licks to provide essential minerals for wildlife. Additionally, they gained insights into the natural ecosystem. Furthermore, employees participated in almsgiving, received Dhamma teachings, and received blessings from Luang Pho Kanha Sukkamo at Wat Pa Sap Thawi Thammaram, Wang Nam Khiao District, Nakhon Ratchasima Province
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- On September 12, 2023, BEC Group, accompanied by executives, volunteer employees, and actors from the series "Be Mine. Superstar", participated in the event "Channel 3 Volunteers for Good Deeds: Transforming Lottery Tickets into Merit Points." Donating to the old lottery tickets to the Koh Klang community (Sukhumvit 48/1). These tickets were later used to create jasmine flower garlands for the less fortunate and to make floral offerings for religious ceremonies. The proceeds from the entire ticket sales were dedicated to the elderly community members in the Koh Klang community.
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Social and Community Aspects

- BEC Group organized an event inviting employees to participate in the "Counting Steps, Achieving 33 Million Steps Goal" competition (BEC Step Challenge) from September 9th to October 9th, 2566. The competition included individual and departmental level running contests, aimed at promoting the employees' overall health. Furthermore, every step taken by the employees contributed to supporting the medical equipment clinic at the Sirindhorn National Medical Rehabilitation Institute for Persons with Disabilities (Prosthetic Arms and Legs Production).
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- BEC Group organizes the "CH3 News Creator Program, Gen 2", is open for external individuals, students, and scholars who have a passion for journalism. Participants have the opportunity to receive training in mass communication, allowing them to learn and hone their skills in both the theoretical and practical aspects of the news industry. The program aims to empower participants with the knowledge and expertise necessary to pursue a career in journalism in the future. Training sessions was from August 2 to October 30, 2023.
- On September 18, 22023, the BEC Group's executives and volunteer employees delivered 600 boxes of premium-grade rubber gloves to the Public Park Cleaning and Maintenance officers at the Klong Toey District Office. These gloves are intended for use in their duties, ensuring the cleanliness and hygiene of the area. This initiative aims to support the officer's well-being and promote a healthy working environment while they carry out their tasks.



Best regards,

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