

MANAGEMENT DISCUSSION AND ANALYSIS, 1Q2024

May 10, 2024

Executive Summary

- BEC World Public Company Limited (“BEC Group” or “The Company”) reported a consolidated net profit attributable to the company in 1Q/2024 in the amount of Baht 14.2 million or increasing 279% YoY from 1Q/23 but decreasing 84.4% QoQ from 4Q/23. The results were amidst a situation where the overall TV advertising media market had been facing pressure from the fragile economic situation due to various factors and lower consumers’ purchasing power from higher costs of living; all of which had affected the Company’s revenue from advertising sales this quarter.
- BEC Group generated income from copyrights and other services, comprising revenue from two main businesses: Global Content Licensing Business and the Digital Platform Business, totaling Baht 106.8 million, accounting for 10.9% of BEC Group's operating income. This represented an increase of 20.6% YoY from 1Q/23 but a decrease of 60.9% QoQ from 4Q/23.
- In summary, the Company continued to maintain a strong financial position, with cash and cash equivalents, including short-term investments, totaling Baht 4,045.6 million in the statement of financial position as at the end of 1Q/2024. Additionally, the Company had a net cash flow from operating activities of Baht 541.6 million.

Significant Developments in 1Q/2024

In 1Q/2024, the Company had significant business developments as follows.

1. Global Content Licensing (GCL) Business

- **The Company sold licenses of the following dramas/series through international platforms:**
 - Boy Love-styled Series “To Be Continued”
 - Drama Series Dhevaprom “Laorchan”
 - Series “Exes and Missus”
- The Company participated in the HK Filmart 2024 Event in Hong Kong to promote and present the content of more than 20 dramas, including dramas that had already been broadcast and new dramas scheduled for broadcast in 2024. Channel 3's dramas received a lot of attention from both buyers and platform owners, such as “Dhevaprom”, “Kissed by the Rain”, “Never Enough”, “My Cherie Amour”, and “Exes & Missus”. In addition, the Boy Love-styled series 'To Be Continued' and the Girl Love-styled series 'Secret of Us' also received a lot of attention from the entertainment market in individual countries throughout Asia.





2. Digital Platform Business



The Company has continued its cooperation with business partners, including AIS, SCB, and BBL, to maintain its customer base and attract new customers from the partners' customer pool by offering attractive packages as well as controlling marketing budget by using in house media which could efficiently reach the target customers.

In the context of Platform Ch3+, an effective content management strategy involves 'increasing 3Plus Premium Subscribers' by limiting and delaying non-paying members' access to free content. This approach has resulted in a continuous growth rate of 3Plus Premium subscribers as evidenced by more than 10% growth in membership since the end of last year.

3. Movie Business

Based on the successes of the Company's first movie "Buaphan Fan Yap" in 2022 followed by "Death Whisperer" ("Tee Yod") which saw more than Baht 400 million revenue, BEC World and M Studio, the two major content leaders would build on this success in 2024 by producing The Company has achieved significant success by collaborating to produce the films "Mana Man" and "Death Whisperer 2 (Tee Yod 2)." These projects are currently in production and are expected for release in the third and fourth quarters of this year respectively. The Company is confident in the Thai film market's positive reception and is prepared to further expand into the global market.



4. Awards

4.1 Thailand's Top Corporate Brand Awards



BEC World Public Company Limited received Thailand's Top Corporate Brand 2023 Award as an organization with the highest corporate brand value in 2023 in the media and publishing business category with a brand value of Baht 13,246 million. This award was a part of the research for the Master's Degree Program in Brand Management and Marketing at the Department of Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University. The research, conducted in

collaboration with the Stock Exchange of Thailand and media affiliated with Manager Group, aimed to systematically measure corporate brand value across all 14 industry groups.

4.2 International Standards - ISO/IEC 27001: 2022

The Company received the certificate of international standard ISO/IEC 27001:2022 (Version 2022) "Information Security Management System (ISMS)" from BSI Group (Thailand), a certification provider and an external auditor certified by the British Standards Institution (BSI).



Performance Overview

STATEMENT OF INCOME (Consolidated)	1Q/24		1Q/23		4Q/23		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
Revenues from Operation*	984.1	100.0%	995.9	100.0%	1,338.1	100.0%	(11.8)	-1.2%	(354.0)	-26.5%
Advertising income	877.3	89.1%	907.3	91.1%	1,065.0	79.6%	(30.0)	-3.3%	(187.7)	-17.6%
Income from copyright and other services	106.8	10.9%	88.6	8.9%	273.1	20.4%	18.2	20.6%	(166.4)	-60.9%
Total Cost	(794.6)	-80.7%	(811.3)	-81.5%	(935.8)	-69.9%	(16.7)	-2.1%	(141.2)	-15.1%
Cost of sales and services	(794.6)	-80.7%	(811.3)	-81.5%	(935.8)	-69.9%	(16.7)	-2.1%	(141.2)	-15.1%
Gross Profit	189.5	19.3%	184.6	18.5%	402.3	30.1%	4.9	2.7%	(212.8)	-52.9%
Selling and Admin Expenses	(172.2)	-17.5%	(166.2)	-16.7%	(257.9)	-19.3%	5.9	3.6%	(85.8)	-33.3%
Other income	13.9	1.4%	3.0	0.3%	4.3	0.3%	10.9	357.6%	9.6	224.6%
Reverse (Impairment loss) in accordance with Financial Reporting Standard No. 9	(2.9)	-0.3%	1.5	0.2%	5.7	0.4%	(4.4)	-295.8%	(8.6)	-151.6%
Share of Profit from investments in joint ventures	3.93	0.4%	2.70	0.3%	60.9	4.6%	1.2	45.4%	(57.0)	-93.6%
Earning Before Interest and Tax [EBIT]	32.3	3.2%	25.6	2.6%	215.3	16.1%	6.7	26.0%	(183.0)	-85.0%
Interest income	14.0	1.4%	6.1	0.6%	12.0	0.9%	7.9	130.7%	2.0	16.2%
Finance costs	(27.1)	-2.7%	(27.5)	-2.8%	(27.5)	-2.1%	(0.4)	-1.5%	(0.5)	-1.7%
Profit (Loss) before income tax expense	19.2	1.9%	4.2	0.4%	199.8	14.9%	15.0	356.9%	(180.6)	-90.4%
Income tax expense	(5.0)	-0.5%	(0.5)	0.0%	(106.3)	-7.9%	4.5	995.4%	(101.3)	-95.3%
Profit (Loss) for the period	14.2	1.4%	3.7	0.4%	93.5	7.0%	10.4	279.0%	(79.3)	-84.8%
Net Profit (Loss) attributable to BEC World	14.2	1.4%	3.7	0.4%	93.5	7.0%	10.4	279.0%	(79.3)	-84.8%
Non-controlling interests	(0.0)	0.0%	(0.0)	0.0%	0.0	0.0%	-	0.0%	(0.0)	-138.1%

*Operating income (excluding other income) is for the analysis in Management Discussion and Analysis.

Economic Overview and Market Situation

In 1Q/2024, the overall Thai economy continued to face uncertainties in its recovery and had been affected by the global economic slowdown from higher energy costs driven by geopolitical conflicts and resulted higher costs of production. Domestically, constrained private sector spending, including both consumption and investment, had trended down as a result of household debts, inflation and high financial costs in line with the Monetary Policy Committee ("MPC")'s policy to maintain policy interest rates at a high level. Consequently, these factors exerted significant pressure on advertisers, leading to a slowdown in advertising spending.



REVENUE

As a consequence of the aforementioned economic and industry conditions, BEC Group's advertising income in 1Q/2024 decreased by Baht 30.0 million, or 3.3 % YoY from Q1/2023 at Baht 907.3 million to at Baht 877.3 million. The advertising income decreased by Baht 187.7 million, or 17.6% QoQ from Q4/2023 at Baht 1,065.0 million due to the seasonal effect where the first quarter's advertising demand has been low and the fact that there was a highly popular drama "Love Destiny 2," in Q4/2023.

However, the Company was able to increase its income from copyrights and other services from two main businesses: Global Content Licensing Business and Digital Platform Business. Revenue from copyrights and other services in 1Q/2024 amounted to Baht 106.8 million or increasing 20.6% YoY from 1Q/2023, primarily driven by growth in digital platform subscribers. However, it decreased significantly 60.9% QoQ from 4Q/2023 due to a decrease in first-Run dramas in this quarter, thereby reducing the company's related income. Furthermore, in 4Q2023, the company sold two drama series to Prime Video and the drama series "Love Destiny 2" was broadcast; both of which contributed to higher income for the global content licensing business as well as the digital platform business.

In summary, BEC Group's revenue from operations in Q1/2024 was at Baht 984.1 million, reflecting a decrease of Baht 11.8 million or 1.2% YoY from 1Q/2023 and a reduction of Baht 354.0 million or 26.5% QoQ from 4Q/2023. Additionally, advertising income continued to be the primary source of income for BEC Group, accounting for 89.1% of the revenue from operations, which was still mainly from the advertising sales of Channel "33".

COST OF SALES

Cost of sales and services in 1Q/2024 amounted to Baht 794.6 million, reflecting a decrease of Baht 16.7 million or 2.1% YoY from 1Q/2023 due to a higher use of re-run dramas than the previous year in line with the cost control policy. Additionally, there was a decrease of Baht 141.2 million or 15.1% YoY from 4Q/2023, mainly from the absence of cost of dramas sold to Prime Video in 4Q/2023 as well as cost control policy to compensate for the income slowdown.

GROSS PROFIT

BEC Group's gross profit in 1Q/2024 was at Baht 189.5 million, representing a gross profit margin at 19.3%, despite the decrease in operating income. Effective cost management had helped improve gross profit to Baht 4.9 million, or 2.7% YoY from 1Q/2023. However, it decreased by 52.9% from 4Q/2023, as the operating income of the BEC group decreased more than the total cost of sales of the BEC group.

SELLING AND ADMINISTRATIVE EXPENSES

In 1Q/2024, BEC Group's selling and administrative expenses amounted to Baht 172.2 million, marking an increase of Baht 5.9 million, or 3.6% YoY from 1Q/2023 from global content licensing expenses. However, it decreased by Baht 85.8 million, or 33.3% QoQ from 4Q/2023 due to a decline in marketing activities from seasonal effects.



SHARE OF PROFIT (LOSS) FROM INVESTMENTS IN JOINT VENTURES

In 1Q/2024, the Company recognized the share of profit from the joint venture, Major Join Film and BEC World, in the amount of Baht 3.9 million. This represented an increase of Baht 1.2 million YoY from 1Q/2023, but a decrease of Baht 57.0 million QoQ from 4Q/2023, which was the period of the nationwide release of the movie "Death Whisperer (Tee Yod).

FINANCE COSTS

BEC Group's finance costs in 1Q/2024 was at Baht 27.1 million, slightly decreased when compared to 1Q/2023 and 4Q/2023.

INCOME TAX EXPENSES

Income tax expenses of BEC Group in 1Q/2024 was at Baht 5.0 million, increasing Baht 4.5 million YoY from 1Q/2023 in line with the increased profits of BEC Group in this quarter. However, it decreased by Baht 101.3 million or 95.3% YoY from 4Q/2023 mainly due to the use of deferred tax benefits of subsidiaries in 4Q/2023 and the decline in BEC Group's profits in this quarter.

CONCLUSION

In conclusion, BEC Group reported a consolidated net profit attributable to the company of Baht in 1Q/2024 of Baht 14.2 million, increasing by Baht 10.4 million, or 279% YoY from 1Q/2023, and decreasing by Baht 79.3 million, or 84.8% QoQ from 4Q/2023. BEC Group had a cash and cash equivalents, and short-term investments in the statement of financial position amounted to Baht 4,045.6 million at the end of 1Q/2024, with net cash flow from operations at Baht 541.6 million.

DRIVING BUSINESS FOR BEC GROUP'S SUSTAINABILITY

BEC Group has always been committed to driving business towards sustainable growth through a combination of strategies aimed at fostering business growth and maintaining good corporate governance. It aims to concurrently generate benefits for society, communities, and the environment. It also endeavors to meet the expectations of all stakeholders, ensuring that our business grows in harmony with society, communities, and the environment sustainably. In 1Q/2024, BEC Group organized activities and projects aimed at promoting and fostering sustainable development within society, as outlined below:

Environmental Aspects

- On February 28, 2024, BEC Group organized an activity to provide knowledge about waste management, especially electronic waste (E-Waste), at Maleenont Tower Building. Noon-Siraphun Wattanajinda, the leading actress from the drama "Ruenthas," attended to provide insights to employees, building tenants, and visitors. Additionally, this activity was featured in news programs to reach the broader public. Through this initiative, proper management of over 200 pieces of E-waste was facilitated, resulting in a reduction of carbon dioxide emissions by up to 2,000 kgCO₂e.



Furthermore, the Company accepted donations of used items in good condition and donated them to the Mirror Foundation to be sold as second-hand products, enabling the Foundation to earn money. This activity supported the reuse or recycling efforts and assists the Missing and Homeless People Center. The used items donated to the Mirror Foundation can reduce the amount of waste sent to the landfill by 183 kilograms.

- BEC Group and Maleenont Tower Building participated in the "turn the electricity off for one hour : 60+ Earth Hour" activity, which has been organized continuously since 2008, with 7,000 cities around the world participating. This year's Earth Hour fell on Saturday, March 23, 2023, between 20:30 and 21:30 local time in each city. The aim of Earth Hour is to reduce greenhouse gas emissions by minimizing energy usage.

Social and Community Aspects

- On February 6, 2024, BEC Group organized the activity "Channel 3 Volunteers To Do Good: Forwarding Old Calendars to the Visually Impaired." The initiative involved collecting outdated 2023 calendars from employees and donating them to the Educational Technology Center for the Blind of Thailand in Nonthaburi Province. The aim was to process and create education materials for the visually impaired throughout the country. This activity not only provided education media for the visually impaired but also reduced the amount of waste sent to landfills.



- The Company participated in a campaign with the Ramathibodi Foundation to encourage the general public to donate funds for the Ramathibodi Hospital Building Project and the Yothi Innovation District, Faculty of Medicine, Ramathibodi Hospital, Mahidol University, to benefit the public. The Foundation's public relations media, consisting of 15 and 30-second advertisements, were broadcasted, featuring Channel 3's actors including Alek-Teeradej Methavarayudh and Amanda Obdam as presenters.



Best regards,



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BEC World Public Company Limited