

## Management Discussion and Analysis For the Third Quarter 2021

### 3Q2021 HIGHLIGHTS

- Total operating revenue was THB 873.4mn, decreased by 18.2% YoY due to the ongoing COVID-19 pandemic which the Company's events had been restricted and were not able to operate normally same as in 3Q2020. However, the Company reported total revenues of THB 889.0mn, decreased by 18.1% YoY.
- Even though the operating revenue decreased from the same quarter previous year, average gross profit margin rose to 46.2% compared to 3Q2020 at 38.6% resulted from more efficient cost and expense control.
- Shared profit from investments in joint ventures and associates was THB 51.5mn, decreased by 18.3% YoY.
- Net profit attributable to the company's shareholders was THB 13.5mn, decreased by 63.2% YoY, mainly due to the fair value loss on other financial assets amounted to THB 30.0mn.
- Net profit attributable to the Company's shareholders for the nine-month period ended 30 September 2021 was THB 396.6mn, increased by 366.1% compared to the same period last year.

### KEY BUSINESS UPDATES

- In September 2021, YG<sup>MM</sup>; a fully integrated artist development company, a joint venture between the Company and YG Entertainment, announced its "1<sup>st</sup> audition" to recruit training artists which has received the attention of over 60,000 applicants from 93 countries. Only about 15 selected applicants will be trained in Thailand to become the next YG<sup>MM</sup> artists.

### OPERATING RESULTS

Consolidated PL (Unit: THB mn)	3Q2021	3Q2020	YoY %	9M 2021	9M 2020	YoY %
Total operating revenues	873.4	1,067.9	-18.2%	2,862.1	3,283.5	-12.8%
Fair value gain on other financial assets	-	-	N/A	179.5	-	N/A
Other revenues	15.6	17.9	-12.6%	35.6	42.6	-16.4%
<b>Total revenues</b>	<b>889.0</b>	<b>1,085.8</b>	<b>-18.1%</b>	<b>3,077.2</b>	<b>3,326.1</b>	<b>-7.5%</b>
Cost of sales and services	469.5	655.7	-28.4%	1,512.6	1,963.7	-23.0%
SG&A	425.1	447.1	-4.9%	1,281.5	1,336.1	-4.1%
Fair value loss on other financial assets	30.0	-	N/A	-	-	N/A
<b>Total expenses</b>	<b>924.5</b>	<b>1,102.8</b>	<b>-16.2%</b>	<b>2,794.1</b>	<b>3,299.7</b>	<b>-15.3%</b>
Loss from operating activities	(35.5)	(17.1)	-108.1%	283.2	26.4	972.9%
Share of profits from JVs and associates	51.5	63.0	-18.3%	206.9	93.4	121.6%
Finance income (cost)	(16.3)	(10.2)	-59.1%	(42.7)	(29.0)	-47.2%
Profit before income tax incomes (expenses)	(0.3)	35.7	-100.9%	447.3	90.7	393.0%
Income tax incomes (expenses)	10.5	5.6	88.7%	(39.3)	8.4	-567.2%
<b>Profit for the period</b>	<b>10.2</b>	<b>41.3</b>	<b>-75.2%</b>	<b>408.0</b>	<b>99.1</b>	<b>311.5%</b>
Profit (loss) attributable to non-controlling interests of the subsidiaries	(3.2)	4.6	-169.8%	11.4	14.1	-19.0%
<b>Profit attributable to equity holders of the Company</b>	<b>13.5</b>	<b>36.6</b>	<b>-63.2%</b>	<b>396.6</b>	<b>85.1</b>	<b>366.1%</b>
Gross profit margin (%)	46.2	38.6		47.2	40.2	
SG&A to revenue (%)	47.8	41.2		41.6	40.2	
Net profit margin (%)	1.51	3.37		12.89	2.56	

Revenue Breakdown	3Q2021		3Q2020		YoY %	9M 2021		9M 2020		YoY %
	THB mn	%	THB mn	%		THB mn	%	THB mn	%	
Music	412.4	47.2%	552.2	51.7%	-25.3%	1,312.8	45.9%	1,673.4	51.0%	-21.5%
Home Shopping	321.4	36.8%	369.1	34.6%	-12.9%	1,019.5	35.6%	1,158.4	35.3%	-12.0%
Movie	11.9	1.4%	83.5	7.8%	-85.7%	157.5	5.5%	232.5	7.1%	-32.3%
Set-top-box and Broadcasting	79.7	9.1%	44.4	4.2%	79.3%	206.1	7.2%	169.4	5.2%	21.7%
Other	48.1	5.5%	18.7	1.8%	156.9%	166.2	5.8%	49.8	1.5%	234.0%
<b>Total Operating Revenue</b>	<b>873.4</b>	<b>100.0%</b>	<b>1,067.9</b>	<b>100.0%</b>	<b>-18.2%</b>	<b>2,862.1</b>	<b>100.0%</b>	<b>3,283.5</b>	<b>100.0%</b>	<b>-12.8%</b>

**Music Business** comprises the sales of digital music and publishing rights, artist management, showbiz, artist products and physical music, and other supporting businesses. In 3Q2021, the operating revenue from music business amounted to THB 412.4mn and accounted for 47.2% of operating revenue, decreased by 25.3% YoY. Artist management and showbiz businesses were most affected by the COVID-19. While the revenue from publishing rights and digital music were only mildly impacted.

**Home Shopping Business** In 3Q2021, Home shopping business reported revenue of THB 321.4mn, a decrease of 12.9% YoY due to economic downturn and the ongoing COVID-19 situation which causes decline in consumers spending.

**Movie Business** revenue in 3Q2021 amounted to THB 11.9mn, decreased by 85.7% YoY mainly due to the recognition of revenue from sales of movie rights to digital and streaming platform recorded in the same quarter last year. While in this quarter, there was only a small amount of revenue recognition in this segment.

**Set-top-box and Broadcasting Business** revenue in 3Q2021 was THB 79.7mn, increased by 79.3% YoY as retailers are able to adapt to better cope with the COVID-19 situation. As a result, set-top-box and broadcasting business can resume normal trading.

**Investments in Joint Ventures** Share of profit from investments in joint ventures and associates were THB 51.5mn, decreased from THB 63.0mn same quarter last year or 18.3% YoY. Mainly because in 3Q2020, before the investment restructuring, there was a recorded share of profits from GMM Channel Holding Company Limited, the Company's joint venture at the time. When there was none in this quarter. However, the One Enterprise Public Company Limited continue to show an upward trend and strong performance.

**Other Businesses** revenue in 3Q2021 amounted to THB 48.1mn, increased by 156.9% YoY. Since after the investment restructuring in 4Q2020, GMM25 digital television became a subsidiary of the Company and its revenue was reported in this segment.

**Cost of Sales and Services** in 3Q2021 was THB 469.5mn, decreased by 28.4% YoY, due to efficient cost control in relation to declining revenue. The cost of sales and services accounted for 53.8% of total operating revenue.

**Gross Profit** for this quarter was THB 403.9mn or 46.2% gross profit margin, which was higher than the same quarter last year at 38.6%.

**SG&A Expenses** in 3Q2021 amounted to THB 425.1mn, decreased by 4.9% YoY mainly due to a decreased in administrative expenses. Moreover, extraordinary items reported in 3Q2021 were the fair value loss on other financial assets of THB 30.0mn.

**Net Profit** in 3Q2021 amounted to THB 13.5mn, decreased by 62.3% YoY from THB 36.6mn in 3Q2020. Net profit attributable to the Company's shareholders for the nine-month period ended 30 September 2021 was THB 396.6mn, increased by 366.1% compared to the same period last year.

**FINANCIAL POSITION**

Unit: THB mn	30 Sep 2021	%	31 Dec 2020	%
Cash and cash equivalents	504.1	10.2%	727.7	17.2%
Other current assets	1,978.7	40.1%	1,321.8	31.2%
Non-current assets	2,448.3	49.7%	2,192.3	51.7%
<b>Total assets</b>	<b>4,931.1</b>	<b>100.0%</b>	<b>4,241.8</b>	<b>100.0%</b>
Current liabilities	2,581.1	52.3%	2,057.0	48.5%
Non-current liabilities	1,008.9	20.5%	1,227.0	28.9%
<b>Total liabilities</b>	<b>3,590.0</b>	<b>72.8%</b>	<b>3,284.0</b>	<b>77.4%</b>
Shareholders' equity	1,341.1	27.2%	957.8	22.6%
<b>Total liabilities and shareholders' equity</b>	<b>4,931.1</b>	<b>100.0%</b>	<b>4,241.8</b>	<b>100.0%</b>
Net interest-bearing debt to equity ratio (x)	1.20		1.19	

**Total Assets** Total assets at the end of 3Q2021 amounted to THB 4,931.1mn, increased by THB 689.3mn from the end of previous year. This mainly resulted from the fair value adjustment of the exercised rights to purchase shares of Rojukiss International Public Company Limited of approximately THB 719.3mn under other current financial assets and increased in investment in joint ventures. Although trade and other receivables decreased.

**Total Liabilities** at the end of 3Q2021 amounted to THB 3,590.0mn, an increase of THB 306.0mn from the end of previous year from higher short-term loans while trade and other payables and unearned income decreased.

At the end of 3Q2021, the interest-bearing debt was THB 1,610.9mn. The interest-bearing debt to equity ratio rose from 1.19x at the end of 2020 to 1.20x at the end of 3Q2021.

**Total Equity** amounted to THB 1,341.1mn, increased by THB 383.3mn from the end of 2020 at THB 957.8mn, from profit for the period.

**Cash Flow** used in operating activities at the end of this quarter amounted to THB 6.7mn, cash flow used in investing activities amounted to THB 635.1mn, and cash flow from financing activities amounted to THB 420.8mn.

Net cash decreased from all activities equaled to THB 223.6mn. At the end of 3Q2021, cash and equivalents amounted to THB 504.1mn.

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