

Management Discussion and Analysis For the First Quarter of 2022

1Q2022 HIGHLIGHTS

- The Company's operating income was THB 997.1mn, an increase of THB 15.3mn or 1.6% from the previous year, while total revenue was THB 1,007.2mn, a decrease of THB 358.3mn or a 26.2% decrease compared to the previous year. The main impact was from the changes in fair value adjustment of the current financial assets.
- Total gross profit was at THB 342.1mn. Average gross profit margin was at 34.3% compared to 1Q2021 at 46.9%.
- Shared profit from investments in joint ventures and associates was THB 60.4mn, decreased by 9.2% YoY.
- Loss attributable to equity holders of the Company was THB 153.7mn, decreased by 138.6% YoY, mainly due to the changes in fair value adjustment of the current financial assets.

KEY BUSINESS UPDATES

- YG"MM launched Big Project under the name YG"MM Boy Audition 2022, finding Boy Trainees around the world to become artist trainees. The project broke the record for the highest number of first audition applicants which was close to 60,000 people from 93 countries all over the world. This is the record highest number ever since the start of idol artist auditions. And, in 2022, YG"MM will continue to strive to find the new generation of youngsters with passion and dreams to become a professional global artist and become a member of YG"MM family. YG"MM will set up a joint committee between the two companies to meticulously select applicants to go through to the next audition round.
- "GMM SHOW" (GMM Show), the organizer under 'GMM Grammy' (GMM Grammy), has been the leader in organizing concerts and music festivals or Showbiz, known as number one in the country. 2022 marks the comeback of the first event arranged since 2021. The first event of the year 2022 was Chang Music Connection Presents Nang Lay Beach Party and Music Festival, which will be held on Saturday, April 30th, 2022, accommodating approximately 10,000 people.
- GDH 559 Company Limited (GDH) together with Broadcast Thai Television Company Limited (BTV) established Special Destiny Company Limited and join hands with Kubix Digital Asset Co., Ltd. (Kubix), a company in the Kasikorn Bank Group and a digital token offering system provider (ICO Portal), in offering "DESTINY TOKEN" digital tokens for investment in Love Destiny 2 movie. The subscription will be ready from May 23 onwards. DESTINY TOKEN is Thailand's first digital investment token. It allows investors to choose 3 types of investments which are 1.) I am Glad Token, priced at 5,559 baht per token, 2.) I am Delighted Token, priced at 155,559 baht per token, and 3.) I am Happy Token, priced at 1,555,559. baht per token. Total offering value is 265,227,633 baht with investment period not over 2 years, and holders of all types of DESTINY TOKEN will be entitled to receive a return on investment of 2.99% per year, and will also have a chance to receive a special return of 2.01% per year of the initial investment value, totaling 5% per year if Love destiny 2 movie earns 1,000 million or more Box Office revenue nationwide (Referring to movie revenue as announced on www.thailandboxoffice.com).

OPERATING RESULTS

Consolidated PL (Unit: THB mn)	1Q2022	1Q2021	YoY %
Total operating revenues	997.1	981.8	1.6%
Fair value gain on other financial assets	-	369.5	N/A
Other revenues	10.1	14.2	-28.9%
Total revenues	1,007.2	1,365.5	-26.2%

Cost of sales and services	655.0	521.2	25.7%
SG&A	428.3	420.8	1.8%
Loss on fair value adjustment for current financial assets	182.8	-	N/A
Total expenses	1,266.1	942.0	34.4%
Loss from operating activities	(258.9)	423.5	-161.1%
Share of profits from JVs and associates	60.4	66.5	-9.2%
Finance income (cost)	(16.7)	(12.7)	30.7%
Profit (loss) before income tax income (expenses)	(215.2)	477.2	-145.1%
Income (expenses) tax incomes	59.5	(73.8)	-180.7%
Profit (loss) for the period	(155.7)	403.5	-138.6%
Profit (loss) attributable to non-controlling interests of the subsidiaries	(2.1)	5.3	-139.6%
Profit (loss) attributable to equity holders of the Company	(153.7)	398.2	-138.6%
Gross profit margin (%)	34.3	46.9	
SG&A to revenue (%)	42.5	30.8	
Net profit margin (%)	-15.3	29.2	

Revenue Breakdown	1Q2022		1Q2021		YoY %
	THB mn	%	THB mn	%	
Music	500.9	50.2%	456.6	46.5%	9.7%
Home Shopping	319.3	32.0%	344.5	35.1%	-7.3%
Movie	57.3	5.7%	52.1	5.3%	10.0%
Set-top-box and Broadcasting	51.0	5.2%	60.2	6.1%	-15.3%
Other	68.6	6.9%	68.5	7.0%	0.1%
Total Operating Revenue	997.1	100.0%	981.8	100.0%	1.6%

Music Business comprises the sales of digital music and publishing rights, artist management, showbiz, artist products and physical music, and other supporting businesses. In 1Q2022, the operating revenue from music business amounted to THB 500.9mn, accounting for 50.2% of the operating revenue, increased by 9.7% YoY. The key growth driver is the digital music which accounts for over 50% of the total music business. Other businesses are still affected by COVID-19 which resulted in Showbiz business not being able to organize events as usual in Q1. However, given the relaxation of the government's policy, showbiz will be able to organize events from Q2 onwards.

Home Shopping Business In 1Q2022, Home shopping business reported revenue of THB 319.3mn, decreased by 7.3% YoY due to economic downturn and higher competition in home shopping sector.

Movie Business revenue in 1Q2022 amounted to THB 57.3mn, increased by 10.0% YoY. In 1Q2022, movie business realized Box Office revenue from one movie, "One for the Road" which was directed by Mr. Bas Natthawut Poonpiriya in collaboration with Mr. Wong Kawai, the producer. The movie was a success and was awarded at "Sundance Film Festival" in the United States.

Set-top-box and Broadcasting Business revenue in 1Q2022 was THB 51mn, decreased by 15.3% YoY as 1Q2021 was favorably benefitted by the intense Work-from-home policy and achieved abnormally high revenue

Investments in Joint Ventures Share of profit from investments in joint ventures and associates was THB 60.4mn, decreased by 9.2% YoY as the revenue of joint ventures and associates dropped due to COVID-19 impact.

Other Business revenue in 1Q2022 amounted to THB 68.6mn, increased by 0.1% YoY in line with 2021, following increase in service rate agreements.

Cost of Sales and Services in 1Q2022 was THB 655mn, increased by 25.7% YoY as music business resumed its music production at a greater capacity when compared to 1Q2021. This is in line with the growth in the operating revenue.

Reported Net Loss in shareholders' equity in 1Q2022 amounted to THB 153.7mn, decreased by 138.6% which mainly impacted by the change in non operating special item, fair value adjustment of the current financial assets.

FINANCIAL POSITION

Unit: THB mn	31 Mar 2022	%	31 Dec 2021	%
Cash and cash equivalents	617.1	11.9%	563.3	11.1%
Other current assets	1,797.7	34.6%	1,795.4	35.5%
Non-current assets	2,775.0	53.5%	2,700.2	53.4%
Total assets	5,189.8	100.0%	5,058.8	100.0%
Current liabilities	3,271.6	63.0%	2,809.6	55.5%
Non-current liabilities	602.4	11.6%	766.9	15.2%
Total liabilities	3,874.0	74.6%	3,576.5	70.7%
Shareholders' equity	1,315.8	25.4%	1,482.4	29.3%
Total liabilities and shareholders' equity	5,189.8	100.0%	5,058.8	100.0%
Net interest-bearing debt to equity ratio (x)	1.36		1.19	

Total Assets at the end of 1Q2022 amounted to THB 5,189.8mn, increased by THB 131.0mn from the end of previous year. This mainly resulted from the increase in the joint venture, cash and cash equivalents, and trade and account receivables.

Total Liabilities. At the end of 1Q2022 the interest-bearing debt was THB 1,783.6mn, slightly increased from THB 1,764.9mn at the end of 2021, from the increase in unearned income. Total liabilities was at THB 3,874.0mn, increased of THB 297.5mn.

Total Equity amounted to THB 1,315.8mn, decreased by THB 166.5mn from the end of 2021 due to quarterly loss. Net interest-bearing debt to equity ratio slightly increase to 1.36x.

Cash Flow used in operating activities at the end of this quarter amounted to THB 77.3mn, cash flow used in investing activities amounted to THB 28.2mn, and cash flow from financing activities amounted to THB 4.5.

Net cash increased from all activities equaled to THB 53.8mn. At the end of 1Q2022, cash and equivalents amounted to THB 617.1mn. This is reflect to strong financial position of group company.

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