



The ONE Enterprise Public Company Limited

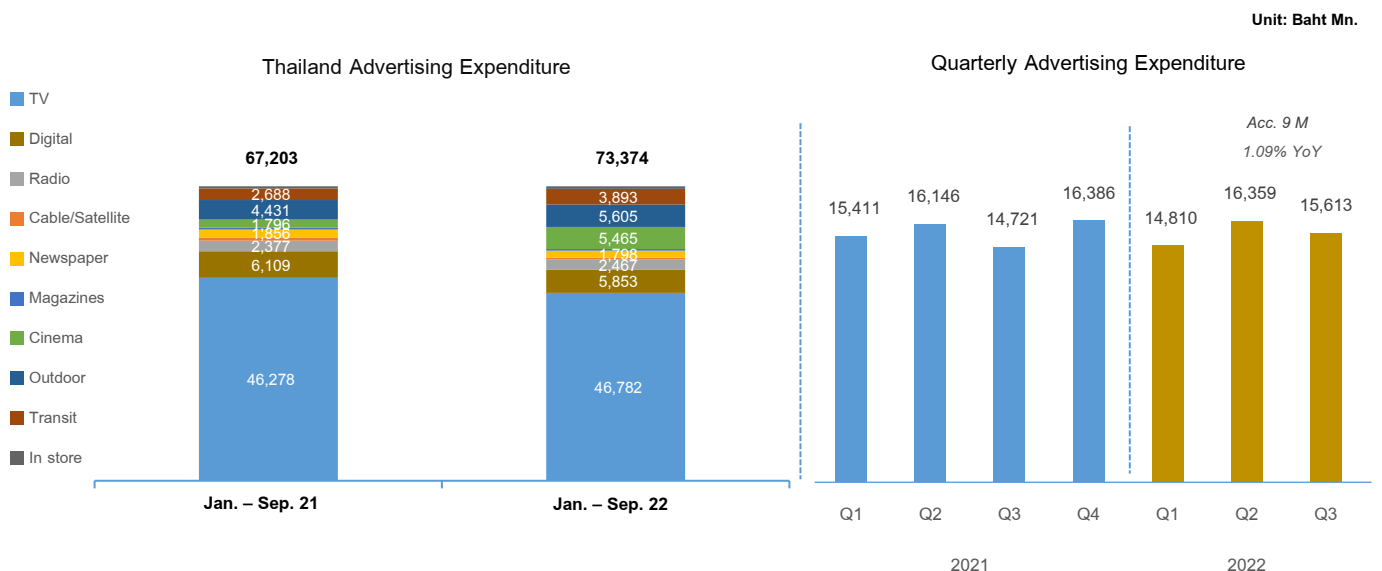
## **Management Discussion and Analysis Quarter 3/2022**

## Executive Summary

- The One Enterprise Public Company Limited (“the Company”) reported earnings in Q3/22 with revenues of 1,655.0 million baht and a net profit of 164.0 million baht. Compared to the same quarter of the previous year, the Group's revenue increased by 546.5 million baht, net profit decreased by 3.9 million baht or representing an increase of or 49.3% and a decrease of 2.3% respectively, mainly due to higher production costs.
- Overall media spending increased but TV advertising media was at the same level as the same period last year. TV advertising continues to be affected by inflation and declining consumption of households. As a result, the cumulative nine-month TV advertising media grew slightly 1.1% YoY.
- Overview of the prime time ratings of January - September 2022 Channel One31 is at a rating of 2.48<sup>1</sup>, maintaining the 2<sup>nd</sup> TV station ranking and the average daytime rating is at a rating of 0.95<sup>1</sup>, the ratings moved up to 3<sup>rd</sup> in the industry. Although in 3Q/22, TV advertising media rose YoY, but it was an improvement from the lowest point of the year 2021, as 3Q/21 was the period most severely affected by the COVID-19 Delta strain.
- Overall TV advertising media in this quarter was still affected by inflation and slowing consumption. However, the Group has income from other businesses to support. Especially the revenue from concerts and events that the Group was able to fully organize after public health measures have been terminated. Consequently, concert and event revenue in this quarter proportioned for 10.3% of total revenue. In addition, revenue from artist management and merchandising business has remained at a high level until this quarter.

Remark: <sup>1</sup> Rating data from NW15+ average prime time and day time rating, accumulative from January-June 22 and The Nielsen Company (Thailand) Co., Ltd.

## Economic Overview and Market Situation



- The Thai economy in Q3/22 is likely to continue to recover compared to the previous quarter. However, the recovery is quite slow because there are many risk factors. The main pressure on the economy is inflation. In August, inflation peaked at 7.9% YoY and dropped in September at 6.4% YoY. It is expected that inflation has already passed its peak. However, the impact of inflation yet leaves an effect on the household sector, which consumers are facing three major problems: insufficient income and expenditure, unable to save and has increased debt over the next 6 months due to the rising of interest rate. The key indicator is the rate of recovery in household income in Q3/22, which cannot be comparable to the pre-COVID-19 epidemic. Therefore, the recovery of the Thai economy is in the business sector rather than the household sector.

- The accumulated advertising spending in Thailand from January to September 22 totaled 73.3 billion baht, increased from the cumulative value of the previous year at 6.2 billion baht or 9.2% YoY. The higher advertising spending was an increase from the lowest base in 2004 as the Q3/21 was a time of impact from the COVID-19 Delta strain. Most of the increase in advertising spending came from cinema media, transit media, indoor media, and outdoor media respectively. While television media increased only 1.1% YoY, it was yet the most valuable when compared to other media. Television media was valued at 46.8 billion baht, or 63.8% of the total value.
- In Q3/22, Television media continued to be affected by inflation and lower household consumption. It is expected that such factors will continue to affect television advertising media and TV advertising media purchasing decisions of companies for a period of time until there is a strong sign of economic recovery.

Source: Information from the Bank of Thailand, MAAT, The Nielsen Company (Thailand) Co., Ltd., TPSO and Krungsri Research Center

### Important events in Q3/22

- Resolution of the Board of Directors Meeting No. 4/2022 held on August 10, 2022, approved the interim dividend payment at the rate of 0.12 baht per share by paid dividends on September 9, 2022.
- On September 2, 2022, the Group announced a business partnership with VGI Public Company Limited to bring content from the news agency “One news” to BTS transit screens and to out of home screens in office buildings throughout Bangkok.
- On September 7, 2022, the Group received the 13th Nataraja Award 2021 in the radio and television category, totaling 14 awards, divided into 12 TV drama awards and 2 radio program awards.
- On September 8, 2022, the Group announced a business partnership with SBS Contents Hub Co., Ltd. From South Korea by jointly producing the Thai version of the drama and series to raise the level to the international recognition.
- In September Channel One 31's 9-month prime-time rating is 2.48<sup>1</sup>, maintaining its 2<sup>nd</sup> TV station ranking. In addition, the 9-month daytime rating is 0.95<sup>1</sup>, making the TV station ranking move up to the 3<sup>rd</sup> of the industry.

Remark: <sup>1</sup> Rating data from NW15+ average prime time and day time rating, accumulative from January-September 22

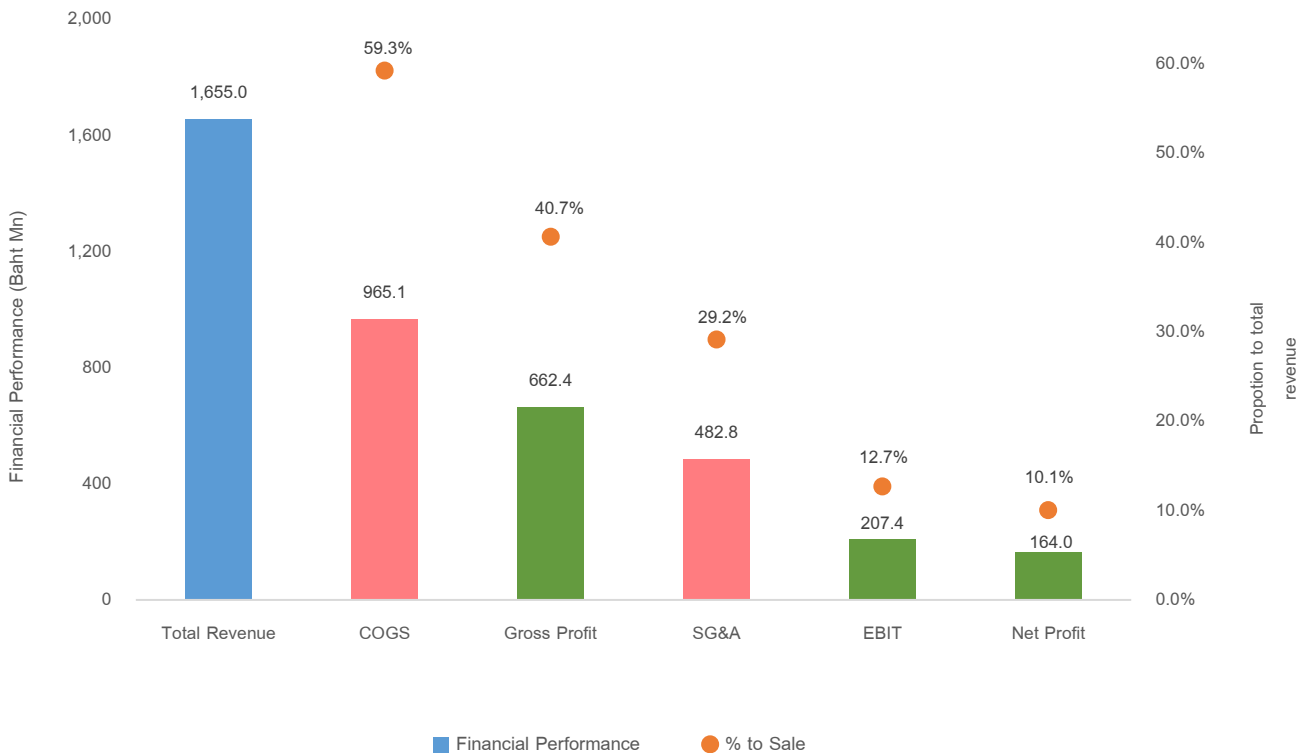
### Financial Performance of the Group

Unit: Baht Mn.

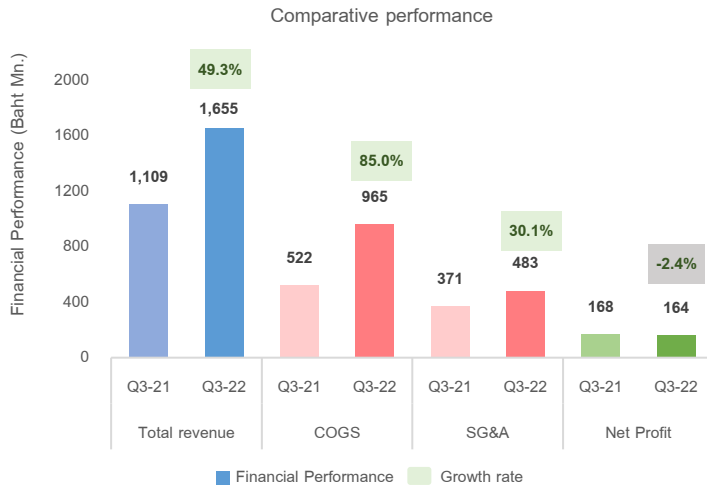
Consolidated financial statements	Q3-21	Q3-22	% Change	9M-21	9M-22	% Change
<b>Revenue</b>						
Revenue from advertising, promotion, and lease of television station	628.8	770.2	22.5%	2,225.1	2,262.8	1.7%
Revenues from Copyrights Management	239.6	309.1	29.0%	847.1	1,104.4	30.4%
Revenue from Radio Production	38.7	51.2	32.2%	130.0	146.8	12.9%
Revenue from production and service	50.6	89.0	75.9%	198.1	314.6	58.8%
Revenue from Event Business	6.1	171.1	2,704.3%	11.0	189.3	1620.5%
Revenue from other Related Business	121.7	236.9	94.7%	411.0	671.2	63.3%
<b>Revenue from Sale and Services</b>	<b>1,085.5</b>	<b>1,627.5</b>	<b>49.9%</b>	<b>3,822.3</b>	<b>4,689.1</b>	<b>22.7%</b>
<b>Total Revenue</b>	<b>1,108.5</b>	<b>1,655.0</b>	<b>49.3%</b>	<b>3,891.1</b>	<b>4,775.2</b>	<b>22.7%</b>
Cost of Sale and Services	521.7	965.1	85.0%	1,846.3	2,652.4	43.7%
<b>Gross Profit</b>	<b>563.8</b>	<b>662.4</b>	<b>17.5%</b>	<b>1,976.0</b>	<b>2,036.7</b>	<b>3.1%</b>

Consolidated financial statements	Q3-21	Q3-22	% Change	9M-21	9M-22	% Change
Other Income	23.0	27.5	19.7%	68.8	86.1	25.1%
Selling and servicing expenses	44.9	75.5	68.1%	136.7	202.8	48.3%
Administrative expenses	326.2	407.3	24.9%	1,049.4	1,165.2	11.0%
<b>Operating profit</b>	<b>215.7</b>	<b>207.1</b>	<b>-4.0%</b>	<b>858.7</b>	<b>754.8</b>	<b>-12.1%</b>
<b>EBITDA</b>	<b>510.5</b>	<b>594.5</b>	<b>16.5%</b>	<b>1,629.8</b>	<b>1,839.6</b>	<b>12.9%</b>
Share of profit (loss) from investment in associate	(1.1)	0.3	-129.1%	(2.1)	1.2	-155.7%
<b>Profit before Interest income (expense) and tax income</b>	<b>214.6</b>	<b>207.4</b>	<b>-3.4%</b>	<b>856.6</b>	<b>756.0</b>	<b>-11.7%</b>
Interest income	0.0	1.4	34,650.0%	0.5	5.3	960.0%
Finance expenses	(35.2)	(2.5)	-93.0%	(109.6)	(11.6)	-89.4%
<b>Profit before tax income (expense)</b>	<b>179.4</b>	<b>206.3</b>	<b>15.0%</b>	<b>747.5</b>	<b>749.7</b>	<b>0.3%</b>
Tax Income	(11.5)	(42.3)	268.1%	(124.5)	(156.4)	25.6%
<b>Net Profit</b>	<b>167.9</b>	<b>164.0</b>	<b>-2.3%</b>	<b>623.0</b>	<b>593.4</b>	<b>-4.8%</b>
Earnings Per Share (Baht)	0.088	0.069		0.327	0.249	

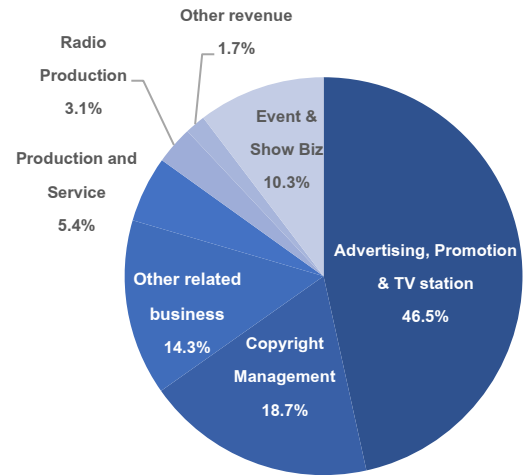
### Financial Performance Quarter 3/2022



## Comparison of Quarterly Financial Results YoY



## Revenue Contribution Quarter 3/2022



## Revenue from Sale and Services

For Q3/22, the Group's total operating income was 1,627.5 million baht, increase of 542.0 million baht or 49.9 % from the same quarter of the previous year, mainly as follows;

- Revenue from advertising, promotion and lease of television station was higher from advertising volume sales and advertising per minute rates compared to the same quarter last year. It also comes from the income from the online campaigns that can be held this year and are very popular.
- Revenue from copyright management increased from online advertising channels that sells various program copyrights to other countries including OTT platform and selling price per episode from GMM Channel Holdings Group and One31 Company Limited, for instance, Good Old Day Series, P.S. I Hate You Series, The Eclipse Series, My Dear Donovan Series, My Sassy Princess Series, My Queen Drama, Sai Rung Drama, The Giver Drama and Flash Marriage Drama.
- Revenue from radio production increased from radio higher sales of advertising revenue compared to the same quarter last year, as most consumers spend more time on the road as many companies lift work-from-home measures.
- Revenue from the production and service increased from the production revenue from Change 2018 Company Limited and GMM Studios International Company Limited, which mainly recognizes revenue from partner TV channels and OTT platform channels. Such partners have hired those to produce programs such as Love Agreement Drama, Fah/Tarn/Tawan Drama, Mia Luang Drama and The Root Drama.
- Revenue from event business increased from concerts and events such as Love Out Loud Fan Fest 2022, F4 Shooting Star, The Cassette Festival, Si Yak Pak Wan and O-N Friend City.
- Revenue from other related businesses increased from artist management revenue and revenue from sales of products from GMM TV Company Limited, as a result from concerts and events.

## Cost of Sales and Services

For Q3/22, the Group's selling and servicing expenses were 965.1 million baht, increase of 443.4 or 85.0% from the same quarter of the previous year, mainly from cost of concerts and events, artist management of GMM TV Co., Ltd. and higher production costs.

In the year 2021, the Group used the strategy of rerun broadcasting to reduce production costs. As a result, production costs were reduced to a low level. However, when compared to the production cost in 3Q/22 that the Group broadcasted all first-run formats, resulting the comparative production cost is much higher.

Besides, it is also from the cost of production and service for the increased number dramas from Change 2018 Company Limited. Such costs increased compared to the same quarter of the previous year, which corresponds to the increase in operating income in the same direction.

## Selling and servicing expenses

For Q3/22, the Group's selling and servicing expenses were 75.5 million baht, increase of 30.6 or 68.1% from the same quarter of the previous year, mainly from increased marketing and public relations expenses.

## Administrative expenses

For Q3/22, the Group's administrative expenses were 407.3 million baht, increase of 81.1 million baht or 24.9 % from the same quarter of the previous year. This was mainly due to higher employee expenses and from investment in developing various systems in the company to support future growth.

## Finance Cost

For Q3/22, the Group's finance cost was 2.5 million baht, decreased by 32.7 million baht or 93.0% from the same quarter of the previous year, mainly from long-term loan repayment of 311.5 million baht in Q1/22, resulting in the Group has no long-term loans since Q2/22 onward.

## Net Profit

For Q3/22, the Group's net profit was 164.0 million baht, decrease of 3.9 million baht or 2.3% from the same quarter of the previous year.

## financial positions

### Asset

Total assets as of September 30, 2022, equal to 9,294.9 million baht, compared to as of December 31, 2021, equal to 9,305.5 million baht, decreased by 10.6 million baht or 1.0%. Cash and cash equivalents were 1,519.4<sup>1</sup> million baht.

Remark: <sup>1</sup> Excluding fixed deposits of 500.0 million baht.

## Liabilities

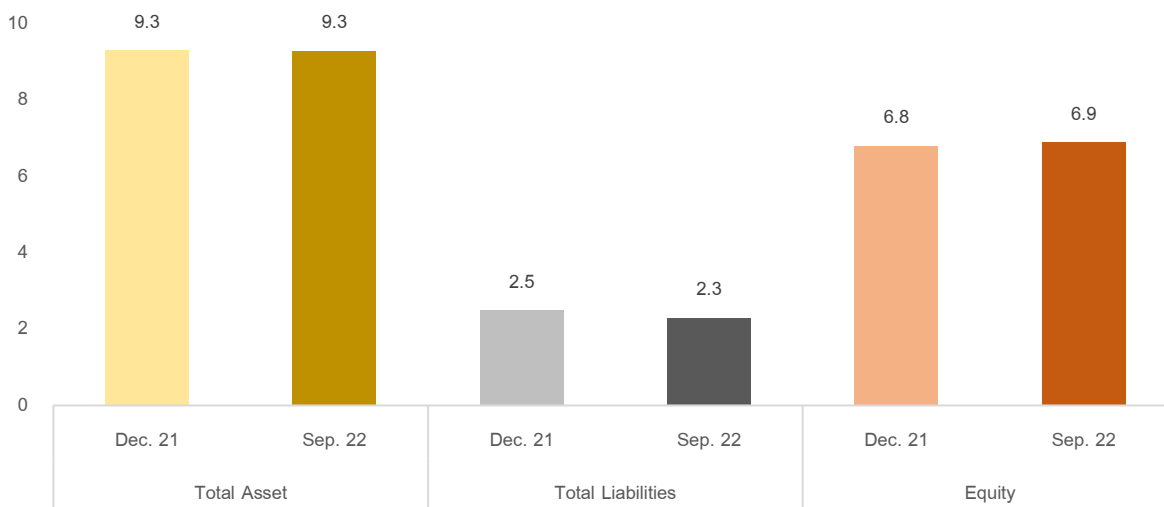
Total liabilities as of September 30, 2022, equal to 2,306.1 million baht, compared to as of December 31, 2021, was 2,459.9 million baht decreased by 153.8 million baht or 6.3%.

In addition, in Q1/22, the Group repaid a total of 311.5 million baht of long-term loans, resulting in the Group has no long-term loans since Q2/22.

## Equity

Equity as of September 30, 2022, equal to 6,988.8 million baht, compared to 31 December 2021, was 6,845.5 million baht, an increase of 143.2 million baht or 2.1%.

### financial Positions Comparison



## Ratios and financial highlight

	9M 2021	9M 2022
Gross Profit Margin	51.7%	43.4%
EBIT Margin	22.0%	15.8%
EBITDA Margin	41.8%	38.5%
Net Profit Margin	16.0%	12.4%
ROAE	25.8%	8.6%
ROA	8.2%	6.4%
D/E (x)	1.8	0.3
Operating Cash Flow (Baht Mn.)	1,261.2	544.1
Cash and fixed deposit at end of Period (Baht Mn.)	825.0	1,519.4



The ONE Enterprise Public Company Limited

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Please be informed accordingly,

Respectfully yours,

(Mr.Unnop Senasuttipan)

Group Chief Financial Officer

Authorized Person for Information Disclosure