

Management Discussion and Analysis for the Quarter 3/2022

3Q2022 BUSINESS OVERVIEW

Over the past quarter, Thai economy has faced multiple challenges i.e., high inflation rate, high interest rate and high volatility in global capital market which continue to put pressure on overall investment sentiment. Nonetheless, the easing of epidemic control measures and restriction by the government such as country reopening and classifying Covid-19 as endemic instead of pandemic led to positive impact to business which were affected by the control measures over the past two years. The overall sentiment is progressively improving. It is expected that the businesses will fully return to normal activities by the beginning of 2023.

In quarter 3/2022, GMM Grammy PLC. has successfully recovered and returned to almost normal operations. Total revenue was THB 1,424.4 million, an increase of THB 535.4 million or 60.2% YoY. Total operating revenue was THB 1,307.9 million, an increase of THB 434.5 million or 49.7% YoY, mainly due to an improved service income and revenue from publishing rights resulting from the resumed mass-gathering related activities. In this third quarter of 2022, a total of 4 concerts (total of 7 shows) were held which brought significant growth to showbiz and artist management businesses. Digital music business also showed continued growth which results in strong growth in the overall music business.

The company had a gross profit of THB 411.7 million, an increase of THB 7.8 million or 1.9% YoY. While the gross profit margin dropped from 46.2% to 31.5% as last year's music production plan was affected by Covid-19 and was shifted to this year's production instead. As a result, gross profit margin during the production of additional music declined to lower level compared to normal production plan.

The company realized shared profit from investments in joint ventures, and associates of THB 45.1 million, mainly from the operating results of the joint venture company, The One Enterprise PLC.

In quarter 3/2022, the company's net profit attributable to the company's shareholders was THB 48.3 million, an increase of THB 34.8 million, or 258.5% YoY.

KEY BUSINESS UPDATES

- July 2022
 - Launched "GMM Academy" a world-class professional artist institute which train and develop Thai artists to the international standard and market. The academy focuses on 3 parts, namely Idols, Pop stars and Thaidol (Thai country artist).
 - The company collaborated with VGI Public Company Limited, the leader in Offline-to-Online ("O2O") Marketing Solutions, in launching "3D City Pop" campaign presenting a new media created with the innovative Technic 3D Entertainment Illusion. The campaign was anchored by vertical 3D concert performance by GMM artists namely Peck Palitchoke, Getsunova and Three Man Down on LED screen Empire Tower and multiple landmarks across the center of Bangkok. In addition, the campaign was promoted through BTS Train wrapping using creative works from various artists such as NUM Kala,

Cocktail, Tilly Birds and Big Ass. The campaign gained significant traction and received positive feedback across all channels, including fan clubs, customers, and agencies.

- **August 2022**
 - “GMM SHOW”, the best concert and festival organizer in Thailand, launched 2 concerts in August. On 7-8 August, the company launched “**ตัน Fight ตัน Variety Concert**” led by Pop Pongkul and Oat Pramote, battling on the stage. On 13-14 Aug, the company launched the Concert application presents “**MARATHON CONCERT FEST**”, the longest continuous live performance in Thailand, lasting 2days for 2 rounds. Each round features 8 hours of continuous live performance by 8 leading artists in Thailand at Impact Arena, Muang Thong Thani.
- **September 2022**
 - The Company launched the first solo concert of “Kong Saharat”, the real musician with over 34 year- journey in the entertainment industry. Thai Life Insurance presents “**KONG SAHARAT IN MY LIFE CONCERT**”, was held on September 10. Another large concert is of “Num Kala”. Thai Life Insurance Presents “**MY NAME IS NUM KALA FIRST IMPACT CONCERT**” was also the Num Kala’s first largest concert. It was held in 2 rounds on September 17-18, organized by GMM SHOW.
 - The Company Debuted a new boyband named “PERSES” under “G’NEST” label under GMM Grammy with 5 members: Jung, Nay, Krittin, Pluggy and Palm. with the single “My Time”

3Q2022 and 9M2022 OPERATING RESULTS

Consolidated PL (Unit:THB mn)	2Q2022	2Q2021	YoY%	9M2022	9M2021	YoY%
Total operating revenues	1,307.9	873.4	49.7%	3,443.8	2,862.1	20.3%
Dividend income	3.6	3.3	9.1%	9.6	3.3	191.0%
Fair value gain on other financial assets	92.9	0.0	100.0%	0.0	179.5	-100.0%
Community Verified icon	20.0	12.3	62.1%	76.7	32.3	137.1%
Total revenues	1,424.4	889.0	60.2%	3,530.1	3,077.2	14.7%
Cost of sales and services	896.2	469.5	90.9%	2,286.2	1,512.6	51.1%
SG&A	491.8	425.1	15.7%	1,366.3	1,281.5	6.6%
Fair value loss on other financial assets	0.0	30.0	-100.0%	107.9	0.0	100.0%
Total expenses	1,388.0	924.5	50.1%	3,760.3	2,794.1	34.6%
Profit (loss) from operating activities	36.4	-35.5	202.6%	-230.3	283.2	-181.3%
Share of profits from JVs and associates	45.1	51.5	-12.4%	141.2	206.9	-31.7%
Finance income (cost)	-18.7	-16.3	-14.9%	-51.5	-42.7	-20.5%
Profit (loss) before income tax income (expenses)	62.8	-0.3	20694.1%	-140.6	447.3	-131.4%
Income tax income (expenses)	-6.6	10.5	-162.4%	64.3	-39.3	263.5%
Profit (loss) for the period	56.3	10.2	450.6%	-76.3	408.0	-118.7%
Profit (loss) attributable to non-controlling interests of the subsidiaries	8.0	-3.2	346.2%	5.5	11.4	-51.9%
Profit (loss) attributable to equity holders of the Company	48.3	13.5	258.5%	-81.8	396.6	-120.6%
Earnings per share	0.06	0.02		-0.10	0.48	
Gross profit margin (%)	31.5%	46.2%		33.6%	47.2%	
SG&A to revenue (%)	34.5%	47.8%		38.7%	41.6%	
Net profit margin (%)	3.4%	1.5%		-2.3%	12.9%	

Revenue Breakdown	3Q2022		3Q2021		YoY %	9M2022		9M2021		YoY %
	THB mn	%	THB mn	%		THB mn	%	THB mn	%	
Music	720.4	55.1%	412.4	47.2%	74.7%	1,835.5	53.3%	1,312.8	45.9%	39.8%
Home Shopping	349.8	26.7%	321.4	36.8%	8.8%	1,008.2	29.3%	1,019.5	35.6%	-1.1%
Movie	167.8	12.8%	11.9	1.4%	1309.1%	304.1	8.8%	157.5	5.5%	93.1%
Set-top-box and Broadcasting	46.5	3.6%	79.7	9.1%	-41.6%	150.2	4.4%	206.1	7.2%	-27.1%
Other	23.5	1.8%	48.1	5.5%	-51.1%	145.8	4.2%	166.2	5.8%	-12.3%
Total Operating Revenue	1,307.9	100.0%	873.4	100.0%	49.7%	3,443.8	100.0%	2,862.1	100.0%	20.3%

Operating Revenue

In quarter 3/2022, the Company had operating revenue of THB 1,307.9 million, an increase of THB 434.5 million or 49.7%YoY. Most of the increase was from the revenue of music business which was driven by showbiz business. The Company's operating revenue can be divided into revenue structure according to the Company's business as follows:

1.1 Music Business comprises of the sales of digital music and publishing rights, artist management, showbiz, artist products and physical music, and other supporting businesses.

For the quarter 3Q2022, the Company had revenue from music business amounted to THB 720.4 million, accounted for 55.1% of the operating revenue, increased by 74.7%YoY mainly from showbiz and artist management business, which grew 481.9% YoY. In this quarter, revenue from concerts was realized from a total of 4 events (total of 7 shows). The Company's music business has recovered and returned to near-normal operations. In addition, the digital music business showed continued growth with the highest percentage of revenue from YouTube.

1.2 Home Shopping Business in 3Q2022, Home shopping business reported revenue of THB 349.8 million, accounting for 26.7% of the operating revenue, increased by 8.8% YoY. There is an increased competition in home shopping and e-commerce sector. The Company increased marketing effort and launched promotion campaigns in response to the more intense competitions.

1.3 Movie Business revenue in 3Q2022 amounted to THB 167.8 million, accounting for 12.8% of operating revenue, increased by 1,309.1%YoY. The increase was mainly due to the movie "Love Destiny 2" which has been a success.

1.4 Set-top-box and Broadcasting Business revenue in 3Q2022 was THB 46.5 million, accounting for 3.6% of the operating revenue, a decreased of 41.6% YoY due to the decrease in set-top box sales volume in line with the industry trend. Compared to 2021, the Company achieved abnormally high revenue because of the intense Work-from-home policy. The Company focuses on product development and distribution channels to keep up with the ever-changing needs of consumers.

1.5 Other Business comprises of a share of advertising revenue from the digital TV business on GMM 25 channel, revenue from the past content and dramas royalties from various digital platforms.

In quarter 3/2022, the Company had revenue from other business amounted to THB 23.5 million and accounted for 1.8% of the operating revenue,

Cost of Sales and Services in 3Q2022 was THB 896.2 million, an increase of THB 426.7 million or 90.9%YoY due to the shift in music production plan from last year to this year due to Covid-19. As a result, the music production in 2022 was higher than normal years. This led to a decline in gross margin and higher cost of sales.

Investments in Joint Ventures Share of profit from investments in joint ventures and associates was THB 45.1 million, representing a decrease of THB 6.4 million or 12.4%YoY as the operating results of joint ventures and associates dropped.

Net Profit from the operating results of the third quarter of 2022, the Company had a net profit attributable to the Company's shareholders was THB 48.3 million, an increase of THB 34.8 million, or 258.5%YoY and a net profit margin (NP) of 3.4%.

FINANCIAL POSITION

Financial Position	30-Sep-22	%	31-Dec-21	%
Cash and cash equivalents	660.1	12.0%	563.3	11.1%
Other current assets	2,171.3	39.6%	1,795.4	35.5%
Non-current assets	2,653.2	48.4%	2,700.2	53.4%
Total assets	5,484.7	100.0%	5,058.8	100.0%
Current liabilities	3,098.5	56.5%	2,809.6	55.5%
Non-current liabilities	994.3	18.1%	766.9	15.2%
Total liabilities	4,092.7	74.6%	3,576.5	70.7%
Shareholders' equity	1,391.9	25.4%	1,482.4	29.3%
Total liabilities and shareholders' equity	5,484.7	100.0%	5,058.8	100.0%
Net interest-bearing debt to equity ratio (x)	1.34		1.19	

Total Assets at the end of 3Q2022 amounted to THB 5,484.7 million, an increase of THB 425.8 million or 8.4% compared to the previous year. Important items are trade and other receivables which increased by THB 291.3 million, inventories which increased by THB 153.1 million, and cash or equivalent items which increased by THB 96.9 million. At the same time, other current financial assets decreased by THB 107.9 million due to valuation losses in the fair value adjustment of investment in Rojukiss International PLC.

Total Liabilities at the end of 3Q2022 amounted to THB 4,092.7 million, an increase from the previous year of THB 516.3 million or an increased by 14.4%, mainly from long-term loans from related parties and unearned income. The interest-bearing debt was THB 1,868.3 million, an increase of THB 103.4 million.

Total Shareholders' equity at the end of 3Q2022 amounted to THB 1,391.9 million, a decreased from the previous year of THB 90.4 million, or a decreased by 6.1% due to quarterly loss. Net interest-bearing debt to equity ratio slightly increased to 1.34x.

Cash Flow for the 9M2022, net cash flow used in operating amounted to THB 88.9 million, while net cash flow from investing activities amounted to THB 95.9 million, and net cash flow from financing activities amounted to THB 92.9 million. As a result, net cash flow in this quarter increased from all activities, equaling THB 96.9 million, and cash and equivalents amounted to THB 660.1 million as of September 30, 2022.

For additional information contact:

Investor Relations Tel: 02 669 9952

E-mail: ir@gmmgrammy.com