

Management Discussion and Analysis for the Quarter 1/2023

1Q2023 BUSINESS OVERVIEW

- GMM Grammy Public Company Limited reported total revenue was THB 1,402.6 million, an increase of THB 395.5 million or 39.3% from the same period last year, while operating revenue was THB 1,388.0 million, an increase of THB 391.0 million or 36.1% from the same period last year. Most of the increase from the music business group, as a result of the government's relaxation of various measures and the recovery of the tourism sector from the influx of foreign tourists, particularly Chinese tourists, which is an important factor supporting the Thai economy this year. This has a positive impact on the music business, which is the main business that has been able to organize various marketing events, concerts, and music festivals. In the first quarter of 2023, since the beginning of the year, 4 events (5 shows) were held, which had a positive impact, making the Showbiz and Artist Management businesses important drivers. The digital music business also continues to grow continuously.
- Total gross profit was THB 541.5 million, an increase of THB 125.8 million or 30.2% from the same period last year, while gross profit margin dropped from 41.7% to 39.0%
- In quarter 1/2023, the Company has THB 1.7 million of profit attributable to equity holders of the Company. An increased from the same period last year with a net loss of THB 95.0 million, representing an increase of THB 96.6 million or 101.7%. However, this quarter, the Company had a fair value loss on other financial assets of THB 92.9 million from the investment in Rojukiss International PLC or ("KISS") if excluding this special item, the Company had a net profit increase of THB 94.6 million.
- From the change in accounting for intangible assets in 2022, regarding for copyrights to audio masters and video masters as previously recognized as cost in the income statement, but it has changed to be recognized as intangible assets with definite useful life as described in Note 3 to financial statements for the year ended 31 December 2022, starting with new audio masters and video masters that have arisen from 2022 onwards. The Company therefore restated the statements of income, comprehensive income, change in shareholders' equity, and cash flow for the three-month period ended 31 March 2022, presented as comparative information, to be consistent with the adoption of such accounting treatment. The above change led to the decrease of THB 59 million in the Company's net loss for the three-month period ended 31 March 2022 or the decrease in loss per share of Baht 0.07.

KEY BUSINESS UPDATES

- February 2023
 - GMM SHOW" organizers under GMM Grammy created 3 concerts and music festivals. On February 4, the Company launched Chang Music Connection presents "Chieng Nuea Fest" held at Transport 3, Khon Kaen. The Company foresees the potential of Khon Kaen, which is the center of prosperity both in trade,

investment, service and tourism. including human resource development and communication technology that is ready in terms of location that connects to 9 surrounding provinces. It is considered a province with high business opportunities. It is therefore a factor that makes new bands like "Chieng Nuea Fest" and also help create Festival Culture that reflects the identity of the people of the Northeast to happen as well. And on February 11, the Company launched Chang Music Connection presents "Rock Mountain 2023", the mid-winter rock festival of the year. Surrounded by mountains on the natural amphitheater at Jolly Land, Khao Kho, Phetchabun. In addition, the Company Expanding fan meeting concerts in K-Pop groups to create a proactive approach to the tourist group. On February 18 -19, "PARK JIN YOUNG" (PARK JIN YOUNG) GOT7 opened a solo Asian fan meeting tour at the event "2023 PARK JIN YOUNG FANCONCERT 'RENDEZVOUS' IN BANGKOK: Secret Meeting Between You and Me" the response was impressive.

- GDH559 Co., Ltd. (GDH) launched the first romantic love movie of the year. "You & Me & Me" is a special, profound, lovely relationship story. with the atmosphere of that time perfectly.
- The Board of Directors' Meeting of GMM Grammy PLC on February 27, 2023 had passed a resolution regarding the restructuring of the music business or GMM Music by approving the sale and disposal of the Company's assets relating to the Music Business Unit, including but not limited to rights, obligations, and liabilities relating to the Music Business Unit, human resource planning and contractual arrangements relevant thereto, to a new subsidiary company to be established, in which the Company will hold 100% of the total common shares issued by the Subsidiary. The Music Business restructuring is for the purpose of achieving the Company's strategic plan of sustainable business growth as well as to increase operational efficiencies and flexibility in finding business partners in the future.
- **Mach 2023**
 - "GMM SHOW" expands its penetration into the southern music festival market. With the new brand Chang Music Connection presents "Poong Tai Fest" is the largest music festival in the south. Held on March 18 at The Pirates Park Hat Yai.
 - The company collaborated with RS Public Company Limited (RS) jointly established ACROSS THE UNIVERSE JOINT VENTURE to organize concerts together for a period of 3 years from 2023-2025 by organizing three concerts a year at Impact Arena, Muang Thong Thani. Starting with the first concert this year on July 29-30, 2023, the second concert on September 9-10, 2023, and the third concert on October 28-29, 2023, each.

1Q2023 OPERATING RESULTS

Consolidated PL (Unit:THB mn)	1Q2023	1Q2022	YoY%
		(Restated)	
Total operating revenues	1,388.0	997.1	39.2%
Other revenues	14.6	10.1	44.9%
Total revenues	1,402.6	1,007.2	39.3%
Cost of sales and services	846.5	581.3	45.6%
SG&A	467.7	428.3	9.2%
Fair value loss on other financial assets	92.9	182.8	-49.2%
Total expenses	1,407.2	1,192.4	18.0%
Loss from operating activities	-4.5	-185.3	97.6%
Share of profits from JVs and associates	15.2	60.4	-74.9%
Finance income (cost)	-26.8	-16.6	-61.0%
Loss before income tax income (expenses)	-16.1	-141.6	88.6%
Income tax income (expenses)	13.7	44.5	-69.2%
Loss for the period	-2.4	-97.1	97.5%
Profit (loss) attributable to non-controlling interests of the subsidiaries	-4.1	-2.1	-95.2%
Profit (loss) attributable to equity holders of the Company	1.7	-95.0	101.7%
Earnings per share	0.002	-0.116	
Gross profit margin (%)	39.0%	41.7%	
SG&A to revenue (%)	33.3%	42.5%	
Net profit margin (%)	0.1%	-9.4%	

Revenue Breakdown	1Q2023		1Q2022		YoY %
	THB mn	%	THB mn	%	
Music	878.8	63.3%	500.9	50.2%	75.4%
Home Shopping	350.1	25.2%	319.3	32.0%	9.6%
Movie	72.8	5.3%	57.3	5.7%	27.1%
Set-top-box and Broadcasting	42.9	3.1%	51.0	5.1%	-15.8%
Other	43.4	3.1%	68.6	6.9%	-36.7%
Total Operating Revenue	1,388.0	100%	997.1	100.0%	39.21%

Operating Revenue

In quarter 1/2023, the Company had operating revenue of THB 1,388.0 million, an increase of THB 391.0 million or 39.2%YoY. Most of the increase was from the revenue of the music business, this quarter's growth driver was the outstanding 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 1Q2023, the Company had revenue from music business amounted to THB 878.8 million, accounted for 63.3% of the operating revenue, an increase of THB 377.9 million or 75.4%YoY, mainly from showbiz and artist management business, which grew 180%YoY. In this quarter, revenue from concerts was realized from a total of 4 events (total of 5 shows). The Company's music business group has been able to operate more normally. As for the digital music business showed continued growth consistently and strongly.

1.2 Home Shopping Business in 1/2023, Home shopping business reported revenue of THB 350.1 million, accounting for 25.2% of the operating revenue, an increase of THB 30.8 million or 9.6%YoY. From the adjustment of the House Brand product development strategy to meet the needs of various customers. resulting in higher sales.

1.3 Movie Business revenue in 1/2023 amounted to THB 72.8 million, accounting for 5.3% of the operating revenue, an increase of THB 15.5 million or 27.1%YoY. Most of the revenue the movie “You & Me & Me” which was released in February.

1.4 Set-top-box and Broadcasting Business revenue in 1/2023 was THB 42.9 million, accounting for 3.1% of the operating revenue, a decreased of THB 8.1 million or 15.8%YoY.

1.5 Media Business and Others comprises of a share of advertising revenue from the digital TV business on GMM 25 channel and royalties from various digital platforms. In quarter 1/2023, the Company had revenue amounted to THB 43.4 million, accounted for 3.1% of the operating revenue, a decreased of THB 25.1 million or 36.7%YoY.

Cost of Sales and Services in 1/2023 was THB 846.5 million, an increase of THB 265.2 million or 45.6%YoY in line with the increase in revenue.

Net Profit from the operating results of the quarter 1/2023, the Company had a net profit attributable to the Company's shareholders was THB 1.7 million. An increased from the same period last year with a net loss of THB 95.0 million, representing an increase of THB 96.6 million or 101.7%. and a net profit margin (NP) of 0.1%.

FINANCIAL POSITION

Financial Position (Unit:THB mn)	31-Mar.-23	%	31-Dec-22	%
Cash and cash equivalents	457.3	7.7%	764.2	12.4%
Other current assets	1,957.7	33.0%	2,087.9	33.8%
Non-current assets	3,509.3	59.2%	3,318.7	53.8%
Total assets	5,924.3	100.0%	6,170.8	100.0%
Current liabilities	2,803.6	47.3%	2,812.3	45.6%
Non-current liabilities	1,484.5	25.1%	1,720.4	27.9%
Total liabilities	4,288.1	72.4%	4,532.7	73.5%
Shareholders' equity	1,636.2	27.6%	1,638.1	26.5%
Total liabilities and shareholders' equity	5,924.3	100.0%	6,170.8	100.0%
Net interest-bearing debt to equity ratio (x)	1.26		1.33	

Total Assets at the end of 1/2023 amounted to THB 5,924.3 million, a decreased of THB 246.5 million or 4.0% compared to the previous year. Significant items are cash and cash equivalent items which decreased by THB 306.9 million and other current financial assets decreased by THB 92.9 million due to valuation losses in the fair value adjustment of investment in Rojukiss International PLC.

Total Liabilities at the end of 1/2023 amounted to THB 4,288.1 million, a decreased from the previous year of THB 244.5 million or 5.4%, mainly decreased from trade and other payables, long-term loans from related parties. The interest-bearing debt was THB 2,069.5 million, decreased of THB 113.5 million.

Total Shareholders' equity at the end of 1/2023 amounted to THB 1,636.2 million, a decreased from the previous year of THB 1.9 million, or 0.1% due to the Company's operating loss. The interest-bearing debt to equity (IBD/E) ratio decreased to 1.26x.

Cash Flow the three-month period as of March 31, 2023, the Company had net cash flow used in operating activities amounted to THB 163.1 million, while net cash flow used in investing activities amounted to THB 29.1 million, and net cash flow used in financing activities amounted to THB 115.2 million. As a result, net cash flow in this quarter decreased from all activities, equaling THB 306.9 million, and cash and cash equivalents amounted to THB 457.3 million.

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