

Management Discussion and Analysis for the Quarter 3/2023 and 9M2023

9M2023 BUSINESS OVERVIEW

- GMM Grammy Public Company Limited reported total revenue of THB 4,159.2 million, which increased by THB 629.1 million, or 17.8%, from the same period last year. The operating revenue was THB 4,121.3 million, which increased by THB 677.5 million, or 19.7%, from the same period last year. The majority of the increased revenue came from the music business group, which grew by 39.0%YoY is driven by full-fledged operations in showbiz, artist management for live shows, and presenters, growing consistently together. As for the digital music business, it continues to grow continuously as well. As for the home shopping business and movie business, they grew slightly by 2.3% and 1.3%, respectively, while the set-top-box and broadcasting business box distribution experienced a decrease of 22.3% and 21.7%, respectively.
- The Company's total gross profit was THB 1,731.9 million, increased by THB 339.7 million or 24.4% from the same period last year, and the gross profit margin of 42.0% increased from 40.4% due to the company's more efficient management of selling costs, resulting in increased profitability.
- For 9M2023, the Company reported a net loss attributable to equity holders of the Company amounting to THB 36.5 million, a decrease of THB 141.5 million, representing a decline of 134.8% from the same period last year. This decline was due to the company incurring a special item involving a fair value measurement of other financial assets, amounting to THB 167.8 baht from the investment in Rojukiss International PLC, or "KISS".
- On February 27, 2023, the Board of Directors' Meeting of the Company passed a resolution regarding the restructuring of the music business unit of the Company by approving the sale and disposal of the Company's assets relating to the music business unit to a new established company. On April 7, 2023, the Company registered the establishment of GMM Music Company Limited ("GMM Music"), in which the Company holds 100% of the share. On August 21, 2023, the company signed an agreement to transfer the music business for sale to GMM Music Co., Ltd. The actual transfer of the music business occurred on September 1, 2023. Additionally, the company transferred shares in four related companies associated with the music business. These companies include: (1) GMM Music Publishing International Co., Ltd. (2) GR Vocal Studio Co., Ltd. (3) G200M Co., Ltd., which is a subsidiary; and (4) YGMM Co., Ltd., which is a joint venture of the Company. However, the Company recognized profits from such business transfers as part of profits from discontinued operations - net of income tax, in the separate financial statement for the current period, amounting to THB 521.1 baht. This item did not affect the consolidated financial statements.

KEY BUSINESS UPDATES

- July 2023
 - The first concert collaboration between GRAMMY and RS, "Thai Life Insurance presents GRAMMY X RS: 90's Versary Concert" It was held on July 29-30, 2023, at Impact Arena, Muang Thong Thani. Featuring over 15 iconic artists from the 90s era, they graced the stage together in a way that had never happened

before. The event, managed by the professional team "GMM SHOW," aimed to create immense fun and unforgettable memories for music fans. This project was part of the ongoing series of concerts, GRAMMY RS Concerts.

- GDH559 Co., Ltd. (GDH) released the movie "PAST LIVES" a deep and well-received romance film from the A24 studio, on July 6, 2023. This marked the first time GDH served as the distributor for an international film under the name "Out of the Box by GDH." The movie received positive responses and gained popularity.
- **August 2023**
 - "GMM SHOW," an organizer under GMM Grammy, and the band THREE MAN DOWN jointly thought to conceptualize and create their first major concert, "The Concert Application presents Three Man Down Live in Impact Arena 2023," held on August 19, 2023, with a unique identity and music that showcased the growth of the band THREE MAN DOWN throughout their musical journey.
- **September 2023**
 - Amazon Prime Video has ventured into content creation through concert formats in Thailand for the first time with the "GRAMMY X RS: 90's Versary Concert," held on July 29–30 recently. The live recording of the show has been available for viewing since September 7, exclusively on Prime Video. Moreover, there are plans to stream more concerts under the GRAMMY RS Concerts theme in the future.
 - The Company collaborated with RS Music to organize the second concert, "Thai Life Insurance Presents GRAMMY X RS: 2K Celebration," held on September 9-10, 2023, at Impact Arena, Muang Thong Thani. Produced by "GMM SHOW," the creative team behind the scenes of the concert brought fans of Y2K music back in time to experience the atmosphere of lights and sounds. Over 40 artists from the 2000s era joined together, allowing more than 40 people to enjoy the event to the fullest.
 - The Company launched the music label "GMM SAUCE" under the concept of Creative & Innovative music to answer the popularity of "Short Content" catering to the trend of short content in the music market and aligning with consumers' preferences. This involves creating music pieces with a duration not exceeding 55 seconds and developing short vertical music videos for dissemination across various social media platforms such as TikTok, Facebook, Instagram, YouTube, as well as different streaming platforms.

3Q2023 and 9M2023 OPERATING RESULTS

Consolidated PL (Unit:THB mn)	3Q2023			3Q2022 (Restated)			9M2023			9M2022 (Restated)		
	THB mn	%	YoY %	THB mn	%	YoY %	THB mn	%	YoY %	THB mn	%	YoY %
Total operating revenues	1,282.0		-2.0%	1,307.9		-2.0%	4,121.3		19.7%	3,443.8		19.7%
Dividend income	3.6		0.0%	3.6		0.0%	8.4		-12.5%	9.6		-12.5%
Fair value gain on other financial assets	0.0		-100.0%	92.9		-100.0%	0.0		0.0%	0.0		0.0%
Other revenues	7.4		-63.0%	20.0		-63.0%	29.5		-61.5%	76.7		-61.5%
Total revenues	1,293.0		-9.2%	1,424.4		-9.2%	4,159.2		17.8%	3,530.1		17.8%
Cost of sales and services	676.3		-16.7%	812.0		-16.7%	2,389.4		16.5%	2,051.6		16.5%
SG&A	541.5		10.1%	491.8		10.1%	1,499.9		9.8%	1,366.3		9.8%
Fair value loss on other financial assets	12.0		100.0%	0.0		100.0%	167.8		55.5%	107.9		55.5%
Total expenses	1,229.8		-5.7%	1,303.8		-5.7%	4,057.1		15.1%	3,525.8		15.1%
Profit (loss) from operating activities	63.2		-47.6%	120.6		-47.6%	102.1		2274.4%	4.3		2274.4%
Share of profits from JVs and associates	33.7		-25.3%	45.1		-25.3%	78.9		-44.1%	141.2		-44.1%
Finance income (cost)	-32.4		-73.3%	-18.7		-73.3%	-83.6		-62.3%	-51.5		-62.3%
Profit (loss) before income tax income (expenses)	64.5		-56.1%	147.0		-56.1%	97.4		3.6%	94.0		3.6%
Income tax income (expenses)	-115.5		-387.3%	-23.7		-387.3%	-116.2		-804.2%	16.5		-804.2%
Profit (loss) for the period	-51.0		-141.4%	123.3		-141.4%	-18.8		-117.0%	110.5		-117.0%
Profit (loss) attributable to non-controlling interests of the subsidiaries	-4.5		-156.3%	8.0		-156.3%	17.7		221.8%	5.5		221.8%
Profit (loss) attributable to equity holders of the Company	-46.6		-140.4%	115.3		-140.4%	-36.5		-134.9%	105.1		-134.9%
Earnings per share	-0.06			0.14			-0.04			0.13		
Gross profit margin (%)	47.2%			37.9%			42.0%			40.4%		
SG&A to revenue (%)	41.9%			34.5%			36.1%			38.7%		
Net profit margin (%)	-3.6%			8.1%			-0.9%			3.0%		

Note: 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 to record such intangible assets from 2022 onwards. Therefore, the Company adjusted the financial statement, consolidated income statement, and cash flow for the three-month period and nine-month ended 30 September 2022, presented as comparative information, to be consistent with the adoption of such accounting treatment.

Revenue Breakdown	3Q2023			3Q2022			9M2023			9M2022		
	THB mn	%	YoY %	THB mn	%	YoY %	THB mn	%	YoY %	THB mn	%	YoY %
Music	838.4	65.4%	16.4%	720.4	55.1%	16.4%	2,551.4	61.9%	39.0%	1,835.5	53.3%	39.0%
Home Shopping	335.5	26.2%	-4.1%	349.8	26.7%	-4.1%	1,031.1	25.0%	2.3%	1,008.2	29.3%	2.3%
Movie	51.2	4.0%	-69.5%	167.8	12.8%	-69.5%	308.0	7.5%	1.3%	304.1	8.8%	1.3%
Set-top-box and Broadcasting	33.7	2.6%	-27.5%	46.5	3.6%	-27.5%	116.7	2.8%	-22.3%	150.2	4.4%	-22.3%
Other	23.3	1.8%	-0.9%	23.5	1.8%	-0.9%	114.1	2.8%	-21.7%	145.8	4.2%	-21.7%
Total Operating Revenue	1,282.0	100%	-2.0%	1,307.9	100.0%	-2.0%	4,121.3	100%	19.7%	3,443.8	100.0%	19.7%

Operating Revenue

For 9M2023, the Company's operating revenue of THB 4,121.3 million increased by THB 677.5 million, or 19.7%YoY. The majority of the increased revenue came from the music business group. The Company's operating revenue can be divided into revenue structures according to the Company's business as follows:

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

For 9M2023, the Company's revenue from the music business amounted to THB 2,551.4 million, which accounted for 61.9% of the operating revenue, which increased by THB 715.9 million or 39.0%YoY. As a result, the company's operations were fully active, notably driven by the showbiz business, from which 9M2023 recognizes income from organizing a total of 10 concerts and music festivals (totaling 14 shows), with 2 concerts co-organized with RS Music as a Special Project from the establishment of the joint venture "JV Across the Universe." Includes (1) GRAMMY X RS: 90's Versary Concert and (2) GRAMMY X RS: 2K Celebration, both of which received positive responses. In the artist management business, covering both live shows and presenters, there has been interesting revenue growth. As for the digital music business, it continues to grow continuously as well.

1.2 Home Shopping Business for 9M2023, Home shopping business reported revenue of THB 1,031.1 million, accounting for 25.0% of the operating revenue, increased by THB 22.9 million or 2.3%YoY, as a result of increased sales of House brand products. At the same time, the company conducted marketing activities and promotions to consistently stimulate sales.

1.3 Movie Business revenue for 9M2023 amounted to THB 308.0 million, accounting for 7.5% of the operating revenue, which increased by THB 3.9 million or 1.3%YoY. On July 6, there was the release of the movie "PAST LIVES", a deeply moving romantic film from A24 Studios. This movie is the first project for which GDH served as the distributor for international films under the name Out of the Box by GDH.

1.4 Set-top-box and Broadcasting Business revenue 9M2023 was THB 116.7 million, accounting for 2.8% of the operating revenue, decreased of THB 33.5 million, or 22.3%YoY. Resulting in a decrease in set-top-box sales volume.

1.5 Media Business and Others comprises a share of advertising revenue from the digital TV business on the GMM 25 channel and royalties from various digital platforms. For 9M2023, the Company had revenue amounted to THB 114.1 million, accounted for 2.8% of the operating revenue, decreased by THB 31.7 million, or 21.7%YoY.

Cost of Sales and Services For 9M2023 was THB 2,389.4 million, increased by THB 337.8 million, or 16.5%YoY. This is in line with the increased revenue. However, the company has also efficiently managed sales costs by comparing revenue and gross profit margin increased to 42.0% from 40.4%

Net Profit from the operating results of 9M2023, the Company had a net loss attributable to the Company's shareholders was THB 36.5 million, decreased by THB 141.5 million or 134.8%YoY and a net profit margin (NP) of -3.6%.

FINANCIAL POSITION

Financial Position (Unit:THB mn)	30-Sep-23	%	31-Dec-22	%
Cash and cash equivalents	591.5	9.6%	764.2	12.4%
Other current assets	2,013.9	32.7%	2,087.9	33.8%
Non-current assets	3,553.3	57.7%	3,318.7	53.8%
Total assets	6,158.7	100.0%	6,170.8	100.0%
Current liabilities	3,081.6	50.0%	2,812.3	45.6%
Non-current liabilities	1,456.2	23.6%	1,720.4	27.9%
Total liabilities	4,537.8	73.7%	4,532.7	73.5%
Shareholders' equity	1,621.0	26.3%	1,638.1	26.5%
Total liabilities and shareholders' equity	6,158.7	100.0%	6,170.8	100.0%
Net interest-bearing debt to equity ratio (x)	1.29		1.33	

Total Assets as of September 30, 2023, amounted to THB 6,158.7 million, decreased by THB 12.0 million or 0.2%, compared to the previous year. Significant items are cash and cash equivalent items, which decreased by THB 172.6 million and other current financial assets decreased by THB 167.8 million due to valuation losses in the fair value adjustment of investments in Rojukiss International PLC.

Total Liabilities as of September 30, 2023, amounted to THB 4,537.8 million, an increase from the previous year of THB 5.1 million or 0.1%. Significant items are that short-term loans from financial institutions increased by THB 208.0 million and unearned income increased by THB 91.4 million, while long-term loans from related parties decreased by THB 185.6 million and long-term loans net of the current portion decreased by THB 143.3 million. There was interest-bearing debt of THB 2,089.9 million, a decrease of THB 93.2 million or 4.3%

Total Shareholders' equity as of September 30, 2023, amounted to THB 1,621.0 million, a decrease from the previous year of THB 17.1 million, or 1.7%. Due to losses from the company's operations. The interest-bearing debt to equity (IBD/E) ratio decreased to 1.29x from 1.33x.

Cash Flow For the nine-month period ended September 30, 2023, the Company's net cash flow used in operating activities amounted to THB 67.9 million, while net cash flow from investing activities amounted to THB 96.7 million, and net cash flow used in financing activities amounted to THB 200.6 million. As a result, net cash flow decreased to THB 172.6 million, and cash and cash equivalents amounted to THB 591.5 million.

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