

## Management Discussion and Analysis for the Year 2023

### 2023 Business Overview

- The Company's total revenue was THB 5,988.3 million, an increase of THB 668.5 million or 12.6% from the previous year while the operating income was THB 5,931.4 million, an increase of THB 709.8 million or 13.6%. The main reason was from the recovery of the Thai economy after the COVID-19 crisis. The domestic and international tourism sectors have seen a significant increase in demand. This year, the company has operated fully and efficiently its music business, with a growth of 29.1% YoY. Particularly, the revenue generated from activities such as concerts and music festivals has grown more than 50%. The artist management business segment can also experience significant growth. The digital music business continues to be a consistent source of revenue growth for the company as well.
- Total gross profit was at THB 2,298.7 million, an increase of THB 256.8 million or 12.6% from the previous year, while gross profit margin has slightly dropped from 39.1% to 38.8%.
- In 2023, the Company incurred a net loss attributable to equity holders of the company of THB 132.6 million, a decrease from the previous year by THB 299.0 million or 179.7% due to the company incurring a loss of fair value on other financial assets amount of THB 243.4 million from the investment in Rojukiss International PCL or ("KISS"). Excluding this special item. As a result, the company achieved a net profit attributable to shareholders of THB 110.7 million.
- After restructuring its music business, the Company transformed from an operating company to a holding company, with the core business operating through the subsidiary company and affiliated company, namely the music business, home shopping business, and media business. The company does not have any significant business operations. The Board of Directors' meeting No. 5/2023 on November 14, 2023, approved GMM Music will no longer be the operating subsidiary company, which is not the listed company under the Company, once the process of initial public offering (IPO) and listing the GMM Music with the Stock Exchange of Thailand is completed (as notified to the Stock Exchange of Thailand). GMM O-Shopping Co., Ltd. (O-Shopping) would become the operating subsidiary company which is not the listed company under the Company instead of GMM Music.

### 2023 OPERATING RESULTS

Consolidated PL (Unit:THB mn)	4Q2023	4Q2022	YoY%	YE2023	YE2022	YoY%
Total operating revenues	1,810.1	1,777.8	1.8%	5,931.4	5,221.6	13.6%
Dividend income	0.0	0.0	0.0%	8.4	9.6	-12.5%
Revenues other	19.0	11.9	59.7%	48.5	88.6	-45.3%
<b>Total revenues</b>	<b>1,829.1</b>	<b>1,789.7</b>	<b>2.2%</b>	<b>5,988.3</b>	<b>5,319.8</b>	<b>12.6%</b>
Cost of sales and services	1,243.2	1,128.1	10.2%	3,632.7	3,179.7	14.2%
SG&A	652.9	549.9	18.7%	2,152.8	1,916.2	12.3%
Fair value loss on other financial assets	75.5	12.0	529.2%	243.4	119.9	103.0%

Loss from sales of investment in joint venture	0.0	7.3	-100.0%	0.0	7.3	-100.0%
<b>Total expenses</b>	<b>1,971.6</b>	<b>1,697.3</b>	<b>16.2%</b>	<b>6,028.9</b>	<b>5,223.1</b>	<b>15.4%</b>
<b>Profit (loss) from operating activities</b>	<b>-142.5</b>	<b>92.4</b>	<b>-254.2%</b>	<b>-40.6</b>	<b>96.7</b>	<b>-142.0%</b>
Share of profits from JVs and associates	43.8	33.9	29.2%	122.7	175.1	-29.9%
Finance income (cost)	-35.0	-20.2	-73.3%	-118.6	-71.7	-65.4%
<b>Profit (loss) before income tax income (expenses)</b>	<b>-133.7</b>	<b>106.1</b>	<b>-226.0%</b>	<b>-36.5</b>	<b>200.0</b>	<b>-118.2%</b>
Income tax income (expenses)	26.1	-34.2	176.3%	-90.1	-17.7	-409.0%
<b>Profit (loss) for the period</b>	<b>-107.6</b>	<b>71.9</b>	<b>-249.7%</b>	<b>-126.5</b>	<b>182.3</b>	<b>-169.4%</b>
Profit (loss) attributable to non-controlling interests of the subsidiaries	-23.8	10.4	-328.8%	6.1	15.9	-61.6%
<b>Profit (loss) attributable to equity holders of the Company</b>	<b>-83.8</b>	<b>61.5</b>	<b>-236.3%</b>	<b>-132.6</b>	<b>166.4</b>	<b>-179.7%</b>
<b>Earnings per share</b>	<b>-0.10</b>	<b>0.08</b>		<b>-0.16</b>	<b>0.20</b>	
Gross profit margin (%)	31.3%	36.5%		38.8%	39.1%	
SG&A to revenue (%)	39.8%	31.8%		40.0%	38.4%	
Net profit margin (%)	-4.6%	3.4%		-2.2%	3.1%	

Revenue Breakdown	4Q2023		4Q2022		YoY %	YE2023		YE2022		YoY %
	THB mn	%	THB mn	%		THB mn	%	THB mn	%	
Music	1,378.4	76.2%	1,207.6	67.9%	14.1%	3,929.9	66.3%	3,043.1	58.3%	29.1%
Home Shopping	338.4	18.7%	356.4	20.0%	-5.1%	1,369.5	23.1%	1,364.6	26.1%	0.4%
Movie	46.3	2.6%	142.0	8.0%	-67.4%	354.2	6.0%	446.2	8.5%	-20.6%
Set-top-box and Broadcasting	35.5	2.0%	48.0	2.7%	-26.0%	152.2	2.6%	198.2	3.8%	-23.2%
Media and other	11.5	0.6%	23.8	1.3%	-51.7%	125.6	2.1%	169.5	3.2%	-25.9%
<b>Total Operating Revenue</b>	<b>1,810.1</b>	<b>100%</b>	<b>1,777.8</b>	<b>100.0%</b>	<b>1.8%</b>	<b>5,931.4</b>	<b>100%</b>	<b>5,221.6</b>	<b>100.0%</b>	<b>13.6%</b>

## Operating Revenue

In 2023, the Company had operating revenue of THB 5,931.4 million, an increase of THB 709.8 million or 13.6% from the previous year. The increase was led by the music business. The 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 right management, artist management, showbiz, physical music and artist products, and other businesses.

In 2023, the Company's revenue from the music business amounted to THB 3,929.9 million which accounted for 66.3% of the operating revenue, an increase of THB 886.8 million or 29.1% YoY. This is mainly from the artist management and showbiz business, which grew 46.1% YoY. This year, the revenue from concerts was contributed by a total of 19 events (a total of 32 shows). This year the Company's music business group has been able to operate at full capacity after enduring the long-lasting effects of the COVID-19 situation. The digital music business segment continues to grow consistently and remains the largest revenue source for the music business.

**1.2 Home Shopping Business** In 2023, the Home shopping business reported revenue of THB 1,369.5 million, accounting for 23.1% of the operating revenue. Home shopping business increased by THB 4.9 million or 0.4%YoY. Although the home shopping and e-commerce industries face high competition and declining

consumer purchasing power, the company remains steadfast in selecting quality products and services to retain its existing customer base. Additionally, the company continues to develop its House Brand nutritional supplement products to meet the needs of health-conscious customers, which have seen a significant increase in recent times. As a result, this year's income increased slightly.

**1.3 Movie Business** revenue in 2023 amounted to THB 354.2 million, accounting for 6.0% of the operating revenue, a decrease of THB 92.0 million or 20.6%YoY, there were a total of 4 movies released, along with the series "DELETE," developed and distributed exclusively through Netflix. Previous year, there was income from the highest-grossing Thai film of 2022, "Love Destiny 2." However, GDH remains committed to expanding its new business. Selects and distributes foreign films under the name "Out of the Box by GDH." The first selected film is "PAST LIVES."

**1.4 Set-top-box and Broadcasting Business** revenue in 2023 was THB 152.2 million, accounting for 2.6% of the operating revenue, a decrease of THB 46.0 million or 23.2 %YoY. The satellite TV receiver industry has reached its peak in terms of satellite TV technology development. As a result, the sales volume of boxes has decreased. However, the company continues to seek distribution channels for products with the potential to expand into the Smart Home business.

**1.5 Media Business** is comprised of revenue sharing from advertising of the digital TV business on GMM 25 channel, and royalties from various digital platforms. In 2023, the Company had revenue from the Media business amounted to THB 125.6 million, accounting for 2.1% of the operating revenue, a decrease of THB 43.9 million or 25.9 %YoY.

**Cost of Sales and Services** In 2023, was THB 3,632.7 million, an increase of THB 453.0 million 14.2%YoY. The increased costs result from the growing revenue. However, the company is seeking ways to improve cost management and production efficiency.

**Net Profit** from the operating results of the year 2023. The Company had a net loss attributable to the Company's shareholders of THB 132.6 million, a decrease of THB 299.0 million or 179.7%YoY and the net profit margin stood at -2.2% due to the company incurring a fair value loss on other financial assets amount of THB 243.4 million from the investment in Rojukiss International PCL or ("KISS"). Excluding this special item. As a result, the company achieved a net profit attributable to shareholders of THB 110.7 million.

#### FINANCIAL POSITION OF THE COMPANY

Financial Position	31-Dec-23	%	31-Dec-22	%
Cash and cash equivalents	672.9	10.7%	764.2	12.4%
Other current assets	1,866.7	29.8%	2,087.9	33.8%
Non-current assets	3,724.7	59.5%	3,318.7	53.8%
<b>Total assets</b>	<b>6,264.3</b>	<b>100.0%</b>	<b>6,170.8</b>	<b>100.0%</b>
Current liabilities	2,968.7	47.4%	2,812.3	45.6%
Non-current liabilities	1,772.3	28.3%	1,720.4	27.9%
<b>Total liabilities</b>	<b>4,741.1</b>	<b>75.7%</b>	<b>4,532.7</b>	<b>73.5%</b>

Shareholders' equity	1,523.2	24.3%	1,638.1	26.5%
<b>Total liabilities and shareholders' equity</b>	<b>6,264.3</b>	<b>100.0%</b>	<b>6,170.8</b>	<b>100.0%</b>
Net interest-bearing debt to equity ratio (x)	1.58		1.33	

**Total Assets** at the end of 2023 amounted to THB 6,264.3 million, an increase from the previous year of THB 93.5 million or 1.5%. Significant items are the intangible assets increased by THB 364.8 million and other current assets increased by THB 94.8 million, while other current financial assets decreased by THB 243.4 million due to valuation losses in the fair value adjustment of investments in Rojukiss International PLC.

**Total Liabilities** at the end of 2023 amounted to THB 4,741.1 million, an increase from the previous year of THB 208.4 million or 4.6%. Significant items are the short-term loans from financial institutions increased by 193.0 million, trade and other payables increased by 163.1 million, while unearned income decreased by THB 178.0 million and long-term loans from related parties decreased by THB 185.6 million. The interest-bearing debt was THB 2,409.4 million, an increase from the previous year of THB 226.4 million.

**Total Shareholders' equity** at the end of 2023 amounted to THB 1,523.2 million, a decrease from the previous year of THB 114.9 million or 7.0% as the Company had a loss during the year. The interest-bearing debt to equity ratio (IBD/E) was 1.58x, an increase from 1.33x in the previous year as interest-bearing liabilities increased by THB 226.4 million to THB 2,409.4 million.

**Cash Flow** For the end of December 31, 2023. The Company had net cash flow used in operating amounted to THB 234.6 million, while net cash flow from investing activities amounted to THB 74.6 million, and net cash flow from financing activities amounted to THB 68.4 million. As a result, net cash flow this year decreased by THB 91.3 million, and cash and equivalents amounted to THB 672.9 million.

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