



February 28, 2024

**Subject:** Management discussion and analysis the operating results for the year 2023

**To:** The President  
The Stock Exchange of Thailand

TVD Holdings Public Company Limited ("the Company") and its subsidiaries ("the Group") would like to clarify the operating results for the year 2023 ended December 31, 2023 compare with the year 2022, as per the consolidated financial statement audited by the Certified Auditor as follows.

**Analysis of operating results**

(Unit: Million Baht)	FOR THE YEAR ENDED DECEMBER 31,				Change	
	2023	%	2022	%	Amount	%
Revenues from sales and services	1,777.99	100.00	2,119.72	100.00	(341.73)	(16.12)
Cost of goods sold and services	(1,009.92)	(56.80)	(1,195.90)	(56.42)	185.97	(15.55)
<b>Gross profit</b>	<b>768.06</b>	<b>43.20</b>	<b>923.82</b>	<b>43.58</b>	<b>(155.76)</b>	<b>(16.86)</b>
Other income	65.44	3.68	27.24	1.28	38.20	140.26
<b>Profit before expenses</b>	<b>833.50</b>	<b>46.88</b>	<b>951.05</b>	<b>44.87</b>	<b>(117.55)</b>	<b>(12.36)</b>
Media cost	(348.69)	(19.61)	(495.41)	(23.37)	146.72	(29.62)
Distribution costs	(527.61)	(29.67)	(627.89)	(29.62)	100.28	(15.97)
Administrative expenses	(359.13)	(20.20)	(299.87)	(14.15)	(59.26)	19.76
Loss from impairment of investments	-	-	-	-	-	-
Loss on disposal of assets	(46.39)	(2.61)	(2.86)	(0.13)	(43.53)	1,522.91
Other gain (loss) - net loss from exchange rate	(0.27)	(0.02)	0.29	0.01	(0.55)	(193.94)
Finance costs	(28.65)	(1.61)	(15.23)	(0.72)	(13.42)	88.15
Income tax income (expense)	38.70	2.18	94.07	4.44	(55.37)	(58.86)
<b>Profit (loss) for the year</b>	<b>(438.54)</b>	<b>(24.66)</b>	<b>(395.85)</b>	<b>(18.67)</b>	<b>(42.69)</b>	<b>10.78</b>
Shareholders of the parent company	(418.95)	(23.56)	(348.61)	(16.45)	(70.35)	20.18
Non-controlling interests	(19.58)	(1.10)	(47.24)	(2.23)	27.66	(58.54)

1. Revenues from sales and services

The Group's revenue from sales and services for year 2023 amounting to Baht 1,777.99 million, a decrease of Baht 341.73 million or 16.12% from the last year. The Group's strategies and distribution channels is on transition, by expanding online marketing channels to reach a wider range of customers. It is expected that the group of companies will be able to increase sales continuously in the long run.

2. Cost of goods sold and services and Gross profit

The Group's cost of goods sold and service for the year 2023 was Baht 1,009.92 million, a decrease of Baht 185.97 million or 15.55 % from the last year, the gross profit ratio per sales amount to 43.20 %, different from last year's gross profit margin of 43.58 % . The gross profit margin change from negotiations with trading partners, examine operation procedures and plan strategies in each operating unit to maintain maximum efficiency.

3. Media cost

The Group's media costs for the year 2023 of Baht 348.69 million, a decrease of Baht 146.72 million or 29.62 % from the last year by managing the channel to be more efficient. Reduce broadcasting channels with low profit rates have been reduced in order to manage media expenses more efficiently. In 2023, the Group's proportion of media expenses decreased from 23.37 % to 19.61 %.

4. Distribution costs

The Group's distribution costs for the year 2023 of Baht 527.61 million, a decrease of Baht 100.28 million or 15.97 % from the last year. The Group is working on improving the efficiency of transportation and warehouse management.

5. Administrative expenses

The Group's administrative expenses for the year 2023 was Baht 359.13 million, an increase of Baht 59.26 million or 19.76 % from the last year, the reasons as follows:

- Recognized allowance for expected credit losses for trade and other receivables of Baht 62.05 million, allowance for obsolete, slow-moving and defective inventories of Baht 4.63 million, and allowance for refundable corporate income tax of Baht 4.10 million.
- Recognized allowance for impairment of other investments, which is shown under the caption of "Other non-current financial assets" in the statement of financial position amounting to Baht 24.46 million.

6. Loss from impairment of investments

The Group has considered recording allowance for impairment of investment in subsidiaries in the amounting to Baht 247.73 million, which has been eliminated on consolidated financial statements.

7. Loss on disposal of assets

During the year, the Group has considered reorganizing the internal structure of the Group and reducing the number of branches. Therefore, loss on disposal of assets was recognized from the sale of assets, buildings and equipment, including intangible assets that are no longer in use, amounting to Baht 46.39 million.

8. Finance costs

The Group's financial costs of Baht 28.65 million, an increase of Baht 13.42 million from the previous year or an increase of 88.15 % due to an increase in interest rates. The majority of the Group's interest expenses arise from the use of the LC/TR credit line, which is a revolving credit line for purchasing finished goods both domestically and abroad, and interest expenses on short-term loans from financial institutions

9. Net Profit (loss)

The Group had a net loss for the year 2023 of Baht 418.95 million, loss increased from the last year in the amounting to Baht 70.35 million or 20.18 %, as a result of the restructuring of the organization to be more efficient.

Analysis of financial position

The significant movements in assets, liabilities and shareholders' equity as at 31 December 2023 when compared with the balance as at 31 December 2022 were as follows:

(Unit: Million Baht)	AS AT DECEMBER 31,				Change	
	2023	%	2022	%	Amount	%
Current assets	226.38	15.30	863.86	43.80	(637.48)	(73.79)
Non-current assets	1,252.85	84.70	1,108.52	56.20	144.33	13.02
<b>Total assets</b>	<b>1,479.24</b>	<b>100.00</b>	<b>1,972.38</b>	<b>100.00</b>	<b>(493.15)</b>	<b>(25.00)</b>
Current liabilities	718.14	48.55	864.22	43.82	(146.08)	(16.90)
Non-current liabilities	119.81	8.10	125.73	6.37	(5.92)	(4.71)
<b>Total liabilities</b>	<b>837.95</b>	<b>56.65</b>	<b>989.95</b>	<b>50.19</b>	<b>(152.00)</b>	<b>(15.35)</b>
Total shareholders' equity	641.29	43.35	982.44	49.81	(341.15)	(34.72)
<b>Total liabilities and shareholders' equity</b>	<b>1,479.24</b>	<b>100.00</b>	<b>1,972.38</b>	<b>100.00</b>	<b>(493.15)</b>	<b>(25.00)</b>

### Current assets

- **Cash and cash equivalents** as at December 31, 2023 was 70.43 million baht, decreased by Baht 317.56 million or a decrease of 81.85 %, resulting from the group's capital management as follows:

Net cash receipts (payments) from operating activities	100.27	Million Baht
Net cash receipts (payments) from investing activities	(195.43)	Million Baht
Net cash receipts (payments) from financing activities	(219.81)	Million Baht
Cash transfer from reclassify investment in a subsidiary	(2.60)	Million Baht
Net increase (decrease) in cash and cash equivalents	(317.56)	Million Baht

- **Trade receivables and other current receivables** as at December 31, 2023 was Baht 107.29 baht, decreased by Baht 65.64 million or a decrease of 37.96 %. In general, the sales of the Company's products are mainly customers who pay cash on delivery. The Group has recognized expected credit losses during 2023 amounting to Baht 62.05 million.
- **Payment under the project agreement** has a balance as at December 31, 2023 of Baht 0 million, with a decrease of Baht 45.00 million baht or a decrease of 100.00 %. It is investment under the agreement to organize the project music festival "Together Festival". The subsidiary company has already concluded and refund the amount under the such project during the year.
- **Inventories** as at December 31, 2023 was Baht 3.56 million, decreased by Baht 191.19 million or a decrease of 98.17 % due to shortening the holding period for inventories in order to maintain a high product turnover rate.
- **Digital currency assets** as at December 31, 2023 was 0 million baht, with a decrease of Baht 10.40 million or a decrease of 100.00 %, due to the cessation of operations of a subsidiary in the digital asset investment business group.

### Non-current assets

- **Other non-current financial assets** as at December 31, 2023 was Baht 486.16 baht, increased by Baht 258.05 million baht or an increase of 113.13 %, due to additional investment in the financial services business group.
- **Property, plant and equipment** as at December 31, 2023 was Baht 327.63 million, decreased by 74.22 million baht or a decrease of 18.47 %, due to additional investment of Baht 6.47 million, write-off of unused assets (net) of Baht 34.02 million, depreciation of Baht 35.82 million, allowance for impairment of Baht 3.63 million.
- **Intangible assets** as at December 31, 2023 was Baht 30.22 million baht, decreased by Baht 62.22 million or a decrease of 67.31 %, due to additional investment of Baht 19.06 million, write-off of unused assets (net) of Baht 31.07 million, amortization of Baht 18.68 million, transfer out from reclassification of investments in a subsidiary of Baht 31.53 million.

#### Current liabilities

- **Bank overdrafts and short-term loans from financial institutions** as at December 31, 2023 was Baht 206.70 million, decreased by Baht 216.41 million or a decrease of 51.15 %, resulting from the group's capital management.
- **Trade payables and other current payables** as at December 31, 2023 was Baht 456.50 million, increased by Baht 108.24 million or an increase of 31.08 %.

#### Shareholders' equity

As at December 31, 2023, the Group had shareholders' equity of Baht 641.29 million, decreased by Baht 341.15 million or a decrease of 34.72 %. There were changes as follows.

- Operating loss for 2023 in the amounting to Baht 415.18 million.
- Increase in registered capital, the shareholders of TVDH-W3 warrants, amounting to 40.77 million units, exercised their rights to purchase common shares at a price of 0.55 baht per share, resulting in an increase in registered share capital of Baht 20.39 million, and an increase in the share premium of Baht 2.04 million.
- The subscription of TVDH-W4 warrants in the amounting to Baht 14.32 million.
- Transfer of the legal reserve of Baht 5.48 million and the share premium of Baht 167.73 million to offset for the company's deficits as of December 31, 2022, totaling Baht 173.21 million.

Please be informed accordingly.

Yours faithfully,

( Miss Pisamai Kumlar )

Chief Financial Officer