

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE 3Q2024

3Q2024 OVERVIEW BUSINESS PERFORMANCE

- The Company had total revenue of 1,463.4 million baht, an increase of 170.5 million baht, or 13.2% year-over-year. The total operating revenue was 1,438.5 million baht, an increase of 156.5 million baht, or 12.2% year-over-year. The main reason was the music business which revenue increased by 148.9 million baht, or 17.8% year-over-year, primarily due to increasing in concert revenue, up by 129.0 million baht year-over-year. Due to in the third quarter there was a big concert such as The Palmy concert received an positive responses. In addition, movie business, which increased revenue by 63.4 million baht, or 123.8% year-over-year. The main revenue came from the movie "The Paradise of Thorns", which was released during this quarter. While revenue from the home shopping business declined by 49.6 million baht, or 14.8% year-over-year, due to a decline in sales through satellite TV channels.
- The Company had a gross profit of 552.3 million baht, an increase of 53.3 million baht, or 8.8% year-over-year. This decrease was mainly due to a lower gross profit margin. The Company had a gross profit margin of 38.4%, an increase of 8.8% year-over-year.

KEY BUSINESS UPDATES

- July 2024
 - PALMY announced a major concert in 12 years, "Krungthai-AXA Life presents PALMY มิตร Universe Concert," on Saturday, September 7, and Sunday, September 8, 2024, at Impact Arena, Muang Thong Thani. This concert will bring her 23 years of hits and memories to life for fans under the theme "มิตร UNIVERSE"—a universe of friends, friendship, and joy. IDEA FACT, event organizer under GMM SHOW, is collaborating with PALMY to design, produce, and ensure an unforgettable experience for all her beloved fans. Due to overwhelming demand, on September 10, 2024, PALMY announced additional concert dates, scheduled for Wednesday, September 11, and Thursday, September 12, 2024.
 - GRAMMY acquired 238,125,000 shares, or 10% of the total issued shares, of The One Enterprise Public Company Limited (ONEE) via a Big Lot transaction on July 26, 2024. This change in shareholding structure does not affect the company's business policies, nor does it require GRAMMY to make a tender offer for all of the company's securities.

- **August 2024**
 - GRAMMY and RS joined forces to organize the "Dance Arena Grammy RS Concerts" on Saturday, October 26, 2024, at IMPACT Arena, Muang Thong Thani. This event will bring together 27 iconic dance artists from the 90s to 2000s on one stage, organized by experienced event organizers under GMM SHOW.
 - On August 14, 2024, GMM MUSIC announced a strategic investment partnership with Warner Music Asia (WMA), a global leader in the music industry. Warner Music will invest in GMM MUSIC by acquiring 12 million shares, representing 1.5% of the company's total issued and paid-up shares, valued at approximately 370 million baht to accelerate the growth of the company and the Thai music industry, the largest in Southeast Asia. Together, they will expand their business into larger global markets.
 - On August 22, 2024, GDH released the drama-thriller film "The Paradise of Thorns," which explores the love story of two men and the rivalry over a dream paradise. The film stars Jeff Satur and Ingfah Waraha and highest grossing in income nationwide for 3 consecutive weeks, earning 150 million baht. And October 11, 2024. GDH then took the film to the international stage, presenting it as an International Premiere at the 49th Toronto International Film Festival in Canada. The film is also set to be released in Southeast Asian countries, as well as Australia and New Zealand.
- **September 2024**
 - GRAMMY, ONE31, and GMMTV have partnered with the Thai Embassy in Yangon to organize a Thai singing competition for the people of Myanmar, titled T-Pop Star Challenge, Myanmar. The project will feature artists from all three companies. The winner of the competition will receive a cash prize of 3,500 US dollars and a trophy. The event held on September 28 and 29, 2024, at Junction City Mall in Yangon.

3Q2024 OPERATING RESULTS

Consolidated PL (Unit: THB mn)	3Q2024	3Q2023	YoY %	9M2024	9M2023	YoY %
Total operating revenues	1,438.5	1,282.0	12.2%	4,313.1	4,121.3	4.7%
Dividend income	6.0	3.6	66.7%	11.4	8.4	35.7%
Fair value profit on other financial assets	15.6	0.0	-	19.2	0.0	-
Other revenues	3.3	7.4	-55.6%	31.8	29.5	7.8%
Total revenues	1,463.4	1,292.9	13.2%	4,375.4	4,159.1	5.2%
Cost of sales and services	886.2	676.3	31.0%	2,427.2	2,389.4	1.6%
SG&A	532.1	541.5	-1.7%	1,540.4	1,499.9	2.7%
Fair value loss on other financial assets	0.0	12.0	-100.0%	0.0	167.8	-100.0%
Total expenses	1,418.3	1,229.7	15.3%	3,967.6	4,057.2	-2.2%
Profit (loss) from operating activities	45.1	63.2	-28.6%	407.8	101.9	300.2%
Share of profits from JVs and associates	49.0	33.7	45.4%	96.1	78.9	21.8%
Finance income (cost)	-25.0	-32.4	22.9%	-107.0	-83.6	-28.0%
Profit (loss) before income tax income (expenses)	69.1	64.5	7.2%	397.0	97.3	308.2%
Income tax income (expenses)	-73.0	-115.5	36.8%	-118.6	-116.2	2.1%
Profit (loss) for the period	-3.9	-51.0	92.3%	278.4	-18.9	1569.7%
Profit (loss) attributable to non-controlling interests of the subsidiaries	-14.8	4.5	-430.1%	-45.8	-17.7	-158.5%
Profit (loss) attributable to equity holders of the Company	-18.7	-46.6	59.8%	232.5	-36.7	734.0%
Earnings per share	-0.02	-0.06		0.28	-0.04	
Gross profit margin (%)	38.4%	47.2%		43.7%	42.0%	
SG&A to revenue (%)	36.4%	41.9%		35.2%	36.1%	
Net Profit Margin Attributable to Equity Holders of the Company (%)	-1.3%	-3.6%		5.3%	-0.9%	

Revenue Breakdown	3Q2024		3Q2023		YoY %	9M2024		9M2023		YoY %
	THB mn	%	THB mn	%		THB mn	%	THB mn	%	
Music	987.2	68.6%	838.4	65.4%	17.8%	2,804.5	65.0%	2,551.4	61.9%	9.9%
Home Shopping	285.9	19.9%	335.5	26.2%	-14.8%	876.6	20.3%	1,031.1	25.0%	-15.0%
Movie	114.5	8.0%	51.2	4.0%	123.8%	429.1	9.9%	308.0	7.5%	39.3%
Set-top-box and Broadcasting	33.6	2.3%	33.7	2.6%	-0.2%	99.0	2.3%	116.7	2.8%	-15.2%
Other	17.2	1.2%	23.3	1.8%	-26.0%	104.0	2.4%	114.1	2.8%	-8.8%
Total Operating Revenue	1,438.5	100.0%	1,282.0	100.0%	12.2%	4,313.1	100.0%	4,121.3	100.0%	4.7%

Operating revenue

For 3Q2024, the Company had operating revenue of 1,438.5 million baht, an increase of 156.5 million baht, or 12.2% year-over-year. The main reason was the movie business and music business. Operating revenue can be categorized according to the Company's business structure as follows:

1.1 Music Business, which is the Company's core business, consisting of digital music and copyright, artist management, showbiz, physical music and merchandise, and other businesses.

For 3Q2024, the Company had revenue from the music business of 987.2 million baht, accounting for 68.6% of total operating revenue, an increase of 148.9 million baht, or 17.8% year-over-year. This increase was mainly due to concert events, increased by approximately 115.2% year-over-year, with a total of 3 concerts and 1 fan meeting, particularly the major concert in 12 years of PALMY, which received a positive response. While the same quarter of the previous year, there were 3 concerts and 1 fan meeting.

1.2 Home Shopping Business, operating TV home shopping through the channel called GMM O-Shopping, via digital TV, satellite TV and online channels.

For 3Q2024, the Company had revenue from the home shopping business of 285.9 million baht, accounting for 19.9% of total operating revenue, a decrease of 49.6 million baht, or 14.8% year-over-year. This decline was due to declining sales in the satellite TV channel, gross profit also decreased, though the gross profit margin saw a slight increase. The drop in sales was primarily driven by lower demand in the Cosmetic and Electronic product categories.

1.3 Movie Business, producing high-quality movies and series continually

For 3Q2024, the Company had revenue from the movie business of 114.5 million baht, accounting for 8.0% of total operating revenue, an increase of 63.4 million baht, or 123.8% year-over-year. This increase was mainly due to the launch of the movie "The Paradise of Thorns", which was launched in this quarter and received a positive response.

1.4 Satellite TV Business, operating satellite TV networks and distributing set-top boxes, digital TV boxset, internet TV boxset, as well as the music box products.

For 3Q2024, the Company had revenue from satellite TV business of 33.6 million baht, accounting for 2.3% of total operating revenue, a decrease of 0.1 million baht, or 0.2% year-over-year, due to a decline in sale volume of set-top boxes, aligning with industry trends.

1.5 Media Business, operating digital TV stations and generating revenue from copyright.

For 3Q2024, the Company had revenue from the media business of 17.2 million baht, or 1.2% of total operating revenue, a decrease of 6.0 million baht, or 26.0% year-over-year.

Cost of sales and services

The Company had cost of sales and services of 886.2 million baht, a increase of 209.9 million baht, or 31.0% year-over-year, Due to the higher in concert costs.

Net profit (loss) attributable to equity holders of the Company

The Company had a net loss attributable to equity holders of the Company of 18.7 million baht, the loss decreased of 27.8 million baht, or 59.8% year-over-year. This loss was due to the lower gross profit mentioned earlier. Additionally, the company's share of profit attributable to non-controlling interests in subsidiaries increased, following the sale of investments in subsidiaries in Q2 and Q3 of 2024.

3Q2024 Financial Position

Financial Position (Unit: THB mn)	30-Jun-24	%	31-Dec-23	%
Cash and cash equivalents	862.6	10.1%	672.9	10.7%
Other current assets	1,952.6	22.8%	1,866.7	29.8%
Non-current assets	5,734.0	67.1%	3,724.7	59.5%
Total assets	8,549.2	100.0%	6,264.3	100.0%
Current liabilities	2,975.1	34.8%	2,968.7	47.4%
Non-current liabilities	871.2	10.2%	1,772.3	28.3%
Total liabilities	3,846.3	45.0%	4,741.1	75.7%
Shareholders' equity	4,702.8	55.0%	1,523.2	24.3%
Total liabilities and shareholders' equity	8,549.2	100.0%	6,264.3	100.0%
Net interest-bearing debt to equity ratio (x)	0.22		1.58	

Total Assets

As of the end of 3Q2024, the Company had total assets of 8,549.2 million baht, an increase of 2,284.9 million baht, or 36.5% from the end of 2023. Significant items included an increase in investments totaling 1,780.5 million baht, primarily driven by a 918.2 million baht investment in Joox Thailand (Hong Kong) Limited. in 3Q2024, along with an additional investment from acquiring an additional 10% stake in ONEE.

Total Liabilities

As of the end of 3Q2024, the Company had total liabilities of 3,846.3 million baht, an decrease of 894.7 million baht, or 18.9% from the end of 2023. Significant items included a decrease in long-term loans by 991.2 million baht as the company used proceeds from the sale of shares in its subsidiary (GMM Music) in Q2 and Q3 to repay bank loans.

Total Shareholders' Equity

As of the end of 3Q2024, the Company had shareholders' equity of 4,702.8 million baht, an increase of 3,179.6 million baht, or 208.7% from the end of 2023. This increase was mainly due to the other components of shareholders' equity from adjustments related to the sale of Music shares to strategic investors. Consequently, the interest-bearing debt to equity ratio (IBD/E) decreased from the previous year (at 1.58 times) to 0.22 times.

Liquidity and Cash Flows

For the nine-month period ended September 30, 2024, the Company had cash and cash equivalents of 862.5 million baht, an increase of 189.7 million baht, or 28.2% from the end of 2023. There was net cash from operating activities of 805.7 million baht, and net cash from investing activities of 757.2 million baht, while net cash used in financing activities of 1,370.0 million baht.

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