November 13, 2024

Subject: Management discussion and analysis the operating results for the third quarter of 2024

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 third quarter of 2024 as per the consolidated financial statement reviewed by the Certified Auditor as follows.

Business operations overview

The Group's strategic is to distribute goods on various channels including Tele marketing, Satellite TV, Digital TV and also expansion of its customer group to various online platforms. The Group is focusing on building strategic partnership with key partners. Alongside this, the Group has an effective process for selecting new products and partners to diversify its product offerings and provide more choices to customers. However, in September 2024, flooding occurred in the northern region of Thailand, which affected the purchasing power of customers in the affected area, as well as the sales figures for the Group in Q3/2024.

Summary of key events and developments

In the nine-month period of 2024, there was a restructuring of shareholding within the Group, improvements in operational procedures and cost reductions, along with significant events during the period, such as investment of Baht 22 million or 55 percent of investment proportion of registered capital in a new subsidiary in February 2024, disbursement of all investment in a subsidiary for Baht 40 million in June 2024. In addition, the Annual General Meeting of Shareholders for the year 2024 on 30 April 2024, has approved the deduction of Baht 241.72 million of share premium to compensate the accumulated losses of the Company as at 31 December 2023, amounting to Baht 241.72 million.

Analysis of operating results

(Unit: Million Baht)	3 Months					9 Months		
	Q3/2023	Q2/2024	Q3/2024	QoQ	YoY	Q3/2023	Q3/2024	YoY
Revenues from sales and services	404.06	342.08	358.82	16.74	(45.24)	1,527.67	1,006.17	(521.50)
Cost of goods sold and services	(229.57)	(158.92)	(156.75)	2.17	72.82	(871.04)	(463.15)	407.89
Gross profit	174.49	**183.16**	202.07	18.91	27.58	656.62	**543.02**	**(113.60)**
%Gross profit	*43%*	*54%*	*56%*	*2%*	*13%*	*43%*	*54%*	11%
Other income	4.33	5.39	8.78	3.39	4.45	19.60	14.19	(5.41)
Profit before expenses	**178.82**	**188.55**	**210.85**	**22.3**	**32.03**	676.22	**557.20**	**(119.02)**
Media cost	(78.02)	(79.71)	(95.64)	(15.93)	(17.62)	(305.10)	(224.31)	80.79
Distribution costs	(130.21)	(73.73)	(77.66)	(3.93)	52.55	(431.41)	(227.61)	203.80
Administrative expenses	(74.61)	(21.13)	(14.37)	6.76	60.24	(311.36)	(78.05)	233.31
Reversal allowance for impairment of investment	(24.51)	-	-	-	24.51	(24.51)	-	24.51
Loss on disposal of investment	-	-	-	-	-	-	(1.84)	(1.84)
Other income (expenses) - net loss	(12.36)	0.00	(0.12)	(0.12)	12.24	(31.38)	(0.34)	31.04
Finance costs	(10.49)	(4.67)	(8.71)	(4.04)	1.78	(22.70)	(19.52)	3.18
Income tax income (expense)	16.37	4.16	(5.17)	(9.33)	(21.54)	40.15	(4.05)	(44.20)
Profit (loss) for the period	**(135.28)**	**13.47**	**9.18**	**(4.29)**	**144.46**	**(410.10)**	**1.48**	**411.58**
Shareholders of the parent company	(126.74)	12.81	9.65	(3.16)	136.39	(394.28)	1.06	395.34
Non-controlling interests	(8.54)	0.66	(0.47)	(1.13)	8.07	(15.82)	0.42	16.24

1. Revenues from sales and services

The Group has revenue from sales and services for the three-month and nine-month periods ended September 30, 2024, amounting to Baht 358.82 million and Baht 1,006.17 million, respectively. This represents a decreasing of Baht 45.24 million and Baht 521.50 million compared to the same periods last year, reflecting a decrease of 11% and 34%, respectively. Increasing for Baht 16.74 million or 5% from the most recent three-month period. This increase is attributed to the Group's ongoing strategy to expand its customer base through satellite TV and digital TV channels, focusing on building strategic partnerships. The Group has also been accelerating its customer base expansion through online channels to reach both existing and new customers. Additionally, the Group has efficient process for selecting new products and partners to diversify and provide more options for customers. Furthermore, the flooding event in the northern region of Thailand in September 2024 also contributed to the overall decline in revenue compared to the same period last year.

2. Cost of goods sold and services and Gross profit

The Group has cost of sales and services for the three-month and nine-month periods ended on September 30, 2024, amounting to Baht 156.75 million and Baht 463.15 million, respectively. This represents a decreasing of Baht 72.82 million and Baht 407.89 million compared to the same periods last year, reflecting a decrease of 32% and 47%, respectively. Decreasing for Baht 2.17 million or 1% from the most recent three-month period. The gross profit margin on sales was 56% and 54%, respectively, compared to the previous year, which had a gross profit margin of 43% and 43%, respectively. The increase in gross profit margin is attributed to the Group's focus on selling products with higher gross profit margins, resulting from negotiations with partners, as well as adjustments in work processes and strategic planning to ensure maximum efficiency in all operational areas.

3. Media cost

The Group has media costs for the three-month and nine-month periods ending September 30, 2024, amounting to Baht 95.64 million and Baht 224.31 million, respectively. This represents a decrease of Baht 80.79 million, or 26%, compared to the same period of the previous year. This reduction was due to the Group's strategy adjustment, particularly in managing costs for Satellite TV and Digital TV channels, as well as increasing the proportion of product sales through online channels, where the Group is able to control media costs more effectively. However, in the Q3/2024, the Group leased additional satellite channels for broadcasting and revisited its online advertising media costs strategy. This led to an overall increase in media costs, rising by Baht 17.62 million, or 23%, compared to the same period of the previous year, and increasing by Baht 15.93 million, or 20%, compared to the most recent three-month period.

4. Distribution costs

The Group has distribution costs of Baht 77.66 million and Baht 227.61 million baht for the three-month and nine-month periods ended September 30, 2024, respectively. This represents a decreasing of Baht 52.55 million and Baht 203.80 million compared to the same periods last year, reflecting a decrease of 40% and 47%, respectively. The Group is currently improving transportation methods and warehouse management and negotiating with distributors to enable faster and more efficient product delivery.

5. Administrative expenses

The Group has administrative expenses for the three-month and nine-month periods ending September 30, 2024, totaling Baht 14.37 million and Baht 78.05 million, respectively. This represents a decrease of Baht 60.24 million and Baht 233.31 million, or 81% and 75%, compared to the same periods of the previous year, respectively. It also decreased by Baht 6.76 million, or 32%, compared to the most recent three-month period. The decrease is due to the revision of work processes and cost saving. In the nine-month period of 2023, the Group recorded one-time expenses related to restructuring business operations, including a provision for Expected Credit Loss (ECL) from a logistic company due to uncollected cash-on-delivery (COD) payments amounting to Baht 41.80 million, a provision for impairment of building improvements and program software totaling Baht 18.40 million, and a provision for employee benefit expense for early retirement of Baht 15.99 million. For the three-month period in 2024, the decrease in administrative expenses was due to the Group setting aside provision for Expected Credit Loss (ECL) from a logistic company due to uncollected cash-on-delivery (COD) payments Baht 5.50 million. Additionally, the Group recognized a net gain of Baht 3.10 million from partial debt settlement by goods net of related expenses from a logistics company, which a provision for Expected Credit Loss was set up in 2023, based on a court ruling made during 2024. The Group also recorded a gain of Baht 6.69 million from reversing long-outstanding payables and a Baht 1.70 million gain from reversing employee benefits provisions for early retirement that were expected to not occur.

6. Reversal of losses from investment impairment

The Company has reversed the loss from impairment of investments in subsidiaries in amounting to Baht 247.73 million in the separate financial statements. This is because during the first quarter of 2024 there was a restructuring of shareholding within the Group. This item has been eliminated from related transactions in preparing the consolidated financial statements.

7. Finance costs

The Group has financial costs for the three-month and nine-month periods ended September 30, 2024, amounted to Baht 8.71 million and Baht 19.52 million, respectively. This represents a decrease of Baht 1.78 million and Baht 3.18 million or 17% and 14%, from the same periods of the previous year, respectively. The decrease is due to repayments of interest-bearing borrowings.

The administrative expenses increased by Baht 4.04 million, or 86%, compared to the most recent three-month period, due to higher interest expenses from the lease liabilities related to the additional satellite channel leases in Q3/2024.

8. Net Profit (loss)

The Group has a net profit attributable to the parent company for the three-month and nine-month periods ending September 30, 2024, amounting to Baht 9.65 million and Baht 1.06 million, respectively. The profit increased by Baht 144.46 million and Baht 411.58 million, or 107% and 100%, compared to the same periods of the previous year, respectively. This increase was due to internal organizational restructuring efforts aimed at improving efficiency. However, the net profit decreased by Baht 4.29 million, or 32%, compared to the most recent three-month period, primarily due to the flooding event in September 2024 and the additional satellite channel leases in the third quarter of 2024.

Analysis of financial position

The significant movements in assets, liabilities and shareholders' equity as at 30 September 2024 when compared with the balance as at 31 December 2023 were as follows:

	AS AT DECEMBER 31,		AS AT SEPTEMBER 30,		Change	
(Unit: Million Baht)	2023	%	2024	%	Amount	%
Current assets	226.38	15%	237.67	17%	11.29	2%
Non-current assets	1,252.85	85%	1,144.20	83%	(108.65)	(2)%
Total assets	**1,479.24**	**100%**	**1,381.87**	**100%**	**(97.37)**	**0%**
Current liabilities	718.14	49%	638.14	46%	(80)	(3)%
Non-current liabilities	119.81	8%	101.48	7%	(18.33)	(1)%
Total liabilities	**837.95**	**57%**	**739.62**	**54%**	**(98.33)**	**3%**
Total attributable to the parent company's shareholders	641.29	43%	640.03	46%	(1.26)	3%
Non-controlling interests	-	-	2.22	0%	2.22	0%
Total shareholders' equity	**641.29**	**43%**	**642.25**	**46%**	**0.96**	**3%**
Total liabilities and shareholders' equity	**1,479.24**	**100%**	**1,381.87**	**100%**	**(97.37)**	**0%**

Current assets

- **Cash and cash equivalents**: As at September 30, 2024, the balance was Baht 41.79 million, a decrease of Baht 28.65 million, resulting from the Group's capital management, as follows:

Net cash receipts from operating activities	73.65	Million Baht
Net cash receipts from investing activities	18.62	Million Baht
Net cash payments from financing activities	(86.58)	Million Baht
Net increase in cash and cash equivalents	5.69	Million Baht
Net cash transferred from disposals of investments in subsidiaries.	(34.34)	Million Baht
Net decrease in cash during the period	(28.65)	Million Baht

- **Trade receivables and other current receivables:** As at September 30, 2024, the balance was Baht 119.03 million, an increase of Baht 11.74 million, consisting of:
    1) **Trade receivables**: Amount of Baht 35.81 million, with customers paying by cash on delivery (COD). Trade receivables and other receivables have payment terms as per the credit terms received, net of the allowance for expected credit losses. During the current quarter, the Group set aside provisions for expected credit losses from a logistics company's receivables due to outstanding COD amounts totaling approximately Baht 4.20 million since the receivable faced payment difficulties. The Group has ceased delivering goods to the receivable and is in the process of pursuing debt collection. For other receivables, the Group has already assessed and made adequate provisions.
    2) **Receivables from sale of investments:** Amount of Baht 30 million from sale of investments in subsidiaries, which will be received by the end of 2024.
    3) **Other current receivables**: Amount of Baht 53.22 million, consisting of accrued income, advance payments and prepaid expenses.
- **Other current financial assets**: As at September 30, 2024, the balance was Baht 23.11 million, representing an increase of Baht 23.11 million, due to the Group's investment in financial assets that generate consistent returns and provide liquidity to manage the Group's cash flow during Q3/2024.
- **Inventories:** As at September 30, 2024, the balance was Baht 13.76 million, an increase of Baht 10.20 million, due to stockpiling for future sales, particularly seasonal best-sellers. The Group has managed inventory balance in line with sales forecasts to minimize inventory storage costs.

Non-current assets

- **Other non-current financial assets:** As of September 30, 2024, the balance was zero, a decrease of Baht 13.97 million due to the sale of investments in startup and SME businesses.
- **Long-term loans**: As of September 30, 2024, the outstanding balance amounted to Baht 430.69 million, a decrease of Baht 41.50 million. This decrease was due to the transfer of a subsidiary's loan receivables to assets foreclose amounting to Baht 10.00 million, a reduction from collections of Baht 29.38 million, and decrease from the sale of investments in subsidiaries with long-term loans amounting to Baht 8.00 million.
- **Property, plant and equipment:** As at September 30, 2024, the balance was Baht 309.88 million, a decrease of Baht 17.75 million, with a change from additional investment of Baht 3.80 million, reversal of allowance for impairment Baht 1.88 million, decrease from write-off of unused assets (net) Baht 0.26 million, depreciation Baht 15.40 million, and decrease due to sale of investments in subsidiaries Baht 7.78 million.

- **Goodwill:** As at September 30, 2024, the balance was Baht 19.80 million because the subsidiary's acquisition of shares in TVD Broadcast Company Limited, completed on March 1, 2024, which is considered the business acquisition date. The subsidiary is in the process of valuation as required by Financial Reporting Standard No. 3 within one year from the acquisition date.
- **Right of use assets:** As of September 30, 2024, the balance was Baht 110.51 million, an increase of Baht 0.90 million, due to additional lease agreements for broadcasting time to support business expansion amounting to Baht 129.89 million, lease terminations of Baht 89.61 million, depreciation of Baht 53.44 million, and transfers due to the sale of investments in subsidiaries of Baht 12.25 million.
- **Intangible assets:** As of September 30, 2024, the balance was Baht 15.32 million, a decrease of Baht 14.90 million, due to changes from additional investments of Baht 3.52 million, write-off of unused assets (net) of Baht 1.48 million, amortization of Baht 5.65 million, impairment provisions for inactive assets of Baht 1.77 million, and a decrease from the sale of investments in subsidiaries of Baht 9.52 million.

Current liabilities

- **Bank overdrafts and short-term loans from financial institutions:** As of September 30, 2024, the balance was Baht 169.67 million, with a decrease of Baht 37.03 million, resulting from the Group's capital management.
- **Trade payables and other current payables:** As of September 30, 2024, the balance was Baht 417.81 million, with a decrease of Baht 38.69 million, due to the payment of outstanding debts.
- **Lease liabilities:** As of September 30, 2024, the balance was Baht 111.67 million (including Baht 44.04 million due within one year and Baht 67.63 million due over one year). The decreased of Baht 1.39 million due to the following factors: an increase of Baht 129.89 million due to new broadcasting lease agreements during the period, an increase of Baht 4.82 million from accretion of interest, a decrease of Baht 53.48 million from payments made, a decrease of Baht 93.49 million due to contract cancellations, and a decrease of Baht 10.86 million due to the sale of investments in subsidiaries.

Shareholder's equity

As of September 30, 2024, the Group had shareholders' equity of Baht 640.03 million, non-controlling interests of Baht 2.22 million, including shareholders' equity of Baht 642.25 million, increased by Baht 0.96 million, with changes as follows:

- **Comprehensive income (loss):** For the nine-month period ended September 30, 2024, amounting to Baht (0.84) million.

- **Non-controlling interests in subsidiaries:** Increased due to the subsidiary's purchase of an investment in TVD Broadcast Company Limited in the proportion of 55.00%, amounting to Baht 1.80 million and profits attributable to non-controlling interests in subsidiaries of Baht 0.42 million, totaling Baht 2.22 million.
- **Unappropriated Retained Earnings:** As approved by the Annual General Meeting of Shareholders on April 30, 2024, it was resolved to use Baht 241.72 million of excess of the common share capital to offset the Company's accumulated losses as of December 31, 2023, totaling Baht 241.72 million, in accordance with Section 119 of the Public Limited Companies Act B.E. 2535, as amended by the Public Limited Companies Act (No.2) B.E. 2544, to prepare the Company for future dividend payments when there are sufficient profits and cash flows.

Factors that may affect operations or future growth

The Group continues to follow its sale strategy, which includes selling through Telemarketing, Satellite TV, Digital TV, and online channels, as well as controlling expenses throughout 2024. The group expects that government economic stimulus measures and the increased demand for goods after the flooding event in northern regions will positively impact the Group's sales in the Q4/2024.

Sustainability Developments

The Company has been recognized as a constituent of the ESG Investment list for 2023 by the Stock Exchange of Thailand, reflecting its ongoing commitment to sustainable business practices. The Company has been selected for inclusion in the sustainable stocks list a total of six times, in the years 2016, 2017, 2020, 2021, 2022, and 2023. The Company continues to maintain its standards in operation to be in line with sustainability developments plan.

Please be informed accordingly.

Yours faithfully,

(Miss Jiraporn Pinijnorachai)
Acting of Chief Financial Officer