



บริษัท เจเคเอ็น โกลบอล มีเดีย จำกัด (มหาชน)  
JKN GLOBAL MEDIA PUBLIC COMPANY LIMITED  
อาคารเจเคเอ็น แกลเลอรี ศาลายา  
เลขที่ 45/14 หมู่ 1 ตำบลทรงคนอง อำเภอสามพราน จังหวัดนครปฐม 73210  
Tel.0-2482-2273-4 Fax.0-2482-2275

- Translation -

Ref: JKNGB-004-11/2560

November 29, 2017

Subject Interim Management's Discussion and Analysis for the nine months ended September 30, 2017  
To The President  
The Stock Exchange of Thailand

Interim Management's Discussion and Analysis

For the nine months period ended September 30, 2017

Operating Performance

Revenues

Revenue Structure by Business Operations

Type of Revenue	Consolidated Financial Statement for the 9-month Period Ending 30 <sup>th</sup> September			
	2016		2017	
	Million baht	%	Million baht	%
Revenue from program rights	540.49	91.10	832.06	95.24
Service income	45.12	7.61	36.34	4.16
Sales income	4.98	0.84	3.14	0.36
Revenue from sales and services	590.59	99.55	871.54	99.76
Other income	2.70	0.45	2.06	0.24
Total revenue	593.29	100.00	873.60	100.00

1. Revenue from Program Rights

For the first 3 quarters of 2017, the Company group earned revenue from program rights in total of THB 832.06 million, an increase from the same period of 2016 of THB 291.57 million, or 53.95%, resulting from increased sales to existing clients, as well as sales to new clients, including digital TV station operators and cable and satellite TV station operators. Furthermore, revenue from program rights increased from sales of rights for broadcasting via video-on-demand.

2. Service Income



บริษัท เจเคเอ็น โกลบอล มีเดีย จำกัด (มหาชน)  
 JKN GLOBAL MEDIA PUBLIC COMPANY LIMITED  
 อาคารเจเคเอ็น แกลเลอรี ศาลายา  
 เลขที่ 45/14 หมู่ 1 ตำบลทรงคนอง อำเภอสามพราน จังหวัดนครปฐม 73210  
 Tel.0-2482-2273-4 Fax.0-2482-2275

For the first 3 quarters of 2017, the Company group earned service income in total of THB 36.34 million, a decrease from the same period of 2016 of THB 8.78 million, or 19.46%, resulting partly from the events in the final quarter of 2016, where the Company's subsidiary complying with the guidelines from the NBTC's meeting 37/2559 B.E. on 31<sup>st</sup> October 2016, which contained wordings regarding programs that can be broadcasted between 19<sup>th</sup> November 2016 to 21<sup>st</sup> January 2017, which resulted in the majority of clients delaying their purchase of TV advertising slots, including on JKN Dramax channel. Additionally, in the first 3 quarters of 2017, the Company increased its advertising slot sales by a smaller amount compared to the same period of the previous year.

### 3. Sales Income

For the first 3 quarters of 2017, the Company group had sales in total of THB 3.14 million, a decrease of THB 1.84 million compared to the same period of 2016. This is due to the Company having more sales projects in 2016 compared to 2017.

### 4. Other Income

Other income of the Company group consists of interest income, gain on asset sales, and gain on exchange rate. For the first 3 quarters of 2016 and 2017, other incomes total THB 2.70 million and 2.06 million, respectively.

### Costs and Gross Profit

Type of revenue	Consolidated Financial Statement for the 9-month Period Ending 30 <sup>th</sup> September			
	2016		2017	
	Million baht	%	Million baht	%
1. Program rights business				
<i>Revenue from program rights</i>	540.49	100.00	832.06	100.00
<i>Cost of program rights</i>	274.51	50.79	459.87	55.27
<i>Program rights business gross profit</i>	265.98	49.21	372.19	44.73
2. Advertising service business				
<i>Service income</i>	45.12	100.00	36.34	100.00
<i>Cost of services<sup>1</sup></i>	19.68	43.62	17.21	47.36
<i>Advertising service business gross profit</i>	25.44	56.38	19.13	52.64
3. Product sales business				
<i>Sales income</i>	4.98	100.00	3.14	100.00
<i>Cost of goods sold</i>	2.12	42.57	1.49	47.56
<i>Product sale business gross profit</i>	2.86	57.43	1.65	52.55

Note: <sup>1</sup> Cost of services for the first 3 quarters of 2017 that is disclosed in the 9M/2017 financial statements, under the operating costs, there is a portion between related parties that is not eliminated of THB 31.70 million. This is due to the notes of the financial



บริษัท เจเคเอ็น โกลบอล มีเดีย จำกัด (มหาชน)  
JKN GLOBAL MEDIA PUBLIC COMPANY LIMITED  
อาคารเจเคเอ็น แกลเลอรี ศาลายา  
เลขที่ 45/14 หมู่ 1 ตำบลทรงคนอง อำเภอสามพราน จังหวัดนครปฐม 73210  
Tel.0-2482-2273-4 Fax.0-2482-2275

statement eliminating related-party transaction on an overall basis rather than on a business-unit basis, resulting in the discrepancy between the information presented in the financial statement and the table presented above.

#### 1. Program Rights Business

Costs of program rights business consist mainly of amortization, dubbing and translation costs. For the first 3 quarters of 2016 and 2017, costs of program rights business totaled THB 274.51 million and THB 459.87 million, respectively. The increase in costs resulted from increased amount of rights held by the Company group.

The Company's group earned gross profits from program rights business in the first 3 quarters of 2016 and 2017 in total of THB 265.99 million and THB 372.19 million, respectively. The increase in gross profit is consistent with the increase in the growth in revenue from expansion of business. Due to the fact that the main cost of program rights business is amortization, which is calculated on a straight-line basis regardless of the revenue from program rights, which depends on the clients and marketing strategies at the time, resulting in higher amortization costs due to higher purchases and investment in program rights. However, due to the significant increase of amortization costs between the first 3 quarters of 2016 and 2017 of THB 261.56 million and THB 472.01 million, respectively, the gross margin of the business decreased, from 49.21% to 44.73% from 2015 to 2016.

#### 2. Advertising Service Business

Costs of advertising service business mainly consist of cost of leasing advertising slots and fees for satellite TV use. In the first 3 quarters of 2016 and 2017, the Company group had costs of advertising service business totaled THB 19.68 million and THB 17.21 million, respectively. The reduction in the first 3 quarters of 2017 was due to the reduction in services rendered, as well as the Company's subsidiary having purchased less advertising slots from other TV channels.

From the aforementioned change, the gross profit of the advertising service business in the first 3 quarters of 2016 and 2017 were THB 25.44 million and THB 19.13 million, respectively. The gross profit margins of the advertising service business were 56.38% and 52.64%, respectively, resulting from the reduction of services rendered in the first 3 quarters of 2017.

#### 3. Product Sales Business

Costs of sales consist of costs of manufacturing contracting, as the Company contracts third-party manufacturers to produce the goods for the Company. In the first 3 quarters of 2016 and 2017, the costs of sales totaled THB 2.12 million and THB 1.49 million, respectively, which was a relatively small change. In the first 3 quarters of 2017, the Company had fewer sales projects compared to the same period in 2016.



บริษัท เจเคเอ็น โกลบอล มีเดีย จำกัด (มหาชน)  
 JKN GLOBAL MEDIA PUBLIC COMPANY LIMITED  
 อาคารเจเคเอ็น แกลเลอรี ศาลายา  
 เลขที่ 45/14 หมู่ 1 ตำบลทรงคนอง อำเภอสามพราน จังหวัดนครปฐม 73210  
 Tel.0-2482-2273-4 Fax.0-2482-2275

For the first 3 quarters of 2016 and 2017, the gross profits of the sales business were THB 2.86 million and THB 1.65 million, respectively, or 57.43% and 52.55%, respectively.

#### Expenses

##### Selling Expenses

Type of selling expense	Consolidated Financial Statement for the 9-month Period Ending 30 <sup>th</sup> September			
	2016		2017	
	Million baht	%	Million baht	%
Event expenses	1.19	31.56	3.47	40.05
Advertising and public relation expenses	2.14	57.00	4.65	53.80
Others	0.43	11.44	0.53	6.15
<b>Total selling expense</b>	<b>3.76</b>	<b>100.00</b>	<b>8.65</b>	<b>100.00</b>

For the first 3 quarters of 2017, selling expenses totaled THB 8.65 million, an increase of THB 4.89 million over the same period of 2016, due to the higher expenses from organizing events and advertising and public relation expenses.

##### Administrative Expenses

Type of administrative expense	Consolidated Financial Statement for the 9-month Period Ending 30 <sup>th</sup> September			
	2016		2017	
	Million baht	%	Million baht	%
Employee and executive expense	23.49	37.73	44.16	46.53
Advisor expense	6.62	10.63	10.01	10.55
Tax and penalties	18.10	29.07	23.44	24.70
Reserve for doubtful debts	1.62	2.61	(0.31) <sup>1</sup>	(0.33)
Others	12.43	19.96	17.6	18.55
<b>Total administrative expense</b>	<b>62.26</b>	<b>100.00</b>	<b>94.90</b>	<b>100.00</b>

Note: <sup>1</sup> In the 9-month period of 2017, the Company was able to collect long-outstanding account receivables, resulting in reversal in reserves for doubtful debt for the 9-month period of 2017 of THB (0.31) million

Administrative expense in the first 3 quarters of 2017 was THB 94.90 million, an increase from the same period of 2016 of THB 32.64 million, or 52.43%, resulting from the increases of 1) employee and executive expense from hiring of additional employees to support the growth of business, 2) advisor expense for



บริษัท เจเคเอ็น โกลบอล มีเดีย จำกัด (มหาชน)  
JKN GLOBAL MEDIA PUBLIC COMPANY LIMITED  
อาคารเจเคเอ็น แกลเลอรี ศาลายา  
เลขที่ 45/14 หมู่ 1 ตำบลทรงคนอง อำเภอสามพราน จังหวัดนครปฐม 73210  
Tel.0-2482-2273-4 Fax.0-2482-2275

preparation of listing on the stock exchange, and 3) tax and penalties expense due to late tax payment, which the Company fully settled in June 2017.

#### Finance Expense

For the first 3 quarters of 2017, the Company had finance expense in total of THB 61.99 million, an increase over the same period in 2016 of THB 6.43 million, or 11.57%, due to expenses from issuance of THB 400.00 million of bonds in July 2016 and issuance of THB 210.00 million in June 2017, as well as increased usage of overdraft and short-term borrowing from financial institutions.

#### Net Profit and Net Margin

For the first 3 quarters of 2017 and 2016, net profits totaled THB 136.42 million and THB 176.11 million, respectively. The increase in the first 3 quarters of 2017 was due to significant increase in revenue compared to the same period in 2016. However, from the increase in rights and services costs, as well as increased expenses, the net margin for the first 3 quarters of 2017 slightly decreased compared to the same period in 2016, with margins of 23.00% and 20.16% in first 3 quarters of 2017 and 2016, respectively.

#### Financial Position

##### *Assets*

Total assets as at 31<sup>st</sup> December 2016 and 30<sup>th</sup> September 2017 were THB 1,695.69 million and THB 2,176.04 million, respectively. Assets consist mainly of content rights, which are recorded as an intangible asset in the Company group's consolidated financial statement. At ends of 2016 and the 3<sup>rd</sup> quarter of 2017, such intangible asset was recoded at THB 1,023.02 million and THB 1,218.76 million, respectively, or 60.33% and 56.01% of total assets at ends of 2016 and the 3<sup>rd</sup> quarter of 2017, respectively. The increase in total asset is due to the continuing acquisition of new content rights in order to support the growth of the business.

##### *Liabilities*

Total liabilities as at 31<sup>st</sup> December 2016 and 30<sup>th</sup> September 2017 were THB 1,147.19 million and THB 1,453.39 million, respectively. Total liability at end of the 3<sup>rd</sup> quarter of 2017 increased from end of 2016 due to the Company using increased overdraft and short-term borrowing from financial institutions for use as working capital, as well as having pre-paid payments from sales and services of contents to clients.

*Shareholders' Equity*

Total shareholders' equities as at 31<sup>st</sup> December 2016 and 30<sup>th</sup> September 2017 were THB 548.50 million and THB 722.65 million, respectively. The increase in shareholders' equity was due to operating performance of the business groups, which has yielded continuing profits, leading to the Company group having increased retained earnings in the first 3 quarters of 2017. Retained profits as at 31<sup>st</sup> December 2016 and 30<sup>th</sup> September 2017 were THB 354.60 million and THB 528.75 million, respectively.

Please be informed accordingly,

Yours Sincerely,



---

(Mr. Jakkaphong Jakrajutatip)

Chief Executive Officer

Authorized to sign on behalf of the company