



Management Discussion and Analysis of the Company's Performance
for the six-month period ended 30 June 2019

1. Overview of operating results of the Company and its subsidiaries

<i>Baht Million</i>	<i>2018</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Total revenues</i>	698.03	870.11	172.08	24.65%
<i>EBIT</i>	211.15	233.72	22.57	10.69%
<i>Finance cost</i>	35.09	41.36	6.27	17.87%
<i>Income tax expenses</i>	37.04	42.24	5.20	14.04%
<i>Net profit</i>	139.02	150.12	11.10	7.98%
<i>Net profit ratio (ROS)</i>	19.92%	17.25%		
<i>Earnings per share (Baht)</i>	0.26	0.28	0.02	6.92%

Total Revenue

For the six-month period ended 30 June 2019, the Company and its subsidiaries earned a total revenue of THB 870.11 million, an increase of THB 172.08 million or 24.65% from the same period of previous year. The total revenue of each operating segments for the six-month period ended 30 June 2019 of the Company and its subsidiaries had changed from the previous period of last year as follows (1) Revenue from sales of program rights increased 37.21% (2) Revenue from advertising and media services decreased 94.93% and (3) Revenue from sales of products decreased 70.67%.

Net profit

For the six-month period ended 30 June 2019, the Company and its subsidiaries had net profits of THB 150.12 million, an increase of THB 11.10 million or 7.98% from the same period of previous year. Although the total revenue for the six-month period ended 30 June 2019 increased 24.65% from the same period of previous year, the Company had continuously increased its content acquisition to support the growth of the business since 2017 and the fact that the Thai Baht value appreciated against US Dollar, the Company had loss on exchange rate, resulting in a decrease in net profit ratio (ROS) from 19.92% in the first half of 2018 to 17.25% in the same period of 2019. The total expense to total revenue ratio increased from 12.46% in the first half of 2018 to 16.92% in the same period of 2019.

2. Summary of operating results by business type

<i>Baht Million</i>	<i>2018</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
1. Content Business				
<i>Revenue from sales of program rights</i>	621.58	852.86	231.28	37.21%
- <i>Domestic sales</i>	549.40	574.27	24.87	4.53%
- <i>Export sales</i>	72.18	278.59	206.41	285.97%
<i>Cost of program rights</i>	370.62	477.08	106.46	28.72%
Gross profit of content business	250.96	375.78	124.82	49.74%
Gross profit margin	40.37%	44.06%		
2. Advertising and Media Business				
<i>Revenue from services</i>	28.20	1.43	(26.77)	(94.93%)
<i>Cost of services</i>	17.25	8.31	(8.94)	(51.83%)
Gross profit of advertising and media business	10.95	(6.88)	(17.83)	(162.83%)
Gross profit margin	38.83%	(481.12%)		
3. Product sales Business				
<i>Revenue from sales of products</i>	33.65	9.87	(23.78)	(70.67%)
<i>Cost of product sales</i>	12.05	3.75	(8.30)	(68.88%)
Gross profit of product sales business	21.60	6.12	(15.48)	(71.67%)
Gross profit margin	64.19%	62.01%		
Total Gross profit	283.51	375.02	91.51	32.28%
Total Gross profit margin	41.48%	43.40%		

Content Business

For the six-month period ended 30 June 2019, the Company had revenue from program rights of THB 852.86 million which was composed of domestic sales amounting to THB 574.27 million and export sales about THB 278.59 million or accounted for 67.34% and 32.66% of total revenue from program rights, an increase of THB 231.28 million or 37.21% from the same period of previous year, resulting from the Company has increased distribution channels to export content since the second quarter of 2018.

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the six-month period ended 30 June 2019 and 2018, costs of program rights business totaled THB 477.08 million and THB 370.62 million, respectively, an increase of 28.72%. Due to the Company had invest in its content amounting to THB 776.15 million during 2018 and THB 605.05 million during this year to support the business growth of both domestic sales and export sales, the amortization of rights had increased and accordingly, its cost of program rights increased compared to the same period of previous year.

The Company earned gross profits from program rights business for the six-month period ended 30 June 2019 and 2018 in a total of THB 375.78 million and THB 250.96 million, respectively, an increase of 49.74%. The gross profit margin for the six-month period ended 30 June 2019 and 2018 was 44.06% and 40.37%, respectively.

In addition, the Company has an outstanding backlog as of 30 June 2019 of THB 470.01 million which is composed of THB 368.99 million for the local sales and THB 101.02 million or USD 3.30 million for the export sales.

Advertising and Media Business

For the six-month period ended 30 June 2019, the Company and its subsidiaries earned service income totaled THB 1.43 million, a decrease of THB 26.77 million or 94.93% from the same period of previous year. As a result of the condition of sales agreement with the customer, there is only one customer in this period. At the present, the management of the subsidiary is in the process of revising the agreement in order to improve the operating results from the advertising and media business.

Product Sales Business

For the six-month period ended 30 June 2019, the Company earned revenue from product sales in total of THB 9.87 million, a decrease of THB 23.78 million or 70.67% from the same period of previous year due to there was no production since 2017 to reduce cost of managing inventories.

Other Income

Other income of the Company and its subsidiaries consists of agent fee income, interest income, gain on exchange rate and gain on short-term investment. For the six-month period ended 30 June 2019, other income totaled THB 5.95 million, a decrease of THB 8.65 million. The mainly reason is the Company had gain on exchange rate in last year that was in line with the Thai Baht value depreciated against US Dollar during the second quarter of 2018. As a result, the Company has increased distribution channels to export content, resulting in gain on exchange rate arising. While the Thai Baht appreciation has risen since the beginning of this year, there is loss on exchange rate for this period.

Expenses

Selling and service Expenses

<i>Baht Million</i>	<i>2018</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Expense from Event</i>	10.03	2.68	(7.35)	(73.28%)
<i>Advertising and marketing expenses</i>	8.22	6.41	(1.81)	(22.02%)
<i>Others</i>	1.53	4.55	3.02	197.39%
<i>Selling and service expenses</i>	19.78	13.64	(6.14)	(31.04%)

For the six-month period ended 30 June 2019, selling and service expenses decreased THB 6.14 million or 31.04% from the same period of previous year due to there were advertising events with the customers who is operate the digital TV station to promote its contents in last year while there was no these events in this period.

Moreover, there were advertising expense through various media such as television, magazines, newspapers and online media in the amount of THB 4.94 million, whereas the Company and its subsidiaries manage to decrease these expenses to the amount of THB 3.59 million.

Meanwhile, the Company started hiring business consultant for export content to increase the ability of export sales that is causing to be in the amount of THB 2.52 million.

Administrative Expenses

<i>Baht Million</i>	<i>2018</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	43.38	64.03	20.65	47.60%
<i>Advisor expenses</i>	5.34	7.85	2.51	47.00%
<i>Loss on exchange rate</i>	-	42.48	42.48	100.00%
<i>Reserve for Doubtful Debts</i>	(0.08)	-	0.08	(100.00%)
<i>Others</i>	18.54	19.25	0.71	3.83%
<i>Administrative expenses</i>	67.18	133.61	66.43	98.88%

Administrative expense for the six-month period ended 30 June 2019 totaled THB 133.61 million, an increase of THB 66.43 million or 98.88% from the same period of previous year. This was due to (1) Rise of the employee and executive expenses of THB 20.65 million or 47.60% which consistent with an increases in number of employee in order to support the growth of the business, and (2) Rise of loss on exchange rate of THB 42.48 million due to the fact that the Thai Baht value appreciated against US Dollar and the Company had the foreign trade receivables about USD 18.68 million

Financial Costs

For the six-month period ended 30 June 2019, the Company had financial costs in total of THB 41.36 million, an increase of THB 6.27 million or 17.87% from the same period of previous year according to the rise of balance of debentures.

3. Summary of financial position of the group

Baht Million	31-Dec-18	30-Jun-19	+ / (-)	+ / (-)%
Assets				
Cash, Cash equivalents and current investments	138.76	188.50	49.74	35.85%
Trade and other accounts receivable	1,117.59	1,397.55	279.96	25.05%
Other current assets	82.73	90.03	7.30	8.82%
Advance payment for purchased program rights	655.21	522.40	(132.81)	(20.27%)
Program rights	1,181.01	1,368.31	187.30	15.86%
Other non-current assets	75.90	113.61	37.71	49.68%
Total assets	3,251.20	3,680.40	429.20	13.20%
Liabilities				
Short-term loan from financial institutions	93.95	194.87	100.92	107.42%
Current portion of debentures	-	-	-	0.00%
Other current liabilities	198.17	197.16	(1.01)	(0.51%)
Debentures - net of current portion	885.00	1,154.00	269.00	30.40%
Other non-current liabilities	20.02	21.99	1.97	14.02%
Total liabilities	1,197.14	1,568.02	370.88	30.98%
Total shareholders' equity	2,054.06	2,112.38	58.32	7.61%
Total liabilities and shareholders' equity	3,251.20	3,680.40	429.20	13.20%

Total Assets

The Company and its subsidiaries had total assets as at 30 June 2019 of THB 3,680.40 million, an increase of THB 429.20 million from 31 December 2018 or 13.20%, due to as follows:

- (1) Trade and other accounts receivable increased THB 279.96 million or 25.05%. This is in accordance with the increase of the revenue of the Company. Moreover, the balance of trade accounts receivable which was overdue by 6 - 12 months was THB 130.77 million, it has been collected in total of THB 39.65 million (up to 9 August 2019). Although the balance of trade accounts receivable increased from the balance as at 31 December 2018, the management still believes that the Company could collect debt from the main customers based on the past experience.
- (2) Advance payment for purchased program rights decrease THB 132.81 million or 20.27% because of the payment for reservation in content rights to support the growth of the business amounting to THB 650.90 million and the acquisition of program rights by transfer from this account amounting to THB 783.74 million. The balance of this account can be

categorized as follow: (1) Advance payment for extend the program rights amounting THB 45.78 million (2) Advance payment for reserve the program rights to sale in Thailand amounting to THB 90.74 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 385.88 million to support the growth of the export sales of program rights of the Company.

- (3) Program rights increased THB 187.30 million or 15.86%. During this year, the Company had invested by purchase the content rights of THB 637.39 million that can be categorized as follow: (1) acquisition for extend the program rights amounting THB 40.50 million (2) Acquisition the program rights to sale in Thailand amounting to THB 77.96 million and (3) Acquisition the program rights to export sales amounting to THB 518.93 million. Moreover, the amortization expense was THB 225.33 million and there was the reversal of impairment loss about THB 7.01 million.
- (4) Other non-current assets increased THB 37.71 million or 49.68%. As a result of rise of equipment account of the subsidiary related to the business operation of producing and broadcasting business news programs under the brand JKN-CNBC, which will begin broadcasting in July 2019 through digital television stations. In addition, the increase in computer software accounts for the operation and management of the Group of the company.

Total Liabilities

The Company and its subsidiaries had total liabilities as at 30 June 2019 of THB 1,568.02 million, an increase of THB 370.88 million or 30.98% which consist of the rise of short-term loans from financial institutions in amounting to THB 100.90 million and the rise of debentures about THB 269.85 million for use as working capital.

Shareholders' equity

As at 30 June 2019, the Company and its subsidiaries had total shareholders' equity of THB 2,112.38 million, an increase of THB 58.32 million. The increase was due to the normal operating profit of the Company and its subsidiaries amounting to THB 150.12 million. Moreover, the Company has paid dividend from the profit for the year 2018 of Baht 0.17 per share of 540,000,000 ordinary shares, or a total of Baht 91.8 million.

Liquidity and capital adequacy

As at 30 June 2019 and 31 December 2018, the current ratio of the Company and its subsidiaries are 4.28 times and 4.58 times, respectively, and the quick ratio are 4.05 times and 4.30 times, respectively. The main reason of the reduction of those ratios is the rise of short-term loans from financial institutions for use as short-term working capital.

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Moreover, the D/E ratio as at 30 June 2019 and 31 December 2018 are 0.74 times and 0.58 times, respectively, due to the increase of short-term loans from financial institutions and debentures about for use as working capital.