



Management Discussion and Analysis of the Company's Performance
for the nine-month period ended 30 September 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>	1,058.85	1,286.92	228.07	21.54%
<i>EBIT</i>	278.86	328.20	49.34	17.69%
<i>Finance cost</i>	49.11	68.10	18.99	38.67%
<i>Income tax expenses</i>	48.04	57.52	9.48	19.73%
<i>Net profit</i>	181.71	202.58	20.87	11.49%
<i>Net profit ratio (ROS)</i>	17.16%	15.74%		
<i>Earnings per share (Baht)</i>	0.34	0.38	0.04	11.76%

Total Revenue

For the nine-month period ended 30 September 2019, the Company and its subsidiaries earned a total revenue of THB 1,286.92 million, an increase of THB 228.07 million or 21.54% from the same period of previous year. The total revenue of each operating segments for the nine-month period ended 30 September 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 30.53% (2) Revenue from advertising and media services decreased 89.49% and (3) Revenue from sales of products decreased 71.84%.

Net profit

For the nine-month period ended 30 September 2019, the Company and its subsidiaries had net profits of THB 202.58 million, an increase of THB 20.87 million or 11.49% from the same period of previous year. Although the total revenue for the nine-month period ended 30 September 2019 increased 21.54% 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 17.16% in the nine-month period of 2018 to 15.74% in the same period of 2019. The total expense to total revenue ratio increased from 13.55% in the nine-month period of 2018 to 16.72% 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>	969.11	1,264.97	295.86	30.53%
- Domestic sales	791.93	862.88	70.95	8.96%
- Export sales	177.18	402.09	224.91	126.94%
<i>Cost of program rights</i>	599.87	721.36	121.49	20.25%
Gross profit of content business	369.24	543.61	174.37	47.22%
Gross profit margin	38.10%	42.97%		
2. Advertising and Media Business				
<i>Revenue from services</i>	39.85	4.19	(35.66)	(89.49%)
<i>Cost of services</i>	23.90	18.47	(5.43)	(22.72%)
Gross profit of advertising and media business	15.95	(14.28)	(30.23)	(189.53%)
Gross profit margin	40.03%	(340.81%)		
3. Product sales Business				
<i>Revenue from sales of products</i>	35.05	9.87	(25.18)	(71.84%)
<i>Cost of product sales</i>	12.73	3.75	(8.98)	(70.54%)
Gross profit of product sales business	22.32	6.12	(16.20)	(72.58%)
Gross profit margin	63.68%	62.01%		
Total Gross profit	407.51	535.45	127.94	31.40%
Total Gross profit margin	39.03%	41.86%		

Content Business

For the nine-month period ended 30 September 2019, the Company had revenue from program rights of THB 1,264.97 million which was composed of domestic sales amounting to THB 862.88 million and export sales about THB 402.09 million or accounted for 68.21% and 31.79% of total revenue from program rights, an increase of THB 295.86 million or 30.53% 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 nine-month period ended 30 September 2019 and 2018, costs of program rights business totaled THB 721.36 million and THB 599.87 million, respectively, an increase of 20.25%. Due to the Company had invest in its content amounting to THB 776.15 million during 2018 and THB 954.98 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.

During the period, one of the major customers had changed a method of procuring program rights and entered into a negotiation with the Company over the return of an outstanding amount of program rights and changed the entity who will be responsible for purchasing program rights. Although this circumstance is not a normal transaction of the Company, the Company had to issued credit notes and received program rights return of Baht 220 million to maintain business relations with the major customer in the future. Then, the Company had entered the agreement with those entity by set up the strict payment conditions. At the present, 10% of the program right fee has been collected and the Company will collect an additional 10% of the fee including a post-dated cheque (based on the credit term) for the remaining fees of 80% within November 2019, in order to prevent the risk of debt repayment.

The Company earned gross profits from program rights business for the nine-month period ended 30 September 2019 and 2018 in a total of THB 543.61 million and THB 369.24 million, respectively, an increase of 47.22%. The gross profit margin for the nine-month period ended 30 September 2019 and 2018 was 42.97% and 38.10%, respectively.

In addition, the Company has an outstanding backlog as of 30 September 2019 of THB 317.71 million.

Advertising and Media Business

For the nine-month period ended 30 September 2019, the Company and its subsidiaries earned service income totaled THB 4.19 million, a decrease of THB 35.66 million or 89.49% 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 subsidiary had made new sales agreements with some customers when the old agreement was expired.

Product Sales Business

For the nine-month period ended 30 September 2019, the Company earned revenue from product sales in total of THB 9.87 million, a decrease of THB 25.18 million or 71.84% 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 nine-month period ended 30 September 2019, other income totaled THB 7.89 million, a decrease of THB 6.94 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>	19.34	12.22	(7.12)	(36.81%)
<i>Advertising and marketing expenses</i>	13.50	18.98	5.48	40.59%
<i>Others</i>	2.82	6.57	3.75	132.98%
<i>Selling and service expenses</i>	35.66	37.77	2.11	5.92%

For the nine-month period ended 30 September 2019, selling and service expenses increased THB 2.11 million or 5.92% from the same period of previous year due to the Company started hiring business consultant for export content to increase the ability of export sales. Moreover, there were advertising expense through various media such as magazines, newspapers, online media more than last year including through television when our content series was broadcasted on digital television channel.

Meanwhile, there were advertising events with the customers who operate the digital TV station to promote its contents in last year while there were no these events in this period.

Administrative Expenses

<i>Baht Million</i>	<i>2018</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	65.14	98.81	33.67	51.69%
<i>Advisor expenses</i>	8.20	10.31	2.11	25.73%
<i>Loss on exchange rate</i>	-	26.27	26.27	100.00%
<i>Reserve for Doubtful Debts</i>	5.90	8.85	2.95	50.00%
<i>Others</i>	28.59	33.13	4.54	15.88%
<i>Administrative expenses</i>	107.83	177.37	69.54	64.49%

Administrative expense for the nine-month period ended 30 September 2019 totaled THB 177.37 million, an increase of THB 69.54 million or 64.49% from the same period of previous year. This was due to (1) Rise of the employee and executive expenses of THB 33.67 million or 51.69% which consistent with an increases in number of employee in order to support the growth of the business (2) Rise of allowance for doubtful accounts, the Company setup THB 8.85 million for doubtful debts during this period (As at 14 November 2019, the Company received payment from the customer who had been set up an allowance for doubtful debts of THB 12.31 million), and (3) Rise of loss on exchange rate of THB 26.27 million due to the fact that the Thai Baht value appreciated against US Dollar and the Company had the foreign trade receivables about USD 21.31 million.

Financial Costs

For the nine-month period ended 30 September 2019, the Company had financial costs in total of THB 68.10 million, an increase of THB 18.99 million or 38.67% from the same period of previous year according to the rise of balance of debentures.

3. Summary of financial position of the group

<i>Baht Million</i>	<i>31-Dec-18</i>	<i>30-Sep-19</i>	<i>+/(-) </i>	<i>+/(-)%</i>
Assets				
<i>Cash, Cash equivalents and current investments</i>	138.76	120.64	(18.12)	(13.06%)
<i>Trade and other accounts receivable</i>	1,117.59	1,611.69	494.10	44.21%
<i>Other current assets</i>	82.73	80.35	(2.38)	(2.88%)
<i>Advance payment for purchased program rights</i>	655.21	357.69	(297.52)	(45.41%)
<i>Program rights</i>	1,181.01	1,449.30	268.29	22.72%
<i>Other non-current assets</i>	75.90	122.03	46.13	60.78%
Total assets	3,251.20	3,741.70	490.50	15.09%
Liabilities				
<i>Short-term loan from financial institutions</i>	93.95	80.00	(13.95)	(14.85%)
<i>Current portion of debentures</i>	-	396.53	396.53	100.00%
<i>Other current liabilities</i>	198.17	190.25	(7.92)	(4.00%)
<i>Debentures - net of current portion</i>	885.00	889.00	4.00	0.45%
<i>Other non-current liabilities</i>	20.02	21.08	1.06	5.29%
Total liabilities	1,197.14	1,576.86	379.72	31.72%
Total shareholders' equity	2,054.06	2,164.84	110.78	5.39%
Total liabilities and shareholders' equity	3,251.20	3,741.70	490.50	15.09%

Total Assets

The Company and its subsidiaries had total assets as at 30 September 2019 of THB 3,741.70 million, an increase of THB 490.50 million from 31 December 2018 or 15.09%, due to as follows:

- (1) Trade and other accounts receivable increased THB 494.10 million or 44.21%. This is in accordance with the increase of the revenue of the Company. Moreover, the balance of trade accounts receivable which was overdue by over 6 months was THB 333.56 million, it has been collected in total of THB 37.04 million and the trade accounts receivable which was overdue by lower 6 months has been collected in total of THB 63.39 million (up to 14 November 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 297.52 million or 45.41% because of the payment for reservation in content rights to support the growth of the business amounting to THB 727.75 million and the acquisition of program rights by transfer from this account amounting to THB 1,025.27 million. The balance of this account can be categorized as follow: (1) Advance payment for extend the program rights amounting THB 5.35 million (2) Advance payment for reserve the program rights to sale in Thailand amounting to THB 108.83 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 243.51 million to support the growth of the export sales of program rights of the Company.
- (3) Program rights increased THB 268.29 million or 22.72%. During this year, the Company had invested by purchase the content rights of THB 954.98 million that can be categorized as follow: (1) acquisition for extend the program rights amounting THB 38.76 million (2) Acquisition the program rights to sale in Thailand amounting to THB 94.35 million and (3) Acquisition the program rights to export sales amounting to THB 821.87 million. Moreover, the amortization expense was THB 693.69 million and there was the reversal of impairment loss about THB 7.01 million.
- (4) Other non-current assets increased THB 46.13 million or 60.78%. 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 started 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 September 2019 of THB 1,576.86 million, an increase of THB 379.72 million or 31.72% which consist of the rise of debentures about THB 400.53 million for use as working capital.

Shareholders' equity

As at 30 September 2019, the Company and its subsidiaries had total shareholders' equity of THB 2,164.84 million, an increase of THB 110.78 million. The increase was due to the normal operating profit of the Company and its subsidiaries amounting to THB 200.89 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 91.80 million.

Liquidity and capital adequacy

As at 30 September 2019 and 31 December 2018, the current ratio of the Company and its subsidiaries are 2.72 times and 4.58 times, respectively, and the quick ratio are 2.60 times and 4.30 times, respectively. The main reason of the reduction of those ratios is the company and its subsidiaries have debenture which is to be redeemed within July 2020 then this debenture has to be categorized as current liabilities. As a above reason, the current ratio and quick ratio decreased.

Moreover, the D/E ratio as at 30 September 2019 and 31 December 2018 are 0.73 times and 0.58 times, respectively, due to the increase of debentures that was used as working capital.