



Management Discussion and Analysis of the Company's Performance
for the three-month period ended 31 March 2020

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

<i>Baht Million</i>	<i>2019</i>	<i>2020</i>	<i>+/-</i>	<i>+/-%</i>
<i>Total revenues</i>	424.05	460.95	36.90	8.70%
<i>EBIT</i>	121.10	160.32	39.22	32.39%
<i>Finance cost</i>	18.41	36.80	18.39	99.89%
<i>Income tax expenses</i>	22.21	28.27	6.06	27.29%
<i>Net profit</i>	80.50	95.26	14.76	18.34%
<i>Net profit ratio (ROS)</i>	18.98%	20.67%		
<i>Earnings per share (Baht)</i>	0.13	0.16	0.03	23.08%

Total Revenue

For the three-month period ended 31 March 2020, the Company and its subsidiaries earned a total revenue of THB 460.95 million, an increase of THB 36.90 million or 8.70% from the same period of previous year. The total revenue of each operating segments for the three-month period ended 31 March 2020 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 1.29% (2) Revenue from advertising and media services increased 358.02% and (3) there is no revenue from sales of products.

Net profit

For the three-month period ended 31 March 2020, the Company and its subsidiaries had net profits of THB 95.26 million, an increase of THB 14.76 million or 18.34% from the same period of previous year because of the total revenue for the three-month period ended 31 March 2020 increased 8.70% from the same period of previous year. From the fact that the Thai Baht value depreciated against US Dollar since the beginning of this year, the Company had gain on exchange rate while the Thai Baht value appreciated against US Dollar and the Company had loss on exchange rate in last year

As a result of above reason, the net profit ratio (ROS) for the three-month period ended 31 March 2020 increased from 18.98% to 20.67%. Moreover, the total expense to total revenue ratio decreased from 14.94% in the first quarter of 2019 to 10.77% in the same period of 2020.

2. Summary of operating results by business type

<i>Baht Million</i>	<i>2019</i>	<i>2020</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
1. Content Business				
<i>Revenue from sales of program rights</i>	411.70	417.03	5.33	1.29%
<i>- Domestic sales</i>	293.24	280.96	(12.28)	(4.19%)
<i>- Export sales</i>	118.46	136.07	17.61	14.87%
<i>Cost of program rights</i>	232.01	241.45	9.44	4.07%
Gross profit of content business	179.69	175.58	(4.11)	(2.29%)
Gross profit margin	43.65%	42.10%		
2. Advertising and Media Business				
<i>Revenue from services</i>	0.81	3.71	2.90	358.02%
<i>Cost of services</i>	3.85	9.54	5.69	147.79%
Gross profit of advertising and media business	(3.04)	(5.83)	(2.79)	91.78%
Gross profit margin	(375.31%)	(157.14%)		
3. Product sales Business				
<i>Revenue from sales of products</i>	9.87	-	(9.87)	(100.00%)
<i>Cost of product sales</i>	3.75	-	(3.75)	(100.00%)
Gross profit of product sales business	6.12	-	(6.12)	(100.00%)
Gross profit margin	62.01%	-		
Total Gross profit	182.77	169.75	(13.02)	(7.12%)
Total Gross profit margin	43.27%	40.35%		

Content Business

For the three-month period ended 31 March 2020, the Company had revenue from program rights of THB 417.03 million which was composed of domestic sales amounting to THB 280.96 million and export sales about THB 136.07 million or accounted for 67.37% and 32.63% of total revenue from program rights, an increase of THB 5.33 million or 1.29% from the same period of previous year.

<i>Baht Million</i>	<i>2019</i>	<i>2020</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Cabsat</i>	29.38	48.07	18.69	63.61%
<i>Cabsat, VOD</i>	21.02	153.39	132.37	629.73%
<i>DTT</i>	139.87	9.41	(130.46)	(93.27%)
<i>DTT, Cabsat</i>	117.94	5.27	(112.67)	(95.53%)
<i>DTT, Cabsat, VOD</i>	8.77	200.84	192.07	2,190.08%
<i>VOD</i>	76.20	-	(76.20)	(100.00%)
<i>VOD, Home</i>	18.20	0.05	(18.15)	(99.73%)
<i>Ancillary</i>	0.32	-	(0.32)	(100.00%)
<i>Total revenue from sales of program rights by platform</i>	411.70	417.03	5.33	1.29%
<i>Baht Million</i>	<i>2019</i>	<i>2020</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>

Considering revenue from program rights based on type of platform given to the customer, the rights to distribute content via broadcast on cable satellite TV stations (Cabsat) was turnaround and the sale of program rights that has been broadcasted via digital television or DTT which the Company continuously growth. As a result of the epidemic situation in the first quarter of 2020, the customers are unable to produce programs or content by themselves and they have to buy ready-made contents from the Company instead. While the revenue from right which broadcast on internet or video system (VOD) that had been sold a lot in the last year, some customers reduced the demand for this type of content and turned to buy program rights which has been broadcasted on television instead. Moreover, the customer less the demand on program rights on DVDs or Home entertainment that was in downtrend.

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the three-month period ended 31 March 2020 and 2019, costs of program rights business totaled THB 241.45 million and THB 232.01 million, respectively, an increase of 4.07%. AS a result of the Company had invest in its content amounting to THB 180.21 million during 2020 and the Company had invest in contents to support the business growth of both domestic sales and export sales since 2018 (invested amounting to THB 1,189.04 million in 2019 and THB 776.15 million in 2018), 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 three-month period ended 31 March 2020 and 2019 in a total of THB 175.58 million and THB 179.69 million, respectively, a decrease of 2.29%. The gross profit margin for the three-month period ended 31 March 2020 and 2019 was 42.10% and 43.65%, respectively.

In addition, the Company has an outstanding backlog as of 31 March 2020 of THB 282.07 million which is composed of THB 213.39 million for the domestic sales and THB 68.68 million or USD 2.10 million for the export sales.

Advertising and Media Business

For the three-month period ended 31 March 2020, the Company and its subsidiaries earned service income totaled THB 3.71 million, an increase of THB 2.90 million or 358.02% from the same period of previous year. As a result of the condition of sales agreement with the customer, there was only one customer in the first half of last year. In addition, the group has more time slot to sales due to the subsidiary related to the business operation of producing and broadcasting business news programs under the brand JKN-CNBC, which started broadcasting in the second half of 2019 through digital television stations and online. Moreover, another subsidiary who acts as an advertising agency advertising had started operating and able to serve more customers to the group.

Product Sales Business

For the three-month period ended 31 March 2020, there was no revenue from product sales due to there was no production since 2017 to reduce cost of managing inventories.

Other Income and finance income

Other income of the Company and its subsidiaries consists of agent fee income, gain on exchange rate and gain on short-term investment. Moreover, the finance income of the Company and its subsidiaries is interest income. For the three-month period ended 31 March 2020, other income and finance income totaled THB 40.23 million, an increase of THB 38.54 million. The mainly reason is the Company had loss on exchange rate in last year that was in line with the Thai Baht value appreciated against US Dollar during the year of 2019. As a result, the Company has increased distribution channels to export content and there were account receivables in the ending balance, resulting in loss on exchange rate arising. While the Thai Baht depreciation has fallen since the beginning of this year, there is gain on exchange rate for this period.

Expenses

Selling and service Expenses

<i>Baht Million</i>	<i>2019</i>	<i>2020</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Expense from Event</i>	2.01	0.01	(2.00)	(99.50%)
<i>Advertising and marketing expenses</i>	3.01	2.18	(0.83)	(27.57%)
<i>Others</i>	1.20	1.94	0.74	61.67%
<i>Selling and service expenses</i>	6.22	4.13	(2.09)	(33.60%)

For the three-month period ended 31 March 2020, selling and service expenses decreased THB 2.09 million or 33.60% from the same period of previous year because there was an epidemic situation in the first quarter of 2020. As a result, the event to promote the contents had to be stopped and postponed and that causing the selling and service expense to be reduced .

Administrative Expenses

<i>Baht Million</i>	<i>2019</i>	<i>2020</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	29.90	28.27	(1.63)	(5.45%)
<i>Advisor expenses</i>	3.81	1.95	(1.86)	(48.82%)
<i>Loss on exchange rate</i>	13.90	-	(13.90)	(100.00%)
<i>Reserve for Doubtful Debts</i>	-	4.03	4.03	100.00%
<i>Others</i>	9.52	11.27	1.75	18.38%
<i>Administrative expenses</i>	57.13	45.52	(11.61)	(20.32%)

Administrative expense for the three-month period ended 31 March 2020 totaled THB 45.52 million, a decrease of THB 11.61 million or 20.32% from the same period of previous year. This was due to (1) Drop of loss on exchange rate of THB 13.90 million due to the fact that the Thai Baht value depreciated against US Dollar and the Company had the foreign trade receivables about USD 18.92 million that was causing to no balance of loss on exchange rate in this period. (2) Drop of the employee and executive expenses of THB 1.63 million or 5.45%. and (3) Rise of allowance for doubtful accounts, the Company setup THB 4.03 million for doubtful debts during this period by the simplified approach to consider loss that was resulting from a decrease in time value of money (As at 13 May 2020, the Company received payment from the customer in the amount of THB 125.31 million).

Financial Costs

For the three-month period ended 31 March 2020, the Company had financial costs in total of THB 36.80 million, an increase of THB 18.39 million or 99.89% from the same period of previous year according to the rise of balance of convertibled debentures.

3. Summary of financial position of the group

Baht Million	31 Dec 2019	31 Mar 2020	+ / (-)	+ / (-) %
Assets				
Cash, Cash equivalents and current investments	116.94	89.68	(27.26)	(23.31%)
Trade and other accounts receivable	1,816.20	1,789.81	(26.39)	(1.45%)
Other current financial assets	0.16	600.62	600.46	375,287.50%
Other current assets	90.57	119.25	28.68	31.67%
Right-of-use assets	-	49.39	49.39	100.00%
Advance payment for purchased program rights	411.82	926.81	514.99	125.05%
Program rights	1,447.10	1,392.07	(55.03)	(3.80%)
Other non-current assets	122.87	121.24	(1.63)	(1.33%)
Total assets	4,005.66	5,088.87	1,083.21	27.04%
Liabilities				
Short-term loan from financial institutions	300.00	-	(300.00)	(100.00%)
Current portion of debentures	893.34	895.60	2.26	0.25%
Current portion of lease liabilities	3.92	14.11	10.19	259.95%
Other current liabilities	180.97	244.39	63.42	35.04%
Convertible debentures - liability component	-	1,005.44	1,005.44	100.00%
Debentures - net of current portion	395.41	396.17	0.76	0.19%
Long-term lease liabilities - net of current portion	4.21	42.78	38.57	916.15%
Other non-current liabilities	16.66	17.33	0.67	4.02%
Total liabilities	1,794.51	2,615.82	821.31	45.77%
Total shareholders' equity	2,211.15	2,473.05	261.90	11.84%
Total liabilities and shareholders' equity	4,005.66	5,088.87	1,083.21	27.04%

Total Assets

The Company and its subsidiaries had total assets as at 31 March 2020 of THB 5,088.87million, an increase of THB 1,083.21 million from 31 December 2019 or 27.04%, due to as follows:

- (1) Trade and other accounts receivable decreased THB 26.39 million or 1.45%. The balance of trade accounts receivable which was overdue by over 6 months was THB 478.46 million, it has been collected in total of THB 58.02 million and the trade accounts receivable which was overdue by lower 6 months has been collected in total of THB 67.28 million (up to 13 May 2020). Although the balance of trade accounts receivable was the main balance in total current assets, the management still believes that the Company could collect debt from the main customers based on the past experience.

Moreover, the Company had 3 major overseas customers that have made contract to the debt repayment insurance with a local financial institution. At the present, it is in the process of determining to make contract to the debt repayment insurance for the rest of overseas customers with those financial institution and it is causing the Company to become more confident about debt repayment from debtors.

- (2) Other current financial assets increased THB 600.46 million due to the Company has issued the convertible debentures (Private Placement) to an institutional investor during this period in order to be used as working capital (Contents operation). As a reason for money management, the Company has invested some cash in low-risk funds (such as Krung Thai SS Fund, Thanachart Cash Management Fund and TMB Money Fund) to increase returns that was greater than depositing in the bank account.
- (3) Right-of-use assets increased THB 49.39 million according to the Company has to adopt the Thai Financial Reporting Standards 16 (TFRS 16) Lease that became effective in the current period (TFRS 16 Lease). This account was became from the rental of office building.
- (4) Advance payment for purchased program rights increase THB 514.99 million or 125.05% because of the payment for reservation in content rights to support the growth of the business amounting to THB 670.85 million and the acquisition of program rights by transfer from this account amounting to THB 155.86 million. The balance of this account can be categorized as follow: (1) Advance payment for extend the program rights amounting THB 49.84 million (2) Advance payment for reserve the program rights to sale in Thailand amounting to THB 52.52 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 824.45 million to support the growth of the export sales of program rights of the Company.
- (5) Program rights decreased THB 55.03 million or 3.80%. During this period, the Company had invested by purchase the content rights of THB 180.02 million that can be categorized as follow: (1) acquisition for extend the program rights amounting THB 17.23 million (2) Acquisition the program rights to sale in Thailand amounting to THB 8.30 million and (3) Acquisition the program rights to export sales amounting to THB 999.85 million. Moreover, the amortization expense was THB 154.67 million.

Total Liabilities

The Company and its subsidiaries had total liabilities as at 31 March 2020 of THB 2,601.71 million, an increase of THB 811.12 million or 45.30%. The Company has issued the convertible debentures (Private Placement) to the institutional investor that have to classified as the liabilities amounting to THB 1,004.92 million. Moreover, due to the fact that convertible debentures issued, the Company has sufficient capital and can repaid all short-term loan to the financial institution.

Shareholders' equity

As at 31 March 2020, the Company and its subsidiaries had total shareholders' equity of THB 2,487.16 million, an increase of THB 272.09 million. The increase was due to the normal operating profit of the Company and its subsidiaries amounting to THB 95.26 million. Moreover, the Company has issued the convertible debentures and have to classified the debentures' equity components of THB 176.83 million.

Furthermore, the Company registered the increase of the Company's registered share capital with from THB 324 million to THB 399 million to support the conversion rights of convertible debenture.

Liquidity and capital adequacy

As at 31 March 2020 and 31 December 2019, the current ratio of the Company and its subsidiaries are 2.28 times and 1.47 times, respectively, and the quick ratio are 1.65 times and 1.41 times, respectively. The main reason of the rise of those ratios is The Company's current assets exceed its current liabilities by a significant amount and the major components of current assets are accounts receivables and other receivables that the management still believes that the Company could collect debt from the main customers based on the past experience.

Moreover, the D/E ratio as at 31 March 2020 and 31 December 2019 are 1.05 times and 0.81 times, respectively, due to the increase of convertible debentures that was used as working capital.