



Management Discussion and Analysis of the Company's Performance
for the six-month period ended 30 June 2021

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

Baht Million	2021	2020	+ / (-)	+ / (-) %
Total revenues	900.34	916.67	(16.32)	(1.78%)
Total expenses	(614.60)	(606.22)	8.39	1.38%
Profit from operating activities	285.74	310.45	(24.71)	(7.96%)
Finance income	0.70	0.60	0.10	17.42%
Finance cost	(99.48)	(77.85)	21.64	27.79%
Income tax expenses	(26.93)	(52.95)	(26.03)	(49.15%)
Net profit	160.04	180.25	(20.22)	(11.22%)
Profit (loss) attributable to Non-controlling interests	(0.76)	-	(0.76)	100.00%
Profit attributable to owners of the parent company	160.79	180.25	(19.46)	(10.80%)
Net profit ratio (ROS)	17.77%	19.66%		
Earnings per share (Baht)	0.26	0.30	(0.04)	(13.33%)
Diluted earnings per share (Baht)	0.23	0.30	(0.07)	(23.33%)

Total Revenue

For the six-month period ended 30 June 2021, the Company and its subsidiaries earned a total revenue of THB 900.34 million, a decrease of THB 16.32 million or 1.78% from the same period of previous year. The total revenue of each operating segments for the six-month period ended 30 June 2021 of the Company and its subsidiaries had changed from the previous period of last year as follows (1) Revenue from sales of program rights decreased 3.32% (2) Revenue from advertising and media services decreased 7.12% (3) Revenue from sales of products increased 100% (4) Other income increased 14.56%.

Net profit

For the six-month period ended 30 June 2021, the Company and its subsidiaries had net profits of THB 160.04 million, a decrease of THB 20.22 million or 11.22% from the same period of previous year mainly due to finance cost for the six-month period ended 30 June 2021 increased by THB 21.64 million or 27.79% from the last year, especially from the increase in short-term and long-term loans from financial institution including the debentures issued during the period for the purpose of the acquisition of new business.

As a result of above reason, the net profit ratio (ROS) for the six-month period ended 30 June 2021 decreased from 19.66% to 17.77%. Moreover, the total expense to total revenue ratio increased from 11.64% to 14.75% since the higher expenses from online-advertising that had started from the last year. In the past, the Company focused on public relations in the form of organizing events and publishing-advertising.

About the earnings per share, when comparing the conversion price and the fair value of the Company's shares, the fair value was higher than the conversion price. (Based on the closing price of the Company's shares as at 30 June 2021 was 10.10 Baht per share, while the conversion price of the convertible debenture about 6.7 Baht per share). As a result, it is probable that the convertible debentures will be converted, the diluted earnings per share was calculated.

2. Summary of operating results by business type

Baht Million	2021	2020	+ / (-)	+ / (-) %
1. Content Business				
Revenue from sales of program rights	834.55	863.19	(28.64)	(3.32%)
- Domestic sales	489.16	627.15	(137.99)	(22.00%)
- Export sales	345.39	236.04	109.35	46.33%
Cost of program rights	(411.03)	(480.19)	(69.16)	(14.40%)
Gross profit of content business	423.51	383.00	40.52	10.58%
Gross profit margin	50.75%	44.37%		
2. Advertising and Media Business				
Revenue from services	12.84	13.82	(0.98)	(7.12%)
Cost of services	(65.71)	(19.36)	46.35	239.38%
Gross profit of advertising and media business	(52.88)	(5.54)	(47.34)	(853.81%)
Gross profit margin	(411.99%)	(40.12%)		
3. Product sales Business				
Revenue from sales of products	7.52	-	7.52	100.00%
Cost of product sales	(5.02)	-	5.02	100.00%
Gross profit of product sales business	2.50	-	2.50	100.00%
Gross profit margin	33.21%	-		
Total Gross profit	373.13	377.45	(4.32)	(1.14%)
Total Gross profit margin	43.65%	43.04%		

Content Business

For the six-month period ended 30 June 2021, the Company had revenue from program rights of THB 834.55 million which was composed of domestic sales amounting to THB 489.16 million and export sales about THB 345.39 million or accounted for 58.61% and 41.39% (2020: 72.65% and 27.35%) of total revenue from program rights, a reduction of THB 28.64 million or 3.32% from the same period of previous year. This was mainly due to the fact that the decline of orders from two major domestic customers, who broadcast via cable and satellite (Cabsat) and digital television system (DTT), but they reduced their orders in this period because the license period of program rights were not expired and there were still enough to

be broadcasted on their channels. On the other hand, there was one major customer who broadcast via digital television system (DTT) had more transaction with the Company in this period because the license period of old program rights were expired and then returned to purchase from the Company again.

As a result of expanding overseas markets by extended the rights to Egypt, Brunei and Sri Lanka, the export sales increased in the amount of THB 109.35 million or 46.33%.

<i>Baht Million</i>	2021	2020	+/(-)	+/(-)%
<i>Rights to broadcast only one platform</i>				
<i>DTT</i>	266.32	43.09	223.23	518.06%
<i>Cabsat</i>	26.84	122.40	(95.56)	(78.07%)
<i>VOD</i>	0.24	67.84	(67.60)	(99.65%)
<i>Subtotal</i>	293.40	233.33	60.07	25.74%
<i>Rights to broadcast more than one platform</i>				
<i>DTT, Cabsat</i>	168.70	6.47	162.23	2,507.42%
<i>DTT, Cabsat, VOD</i>	-	247.48	(247.48)	(100.00%)
<i>DTT, VOD</i>	27.04	125.70	(98.66)	(78.49%)
<i>Cabsat, VOD</i>	345.41	250.21	95.20	38.05%
<i>Subtotal</i>	541.15	629.86	(88.71)	(14.08%)
<i>Total revenue from sales of program rights by platform</i>	834.55	863.19	(28.64)	(3.32%)

Considering revenue from program rights based on type of platform given to the customer, the revenue from sales the program rights that broadcast only one platform on digital television (DTT) increased from the same period of previous year due to the Company had major transactions with a major customer who broadcasts via digital television system (DTT) since the license period of old program rights were expired. By the way, the revenue from sales the program rights to broadcast more than one platform, especially the sales of program rights which can broadcast on digital television, Cable and satellite and the Internet (DTT, Cabsat, VOD), decreased mainly due to one of the major customer had large transactions in last year and the license period of program rights were not expired and there were still enough to be broadcasted on their channels. As a result, this revenue from sales of this type decreased.

Even though the revenue from program rights decreased from the same period of previous year, the backlog as of 30 June 2021 of THB 786.13 million which is composed of THB 75.60 million for the domestic sales and THB 710.53 million or USD 22.29 million for the export sales. The outstanding backlog of this period increased from the backlog as of 30 June 2020, which was valued at THB 334.69 million (domestic was THB 198.13 million and export was THB 136.56 million or USD 4.42 million).

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the six-month period ended 30 June 2021 and 2020, costs of program rights business totaled THB 411.03 million and THB 480.19 million, respectively, an decrease of 14.40%. As a result of the average license period increased from 3 years to 5 - 7 years, the decrease of amortization and costs of program rights.

The Company earned gross profits from program rights business for the six-month period ended 30 June 2021 and 2020 in a total of THB 423.51 million and THB 383.00 million, respectively, an increase of 10.58%. The gross profit margin for the six-month period ended 30 June 2021 and 2020 was 50.75% and 44.37%, respectively. This was mainly due to the decline of costs of program rights as mention above.

Advertising and Media Business

Advertising income is the income from the service by provide time to displaying the advertisement on the following platforms

- channel named “JKN Dramax” that broadcast through Cable and satellite TV station (Broadcast until October 2020).
- channel named “JKN TV” that broadcast through Cable and satellite TV station (Start broadcast from October 2020 and will be stopped in the beginning of May 2021).
- channel named “JKN 18” that broadcast through digital TV station or known as NEW18 in the past (rental air time for 1 month in March 2021 and acquire the whole station to operate by the Company since April 2021)
- available time during news programs under the brand JKN-CNBC and JKN NEWS that broadcast through digital TV station.

For the six-month period ended 30 June 2021, the Company and its subsidiaries earned service income totaled THB 12.84 million, a decrease of THB 0.98 million or 7.12% from the same period of previous year due to the impact of Coronavirus disease 2019 pandemic that spread directly and indirectly to the various businesses in the country. Therefore, many companies in the country have been reduced their advertising expense to control the budget. Moreover, the Company acquired JKN 18 channel, formally known as New 18, in the second quarter of 2021 in which the broadcast schedules are currently rearranged to build more interest and channel's rating.

Product Sales Business

The income from product sales contains the sales of nutritional supplement products, healthy drinks and cosmetics which had been distributed since April 2021.

For the six-month period ended 30 June 2021, the Company and its subsidiaries earned revenue from product sales business of Baht 7.52 million which comprise the nutritional supplement products and cosmetic of Baht 2.80 million and healthy drinks of Baht 4.72 million.

Other Income and finance income

Other income of the Company and its subsidiaries consists of agent fee income (service income by distributes Thai contents to the worldwide), 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 six-month

period ended 30 June 2021, other income and finance income totaled THB 46.14 million, a increase of THB 5.88 million.

As a result of the fact that the Thai Baht value gradually depreciated against US Dollar during the period comparing to the same period from the last year, resulting in gain on exchange rate increased.

In addition, the Company was well aware of the risk of exchange rate fluctuation and then the Company opening a credit limit for the forward contract to prevent such risks.

Expenses

Selling and service Expenses

<i>Baht Million</i>	<i>2021</i>	<i>2020</i>	<i>+/(-) </i>	<i>+/(-) %</i>
<i>Event expenses</i>	0.15	0.01	0.14	1,372.24%
<i>Advertising and marketing expenses</i>	23.21	7.43	15.78	212.40%
<i>Others</i>	6.11	3.40	2.71	79.64%
<i>Selling and service expenses</i>	29.47	10.84	18.63	171.83%

Selling and service expense for the six-month period ended 30 June 2021 totaled THB 29.47 million, a increase of THB 18.63 million or 171.83% from the same period of previous year since the higher expenses from online-advertising that had started from the last year. In the past, the Company focused on public relations in the form of organizing events and publishing-advertising. Since the occurrence of Coronavirus disease 2019 pandemic (COVID-19) situation, the event to promote the contents had to be stopped and postponed. In addition, the Company and its subsidiaries had launched the distribution of all products since April 2021, therefore the advertising media had been publicized the Company's products to raise brand awarenesss to the consumers.

Administrative Expenses

<i>Baht Million</i>	<i>2021</i>	<i>2020</i>	<i>+/(-) </i>	<i>+/(-) %</i>
<i>Employee and executive expenses</i>	48.73	58.26	(9.53)	(16.35%)
<i>Advisor expenses</i>	7.07	3.81	3.26	85.49%
<i>Allowance for expected credit loss</i>	8.84	6.07	2.77	45.57%
<i>Loss on revalue of financial asset</i>	2.10	2.18	(0.08)	(3.69%)
<i>Others</i>	36.63	25.50	11.13	43.65%
<i>Administrative expenses</i>	103.37	95.82	7.55	7.88%

Administrative expense for the six-month period ended 30 June 2021 totaled THB 103.37 million, a increase of THB 7.55 million or 7.88% from the same period of previous year. This was due to to (1) Increase of consultation fee mainly from the acquisition of business and legal fee to provide the review of purchase and sales agreement of content. (2) Increase of allowance for expected credit loss, since the Company had changed the method of estimation this expense to be in line with new financial reporting standards that was effective in the beginning of last year and resulting to recognised loss more than this period. (As at 14 May 2021, the Company received payment from the customer in the amount of THB 56.84

million). (3) Increase of depreciation and amortization expense which mainly from property and equipment and intangible assets which obtained as at business acquisition date.

Financial Costs

For the six-month period ended 30 June 2021, the Company had financial costs in total of THB 99.78 million, an increase of THB 21.64 million or 27.79% from the same period of previous year according to the rise of balance of debentures, short-term and long-term loan from financial institution that the Company had entered into these agreement April 2021.

3. Summary of financial position of the group

Baht Million	31 Jun 2021	31 Dec 2020	+/(-)	+/(-)%
Assets				
Cash, Cash equivalents	267.99	807.09	(539.11)	(66.80%)
Trade and other accounts receivable	1,859.12	1,512.66	346.46	22.90%
Other current financial assets	0.17	0.17	-	-
Other current assets	213.90	145.18	68.72	47.33%
Plant property and equipment	242.53	64.43	178.10	276.43%
Right-of-use assets	38.58	41.13	(2.55)	(6.21%)
Cost of spectrum license	279.15	-	279.15	100.00%
Advance payment for purchased program rights	229.73	383.87	(154.14)	(40.15%)
Program rights	3,244.04	2,714.34	529.70	19.51%
Goodwill	687.16	-	687.16	100.00%
Other non-current assets	110.01	50.98	59.04	115.81%
Total assets	7,172.38	5,719.85	1,452.53	25.39%
Liabilities				
Short-term loan from financial institution	98.47	-	98.47	100.00%
Trade and other accounts payable	632.71	164.01	468.71	285.79%
Current portion of long-term loan from financial institution	243.97	127.80	116.17	90.90%
Current portion of debentures	129.97	398.75	(268.79)	(67.41%)
Current portion of lease liabilities	12.88	11.38	1.50	13.22%
Current portion of liabilities under the transfer of claims agreement	59.28	-	59.28	100.00%
Other current liabilities	35.93	69.19	(33.26)	(48.07%)
Convertible debentures - liability component	1,009.11	1,007.63	1.48	0.15%
long-term loan from financial institution - net of current portion	511.09	287.00	224.09	78.08%
Debentures - net of current portion	1,586.95	990.57	596.38	60.21%
Long-term lease liabilities - net of current portion	33.14	34.35	(1.21)	(3.52%)
liabilities under the transfer of claims agreement - net of current portion	118.47	-	118.47	100.00%
Other non-current liabilities	21.54	19.34	2.20	11.40%
Total liabilities	4,493.49	3,109.99	1,383.50	44.49%
Shareholders' equity				
Equity attributable to owners of the Company	2,662.65	2,609.86	52.79	2.02%
Non-controlling interests of the subsidiary	16.24	-	16.24	100.00%
Total shareholders' equity	2,678.89	2,609.86	69.04	2.65%
Total liabilities and shareholders' equity	7,172.38	5,719.85	1,452.53	25.39%

Total Assets

The Company and its subsidiaries had total assets as at 30 June 2021 of THB 7,172.38 million, an increase of THB 1,452.53 million from 31 December 2020 or 25.39%, due to as follows:

- (1) Cash and cash equivalents decreased THB 539.11 million or 66.80%. There were net cash used in operating activities amounting to THB 9.42 million and net cash used in investing activities amounting to THB 1,174.06 million, which was mostly composed of payment for acquired new business which is JKN 18, formally known as New 18, purchased program rights and dividend payment to shareholders. On the other hand, there was net cash flow from financing activities THB 629.77 million which mainly came from short-term and long-term loan from financial institution including the debenture issued during the period. In addition, when considering the separate financial statements, it is found that the Company invested in a subsidiary company, which was newly incorporated in Thailand to production and distribution of non-alcoholic beverages, totaling THB 27 million. The amount of share invested was 51%. (this represents an investment in ordinary shares of Baht 17 million and a capital surplus of THB 10 million)
- (2) Trade and other accounts receivable increased THB 346.36 million or 22.90%. The balance of trade accounts receivable which was overdue by over 6 months was THB 225.38 million, it has been collected in total of THB 49.73 million and the trade accounts receivable which was overdue by lower 6 months has been collected in total of THB 7.10 million (up to 9 August 2021). 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.
- (3) Plant property and equipment significantly increased by THB 178.10 million or 276.43% which mainly due to plant property and equipment received at the business acquisition date of JKN 18, formally known as New 18. In addition, the depreciation expense was THB 14.76 million.
- (4) Advance payment for purchased program rights decrease THB 154.14 million or 40.15% because of the payment for reservation in content rights to support the growth of the business amounting to THB 384.44 million and the acquisition of program rights by transfer from this account amounting to THB 537.56 million. The balance of this account can be categorized as follow: (1) Advance payment for extend the program rights amounting THB 0.09 million (2) Advance payment for reserve the program rights to sale in Thailand amounting to THB 18.35 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 211.29 million to support the growth of the export sales of program rights of the Company.
- (5) Program rights increased THB 529.70 million or 19.51%. During this period, the Company had invested by purchase the program rights of THB 927.07 million that can be categorized as follow: (1) Acquisition the program rights to sale in Thailand amounting to THB 208.70 million

and (2) Acquisition the program rights to export sales amounting to THB 718.37 million to support the growth of the export sales of program rights both in Southeast Asia including South Asia. Moreover, the amortization expense was THB 397.37 million.

- (6) Cost of spectrum license increased THB 279.15 million or 100% mainly from the acquisition of right to use spectrum and operate television business to provide digital terrestrial television network service, which obtained as at business acquisition date from JKN 18, formally known as New 18. Moreover, there was the amortization expense of THB 7.82 million during the period.
- (7) Goodwill increased THB 687.16 million from the business acquisition of JKN 18, formally known as New 18. Presently the Company is currently in the process of valuation of the fair value of the assets acquired and liabilities received as at the acquisition date. This valuation is currently in the process of being prepared, which will be completed within the period of 12 months from the date of acquisition as stipulated in the financial reporting standards

Total Liabilities

The Company and its subsidiaries had total liabilities as at 30 June 2021 of THB 4,493.49 million, an increase of THB 1,383.50 million or 44.49% which mainly due to the following reasons (1) An increase in balance of trade and other accounts payable, especially creditors arising from the purchased of program rights amounting to THB 477.50 million. Normally, the Company had to made an advance payment for the purchased program rights before downloaded. However, the Company was able to negotiate with some licensor in order to credit for payments in this period, the balance of trade payable increased. (2) An increase in short-term loan and long-term loan from financial institution, including debentures issuance during the period in purpose of business acquisition of JKN 18, formally known as New 18.

Shareholders' equity

As at 30 June 2021, the Company and its subsidiaries had total shareholders' equity of THB 2,678.89 million which consist of equity attributable to owners of the Company and Non-controlling interests of the subsidiary amounting to THB 2,662.65 million and THB 16.24 million, respectively, an increase of THB 69.04 million. The increase was due to the normal operating profit of the Company and its subsidiaries amounting to THB 160.04 million, the Company's other comprehensive income about THB 17.72 million and an arising of non-controlling interests of the subsidiary due to investment in a subsidiary amounting to THB 17.00 million.

During the second quarter of the current year, the Company has paid dividend from the profit for the year 2020 of THB 0.2070 per shares, or a total of THB 125.7 million according to the Company's dividend declaration.

Liquidity and capital adequacy

As at 30 June 2021 and 31 December 2020, the current ratio of the Company and its subsidiaries were 1.93 times and 3.20 times, respectively, and the quick ratio were 1.75 times and 3.01 times, respectively. The main reason of the drop of those ratios was an arising of current liabilities. The major components of current liabilities is trade and other accounts payable, current portion from short-term loan and long-term loan from financial institution as described above. Nevertheless, the management still believes that the Company could collect debt from the main customers based on the past experience.

Moreover, the Debt to Equity ratio (D/E ratio) as at 30 June 2021 and 31 December 2020 were 1.69 times and 1.19 times, respectively, due to the creditors arising from the purchased of program rights and from short-term loan and long-term loan from financial institution, including debentures issuance during the period in purpose of business acquisition of JKN 18, formally known as New 18.