



Management Discussion and Analysis of the Company's Performance
for the six-month period ended 30 June 2020

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

<i>Baht Million</i>	2020	2019	+/-	+/- %
<i>Total revenues</i>	916.67	869.98	46.69	5.37%
<i>Profit from operating activities</i>	310.45	233.60	76.85	32.90%
<i>Finance cost</i>	77.85	41.36	36.49	88.23%
<i>Income tax expenses</i>	52.95	42.24	10.71	25.36%
Net profit	180.25	150.12	30.13	20.07%
<i>Net profit ratio (ROS)</i>	19.66%	17.26%		
<i>Earnings per share (Baht)</i>	0.30	0.25	0.05	20.07%

Total Revenue

For the six-month period ended 30 June 2020, the Company and its subsidiaries earned a total revenue of THB 916.67 million, an increase of THB 46.69 million or 5.37% from the same period of previous year. The total revenue of each operating segments for the six-month period ended 30 June 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 1.21% (2) Revenue from advertising and media services increased 866.43% (3) there is no revenue from sales of products and (4) Other income increased 581.44%.

Net profit

For the six-month period ended 30 June 2020, the Company and its subsidiaries had net profits of THB 180.25 million, an increase of THB 30.13 million or 20.07% from the same period of previous year because of the total revenue for the six-month period ended 30 June 2020 increased 5.37% 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 six-month period ended 30 June 2020 increased from 17.26% to 19.66%. Moreover, the total expense to total revenue ratio decreased from 16.93% in the first half-year 2019 to 11.64% in the same period of 2020.

2. Summary of operating results by business type

Baht Million	2020	2019	+ / (-)	+ / (-) %
1. Content Business				
Revenue from sales of program rights	863.19	852.86	10.33	1.21%
- Domestic sales	627.15	574.27	52.88	9.21%
- Export sales	236.04	278.59	(42.55)	(15.27%)
Cost of program rights	480.19	477.08	3.11	0.65%
Gross profit of content business	383.00	375.78	7.22	1.92%
Gross profit margin	44.37%	44.06%		
2. Advertising and Media Business				
Revenue from services	13.82	1.43	12.39	866.43%
Cost of services	19.36	8.31	11.05	132.97%
Gross profit of advertising and media business	(5.54)	(6.88)	1.34	(19.48%)
Gross profit margin	(40.09%)	(481.12%)		
3. Product sales Business				
Revenue from sales of products	-	9.87	(9.87)	(100.00%)
Cost of product sales	-	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	377.46	375.02	2.44	0.65%
Total Gross profit margin	43.04%	43.40%		

Content Business

For the six-month period ended 30 June 2020, the Company had revenue from program rights of THB 863.19 million which was composed of domestic sales amounting to THB 627.15 million and export sales about THB 236.04 million or accounted for 72.65% and 27.35% of total revenue from program rights, an increase of THB 10.33 million or 1.21% from the same period of previous year.

ล้านบาท	2563	2562	+/(-)	+/(-%)
<i>Rights to broadcast only one platform</i>				
<i>DTT</i>	43.09	199.54	(156.45)	(78.41%)
<i>Cabsat</i>	122.40	58.89	63.51	107.85%
<i>VOD</i>	67.84	249.95	(182.11)	(72.86%)
<i>Ancillary</i>	-	0.32	(0.32)	(100.00%)
<i>Subtotal</i>	233.33	508.70	(275.37)	(54.13%)
<i>Rights to broadcast more than one platform</i>				
<i>DTT, Cabsat</i>	6.47	211.44	(204.97)	(96.94%)
<i>DTT, Cabsat, VOD</i>	247.48	16.70	230.78	1,381.92%
<i>DTT, Cabsat, Home, Cinema</i>	-	1.74	(1.74)	(100.00%)
<i>DTT, Cabsat, VOD, Home, Cinema</i>	-	0.46	(0.46)	(100.00%)
<i>DTT, VOD</i>	125.70	-	125.70	100.00%
<i>Cabsat, VOD</i>	250.21	96.19	154.02	160.12%
<i>VOD, Home</i>	-	17.63	(17.63)	(100.00%)
<i>Subtotal</i>	629.86	344.16	285.70	83.01%
<i>Total revenue from sales of program rights by platform</i>	863.19	852.86	10.33	1.21%

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) and internet or video system (VOD) decreased from the same period of previous year due to the most customer of last year had only one platform to broadcast the contents in last year while the customers of this year has more than one platform to broadcast the contents. As a result, the revenue from sales of program rights which can broadcast on both digital television, Cable and satellite and the Internet (DTT, Cabsat, VOD) increased. For the reason of reduction of revenue from sale the program rights that broadcast on both digital television and cable and satellite (DTT, Cabsat), the customers have turned to buy the right to broadcast via cable and satellite and internet (Cabsat, VOD) instead. Moreover, the demand on program rights on DVDs or Home entertainment was in downtrend and becoming obsolete, causing customers to no longer have to buy this type of rights.

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the six-month period ended 30 June 2020 and 2019, costs of program rights business totaled THB 480.19 million and THB 477.08 million, respectively, an increase of 0.65%.

The Company earned gross profits from program rights business for the six-month period ended 30 June 2020 and 2019 in a total of THB 383.00 million and THB 375.78 million, respectively, an increase of 1.92%. The gross profit margin for the six-month period ended 30 June 2020 and 2019 was 44.37% and 44.06%, respectively.

In addition, the Company has an outstanding backlog as of 30 June 2020 of THB 334.69 million which is composed of THB 198.13 million for the domestic sales and THB 136.56 million or USD 4.42 million for the export sales.

Advertising and Media Business

For the six-month period ended 30 June 2020, the Company and its subsidiaries earned service income totaled THB 13.82 million, an increase of THB 12.39 million or 866.43% 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 six-month period ended 30 June 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 six-month period ended 30 June 2020, other income and finance income totaled THB 40.26 million, an increase of THB 34.31 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>2020</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Expense from Event</i>	0.01	2.68	(2.67)	(99.63%)
<i>Advertising and marketing expenses</i>	7.43	6.41	1.02	15.91%
<i>Others</i>	3.40	4.55	(1.15)	(25.27%)
<i>Selling and service expenses</i>	10.84	13.64	(2.80)	(20.53%)

For the six-month period ended 30 June 2020, selling and service expenses decreased THB 2.80 million or 20.53% from the same period of previous year because there was the Coronavirus disease 2019

pandemic (COVID-19) situation in the first half-year 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>2020</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	58.26	64.25	(5.99)	(9.32%)
<i>Advisor expenses</i>	3.81	7.85	(4.04)	(51.46%)
<i>Loss on exchange rate</i>	-	42.47	(42.47)	(100.00%)
<i>Reserve for Doubtful Debts</i>	6.07	-	6.07	100.00%
<i>Others</i>	27.68	19.04	8.64	45.38%
<i>Administrative expenses</i>	95.82	133.61	(37.79)	(28.28%)

Administrative expense for the six-month period ended 30 June 2020 totaled THB 95.82 million, a decrease of THB 37.79 million or 28.28% from the same period of previous year. This was due to (1) Drop of loss on exchange rate of THB 42.47 million due to the fact that the Thai Baht value depreciated against US Dollar and the Company had the foreign trade receivables about USD 17.01 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 5.99 million or 9.32%. and (3) Rise of allowance for doubtful accounts, the Company setup THB 6.07 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 14 August 2020, the Company received payment from the customer in the amount of THB 284.12 million).

Financial Costs

For the six-month period ended 30 June 2020, the Company had financial costs in total of THB 77.85 million, an increase of THB 36.49 million or 88.23% from the same period of previous year according to the rise of balance of long-term loan from financial institution and convertibled debentures.

3. Summary of financial position of the group

Baht Million	30 June 2020	31 Dec 2019	+ / (-)	+ / (-) %
Assets				
Cash, Cash equivalents and current investments	574.31	116.94	457.37	391.12%
Trade and other accounts receivable	1,747.14	1,816.20	(69.06)	(3.80%)
Current investment and other current financial assets	100.59	0.16	100.43	62,768.75%
Other current assets	119.93	90.57	29.36	32.42%
Right-of-use assets	46.64	-	46.64	100.00%
Advance payment for purchased program rights	1,269.61	411.82	857.79	208.29%
Program rights	1,425.16	1,447.10	(21.94)	(1.52%)
Other non-current assets	116.18	122.87	(6.69)	(5.44%)
Total assets	5,399.56	4,005.66	1,393.90	34.80%
Liabilities				
Short-term loan from financial institutions	-	300.00	(300.00)	(100.00%)
Current portion of long-term loan from financial institution	127.80	-	127.80	100.00%
Current portion of debentures	758.70	893.34	(134.64)	(15.07%)
Current portion of lease liabilities	10.22	3.92	6.30	160.71%
Other current liabilities	209.91	177.05	32.86	18.56%
Convertible debentures - liability component	1,006.17	-	1,006.17	100.00%
Long-term loan from financial institution - net of current portion	350.90	-	350.90	100.00%
Debentures - net of current portion	397.02	395.41	1.61	0.41%
Long-term lease liabilities - net of current portion	37.01	4.21	32.80	779.10%
Other non-current liabilities	17.98	16.66	1.32	7.92%
Total liabilities	2,915.71	1,790.59	1,125.12	62.84%
Total shareholders' equity	2,483.85	2,215.07	268.78	12.13%
Total liabilities and shareholders' equity	5,399.56	4,005.66	1,393.90	34.80%

Total Assets

The Company and its subsidiaries had total assets as at 30 June 2020 of THB 5,399.56 million, an increase of THB 1,393.90 million from 31 December 2019 or 34.80%, due to as follows:

- (1) Trade and other accounts receivable decreased THB 69.60 million or 3.80%. The balance of trade accounts receivable which was overdue by over 6 months was THB 329.18 million, it has been collected in total of THB 158.03 million and the trade accounts receivable which was overdue by lower 6 months has been collected in total of THB 126.39 million (up to 14 August

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.

During the first quarter of the current year, the Company has entered into partial debt payment insurance agreements for 3 of these debtors 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 100.43 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 46.64 million according to the Company has to adopt the Thai Financial Reporting Standards 16 Leases (TFRS 16) that became effective in the current period. This account was became from the rental of office building.
- (4) Advance payment for purchased program rights increase THB 857.79 million or 208.29% because of the payment for reservation in content rights to support the growth of the business amounting to THB 1,280.64 million and the acquisition of program rights by transfer from this account amounting to THB 421.82 million. The balance of this account can be categorized as follow: (1) Advance payment for extend the program rights amounting THB 29.53 million (2) Advance payment for reserve the program rights to sale in Thailand amounting to THB 47.81 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 1,192.28 million to support the growth of the export sales of program rights of the Company.
- (5) Program rights decreased THB 21.94 million or 1.52%. During this period, the Company had invested by purchase the content rights of THB 445.06 million that can be categorized as follow: (1) acquisition for extend the program rights amounting THB 24.26 million (2) Acquisition the program rights to sale in Thailand amounting to THB 6.95 million and (3) Acquisition the program rights to export sales amounting to THB 412.85 million. Moreover, the amortization expense was THB 467.00 million.

Total Liabilities

The Company and its subsidiaries had total liabilities as at 30 June 2020 of THB 2,915.71 million, an increase of THB 1,125.12 million or 62.84%. 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 and entered into a long-term loan agreement with a financial institution amounting to THB 500.00 million. Moreover, due to the fact that convertible debentures issued and entered to the long-term loan, the Company has sufficient capital and can repaid all short-term loan to the financial institution and repaid some debentures during this period.

Shareholders' equity

As at 30 June 2020, the Company and its subsidiaries had total shareholders' equity of THB 2,483.85 million, an increase of THB 268.78 million. The increase was due to the normal operating profit of the Company and its subsidiaries amounting to THB 180.25 million. Moreover, the Company has issued the convertible debentures and have to classified the debentures' equity components of THB 176.83 million.

During the second quarter of the current year, the Company has paid dividend from the profit for the year 2019 of THB 0.2025 per shares, or a total of THB 109.4 million which comprised by (1) cash dividend of Baht 0.14 per share or a total of THB 75.6 million and (2) stock dividend at a rate of 1 dividend share for every 8 shares held total stock dividend 67,500,000 shares at par value of THB 0.5 each, or a total of THB 33.75 million.

Furthermore, the Company registered the increase of the Company's registered share capital with from THB 324 million to THB 451.4 million to support the stock dividend, the exercise of warrants and the conversion rights of convertible debentures.

Liquidity and capital adequacy

As at 30 June 2020 and 31 December 2019, the current ratio of the Company and its subsidiaries are 2.30 times and 1.47 times, respectively, and the quick ratio are 2.10 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 30 June 2020 and 31 December 2019 are 1.17 times and 0.81 times, respectively, due to the increase of convertible debentures and long-term loan from financial institution that was used as working capital.