



Management Discussion and Analysis of the Company's Performance
for the year ended 31 December 2020

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

Baht Million	2020	2019	+/-	+/- %
Total revenues	1,701.74	1,710.28	(8.54)	(0.50%)
Total expenses	(1,143.30)	(1,297.82)	(154.52)	(11.91%)
Profit from operating activities	558.44	412.46	145.98	35.39%
Finance income	1.27	0.47	0.80	170.21%
Finance cost	(159.33)	(94.72)	64.61	68.21%
Income tax expenses	(87.90)	(65.40)	22.50	34.40%
Net profit	312.47	252.81	59.66	23.60%
Net profit ratio (ROS)	18.36%	14.78%		
Earnings per share (Baht)	0.51	0.42	0.09	21.43%
Diluted earnings per share (Baht)	0.44	0.42	0.02	4.76%

Total Revenue

For the year ended 31 December 2020, the Company and its subsidiaries earned a total revenue of THB 1,701.74 million, a decrease of THB 8.54 million or 0.50% from the last year. The total revenue of each operating segments for the year ended 31 December 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 decreased 0.82% (2) Revenue from advertising and media services decreased 37.61% (3) there is no revenue from sales of products and (4) Other income increased 200.65%.

Net profit

For the year ended 31 December 2020, the Company and its subsidiaries had net profits of THB 312.47 million, an increase of THB 59.66 million or 23.60% from the last year mainly due to the total expenses for the year ended 31 December 2020 decreased 11.91% from the last year, especially the drop of cost of content. Moreover, the Thai Baht value depreciated against US Dollar during the first-half 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 year ended 31 December 2020 increased from 14.78% to 18.36%. Moreover, the total expense to total revenue ratio decreased from 17.47% to 13.59%.

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 December 2020 was 7.7 Baht per share, while the conversion price of the convertible debenture about 6.9 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	2020	2019	+ / (-)	+ / (-) %
1. Content Business				
Revenue from sales of program rights	1,628.34	1,641.82	(13.48)	(0.82%)
- Domestic sales	963.72	1,123.83	(160.11)	(14.25%)
- Export sales	664.62	517.99	146.63	28.31%
Cost of program rights	(869.52)	(966.52)	(97.00)	(10.04%)
Gross profit of content business	758.82	675.30	83.52	12.37%
Gross profit margin	46.60%	41.13%		
2. Advertising and Media Business				
Revenue from services	27.04	43.34	(16.30)	(37.61%)
Cost of services	(42.57)	(28.89)	13.68	47.35%
Gross profit of advertising and media business	(15.53)	14.45	(29.98)	(207.47%)
Gross profit margin	(57.43%)	33.34%		
3. Product sales Business				
Revenue from sales of products	-	9.70	(9.70)	(100.00%)
Cost of product sales	-	(3.67)	(3.67)	(100.00%)
Gross profit of product sales business	-	6.03	(6.03)	(100.00%)
Gross profit margin	-	62.16%		
Total Gross profit	743.29	695.78	47.51	6.83%
Total Gross profit margin	44.90%	41.05%		

Content Business

For the year ended 31 December 2020, the Company had revenue from program rights of THB 1,628.34 million which was composed of domestic sales amounting to THB 963.72 million and export sales about THB 664.62 million or accounted for 59.18% and 40.82% (2019: 68.45% and 31.55%) of total revenue from program rights, a reduction of THB 13.48 million or 0.82% from the last 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 internet or video system (VOD), but there were no orders in this year 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 year because there was the Coronavirus disease 2019 pandemic (COVID-19) situation and affect them to find lots of content to broadcast instead of their own TV shows.

As a result of expanding overseas markets by extended the rights to Bhutan, Sri Lanka, South Africa, United Arab Emirates, Bangladesh and Latin American, the export sales increased in the amount of THB 146.63 million or 28.31%.

Baht Million	2020	2019	+ / (-)	+ / (-) %
--------------	------	------	---------	-----------

<i>Rights to broadcast only one platform</i>				
<i>DTT</i>	184.83	289.83	(105.00)	(36.23%)
<i>Cabsat</i>	123.65	163.22	(39.57)	(24.24%)
<i>VOD</i>	64.17	697.49	(633.32)	(90.80%)
<i>Ancillary</i>	-	0.32	(0.32)	(100.00%)
<i>Subtotal</i>	372.65	1,150.86	(778.21)	(67.62%)
<i>Rights to broadcast more than one platform</i>				
<i>DTT, Cabsat</i>	4.03	240.89	(236.86)	(98.33%)
<i>DTT, Cabsat, VOD</i>	327.70	21.76	305.94	1,405.97%
<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, Cabsat, VOD, Home, Ancillary</i>	0.36	-	0.36	100.00%
<i>DTT, VOD</i>	240.56	-	240.56	100.00%
<i>Cabsat, VOD</i>	683.04	207.90	475.14	228.54%
<i>VOD, Home</i>	-	18.21	(18.21)	(100.00%)
<i>Subtotal</i>	1,255.69	490.96	764.73	155.76%
<i>Total revenue from sales of program rights by platform</i>	1,628.34	1,641.82	(13.48)	(0.82%)

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 last 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.

Even though the revenue from program rights decreased from last year, the backlog as of 31 December 2020 of THB 839.52 million which is composed of THB 210.20 million for the domestic sales and THB 629.32 million or USD 20.97 million for the export sales. The outstanding backlog of this period increased from the backlog as of 30 September 2020, which was valued at THB 300.03 million (domestic was THB 156.31 million and export was THB 143.72 million or USD 4.54 million). Moreover, there was deferred revenue that will be recognized as revenue in the next quarter of approximately THB 35.66 million.

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the year ended 31 December 2020 and 2019, costs of program rights business totaled THB 869.52 million and THB 966.52 million, respectively, an decrease of 10.04%. 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 year ended 31 December 2020 and 2019 in a total of THB 758.82 million and THB 675.30 million, respectively, an increase of 12.37%. The gross profit margin for the year ended 31 December 2020 and 2019 was 46.60% and 41.13%, 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 (Broadcasting from October 2020 onwards).
- available time during news programs under the brand JKN-CNBC and JKN NEWS that broadcast through digital TV station.
- the subsidiaries' website which domain name is www.jkncnbc.com

For the year ended 31 December 2020, the Company and its subsidiaries earned service income totaled THB 27.04 million, a decrease of THB 16.30 million or 37.61% from the last 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. As a result of the declining of television advertising budgeting and the situation of the COVID-19 epidemic, which affect the most of entrepreneur to reduce their spending in advertisement.

Product Sales Business

The income from product sales contains the sales of home entertainment products, DVD Blu-ray and box-set collection, etc.

For the year ended 31 December 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 (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 year ended 31 December 2020, other income and finance income totaled THB 47.63 million, an increase of THB 31.74 million. The mainly reason was 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.

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>2020</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Event expenses</i>	1.71	10.57	(8.86)	(83.82%)
<i>Advertising and marketing expenses</i>	33.51	29.91	3.60	12.04%
<i>Others</i>	6.24	7.08	(0.84)	(11.86%)
<i>Selling and service expenses</i>	41.46	47.56	(6.10)	(12.83%)

For the year ended 31 December 2020, selling and service expenses decreased THB 6.10 million or 12.83% from the last year because there was the Coronavirus disease 2019 pandemic (COVID-19) situation during the year 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>2020</i>	<i>2019</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	97.99	132.66	(34.67)	(26.13%)
<i>Advisor expenses</i>	5.78	14.05	(8.27)	(58.86%)
<i>Loss on exchange rate</i>	-	34.88	(34.88)	(100.00%)
<i>Reserve for Doubtful Debts</i>	30.60	21.65	8.95	41.34%
<i>Others</i>	55.39	47.94	7.45	15.54%
<i>Administrative expenses</i>	189.76	251.18	(61.42)	(24.45%)

Administrative expense for the year ended 31 December 2020 totaled THB 189.76 million, a decrease of THB 61.42 million or 24.45% from the last year. This was due to (1) Drop of loss on exchange rate of THB 34.88 million due to the fact that the Thai Baht value depreciated against US Dollar and the Company had the foreign trade receivables about USD 22.87 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 34.67 million or 26.13%. (3) Drop of advisor expenses, which consist of auditor fee and legal fee, of THB 8.27 million. As a result of legal consultant to proceed the sales contract for the content export during the start-up period in last year, the Company had lots of the legal fee in last year and it was decreased in this year. and (4) Rise of allowance for doubtful accounts, the Company setup THB 8.95 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 24 February 2021, the Company received payment from the customer in the amount of THB 79.30 million).

Financial Costs

For the year ended 31 December 2020, the Company had financial costs in total of THB 159.33 million, an increase of THB 64.61 million or 68.21% from the last year according to the rise of balance of long-term loan from financial institution and convertible debentures.

3. Summary of financial position of the group

Baht Million	31 Dec 2020	31 Dec 2019	+/(-)	+/(-)%
Assets				
Cash, Cash equivalents and current investments	807.09	116.94	690.15	590.17%
Trade and other accounts receivable	1,512.66	1,816.20	(303.54)	(16.71%)
Current investment and other current financial assets	0.17	0.16	0.01	6.25%
Other current assets	145.18	90.57	54.61	60.30%
Right-of-use assets	41.13	-	41.13	100.00%
Advance payment for purchased program rights	383.87	411.82	(27.95)	(6.79%)
Program rights	2,714.34	1,447.10	1,267.24	87.57%
Other non-current assets	115.41	122.87	(7.46)	(6.07%)
Total assets	5,719.85	4,005.66	1,714.19	42.79%
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	398.75	893.34	(494.59)	(55.36%)
Current portion of lease liabilities	11.38	3.92	7.46	190.31%
Other current liabilities	233.19	177.05	56.14	31.71%
Convertible debentures - liability component	1,007.63	-	1,007.63	100.00%
long-term loan from financial institution - net of current portion	287.00	-	287.00	100.00%
Debentures - net of current portion	990.57	395.41	595.16	150.52%
Long-term lease liabilities - net of current portion	34.35	4.21	30.14	715.91%
Other non-current liabilities	19.32	16.66	2.66	15.97%
Total liabilities	3,109.99	1,790.59	1,319.40	73.69%
Total shareholders' equity	2,609.86	2,215.07	394.79	17.82%
Total liabilities and shareholders' equity	5,719.85	4,005.66	1,714.19	42.79%

Total Assets

The Company and its subsidiaries had total assets as at 31 December 2020 of THB 5,719.85 million, an increase of THB 1,714.19 million from 31 December 2019 or 42.79%, due to as follows:

- (1) Cash and cash equivalents increased THB 690.15 million or 590.17%. There were net cash from operating activities and financing activities amounting to THB 1,440.24 million and THB 1,289.17 million, respectively. On the other hand, there was net cash used in investing activities about THB 2,020.34 million which was mostly composed of payment for purchased program rights. In addition, when considering the separate financial statements, it is found that the Company invested in a subsidiary company, which was newly incorporated in Singapore to operate a business as an agent for purchasing of program rights, totaling 7.6 USD million. The amount of share invested was 100%. (At the time of establishment of this subsidiary, there was a registered share capital of USD 10 million and paid-up share capital of USD 9.3 million. Afterward, the subsidiary decreased share capital to USD 7.6 million.)
- (2) Trade and other accounts receivable decreased THB 303.54 million or 16.71%. The balance of trade accounts receivable which was overdue by over 6 months was THB 114.00 million, it has been collected in total of THB 69.88 million and the trade accounts receivable which was overdue by lower 6 months has been collected in total of THB 10.42 million (up to 24 February 2021).
- (3) Right-of-use assets increased THB 41.13 million according to the Company adopt the Thai Financial Reporting Standards 16 Leases (TFRS 16) that became effective in the current period. This account was becoming from the rental of office building.
- (4) Advance payment for purchased program rights decrease THB 27.95 million or 6.79% because of the payment for reservation in content rights to support the growth of the business amounting to THB 2,023.86 million and the acquisition of program rights by transfer from this account amounting to THB 2,049.76 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 36.06 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 347.72 million to support the growth of the export sales of program rights of the Company.

AS a result of the impact of the Coronavirus disease 2019 pandemic (COVID-19) situation in the first half-year 2020 on the revenue of the program right owner, the Company had the bargaining power to purchase the program right at a much lower cost by the longer license contract period, the average license period increased from 3 years to 5 - 7 years. Thus, there was the great opportunity for the business, the Company increased the investment in contents. Moreover, the most of license contracts were the addition of territories to reserve the right to export sales in the future that affect to the reduction of cost.
- (5) Program rights increased THB 1,267.24 million or 87.57%. During this period, the Company had invested by purchase the program rights of THB 2,110.28 million that can be categorized as

follow: (1) acquisition for extend the program rights amounting THB 70.32 million (2) Acquisition the program rights to sale in Thailand amounting to THB 82.13 million and (3) Acquisition the program rights to export sales amounting to THB 1,957.83 million. Moreover, the amortization expense was THB 652.02 million.

Total Liabilities

The Company and its subsidiaries had total liabilities as at 31 December 2020 of THB 3,109.99 million, an increase of THB 1,319.40 million or 73.69%. 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 during this period.

Shareholders' equity

As at 31 December 2020, the Company and its subsidiaries had total shareholders' equity of THB 2,609.86 million, an increase of THB 394.79 million. The increase was due to the normal operating profit of the Company and its subsidiaries amounting to THB 312.47 million. Moreover, the Company has issued the convertible debentures and have to classify 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. Moreover, the Company set aside a statutory reserve about THB 12.74 million in this year and it has fully been set aside as legal required.

Liquidity and capital adequacy

As at 31 December 2020 and 31 December 2019, the current ratio of the Company and its subsidiaries were 3.20 times and 1.47 times, respectively, and the quick ratio were 3.01 times and 1.41 times, respectively. The main reason of the rise of those ratios was 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.

- Translation -



JKN GLOBAL MEDIA PUBLIC COMPANY LIMITED
Management Discussion and Analysis of the Company's Performance
for the year ended December 31, 2020

Moreover, the Debt to Equity ratio (D/E ratio) as at 31 December 2020 and 31 December 2019 were 1.19 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.