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ZAA-002/2024

February 20, 2024

Subject: Submit the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2023, and clarification for the change of operating result more than 20%.

Attention: President, The Stock Exchange of Thailand.

ZALEKTA Public Company Limited ("ZAA") would like to submit the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2023, which was audited by the authorized auditor of PricewaterhouseCoopers ABAS Ltd., and agreed by the Board of Directors Meeting No.2/2024 held on February 20, 2024, and would like to inform the operating results for the year 2023 of the Company and its subsidiaries (collectively referred to as the "Company") as follows;

Revenue

Total revenue of the Company for the year ended December 31, 2023, compared to last year decreased from THB 284.71 million to THB 188.33 million or decreased of THB 96.38 million or 33.85%. This was mainly due to a drop in both the number of films released in theaters and revenue from the film production business.

Cost of sales and services

Cost of sales and services of the Company the year ended December 31, 2023, compared to last year decreased from THB 170.84 million to THB 91.98 million or decreased of THB 78.86 million or 46.16%. This was a result of the lower cost of the film production business in line with the lower revenue.

Other income

Other income of the Company for the year ended December 31, 2023, compared to last year decreased from THB 7.81 million to THB 3.71 million or decreased of THB 4.10 million or 52.47%. This was mainly due to last year the subsidiary recognized income from writing off debts that did not need to be paid after the case ended.

Gain from disposals of assets

Gain from disposals of assets of the Company for the year ended December 31, 2023, compared to last year increased to THB 11.82 million. This was mainly due to the gain from sale of the non-operating assets, rights of condominium unit, of the company for reduced assets maintenance costs.

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Selling Expenses

Selling Expenses of the Company for the year ended December 31, 2023, compared to last year increased from THB 10.19 million to THB 26.49 million or increased of THB 16.30 million. This was mainly due to an increase in the cost of marketing and advertising for films released in theaters during this period that are focused on TV channels.

Administrative Expenses

Administrative Expenses of the Company for the year ended December 31, 2023, compared to last year increased from THB 67.70 million to THB 74.70 million or increased of THB 7.00 million or 10.34%. This was mainly due to the cost of consulting fees in preparation for the adoption of the Personal Data Protection Act. (PDPA) and financial advisory expenses increased.

Loss from impairment of goodwill

Loss from impairment of goodwill of the Company for the year ended December 31, 2023, compared to last year increased to THB 56.00 million. This was mainly due to the Company impaired goodwill in subsidiary after a significant decrease in projected revenue arising from external factors as well as the market situation and trend.

Share of profit (loss) of associates and joint ventures

Share of profit (loss) of associates and joint ventures of the Company for the year ended December 31, 2023, compared to last year increased from share of loss of THB 19.55 million to share of profit of THB 2.89 million or increased of THB 22.44 million. This was mainly due to the recognition of share of profit from a joint venture that had profits from the sale of film rights and the cessation of recognition of share of loss from another joint venture because the share of loss has been recognized higher than the interests of the business.

Income tax

Income tax of the Company for the year ended December 31, 2023, compared to last year increased to THB 10.13 million. This was mainly due to the reversal of deferred tax assets from temporary differences on film rights and the reversal of deferred tax assets from the impairment of investments during the year from the closing of an associate.

Profit (loss) for the year

Net profit (loss) of the Company for the year ended December 31, 2023, compared to last year decreased from net profit of THB 24.97 million to net loss of THB 49.73 million or decreased of THB 74.70 million as a result of the above main reasons. However,

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excluding the impact from impairment of goodwill, the company's net profit when compared to the last year decreased from THB 24.97 million to THB 6.27 million or decreased of THB 18.70 million.

Please be informed accordingly.

Yours sincerely,

(Mr. Jiratch Wongtra-ngan)
Director