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ZAA-009/2567

August 9, 2024

**Subject:** Submit the consolidated financial statements of the Company and its subsidiaries for the second quarter and the six-month period ended June 30, 2024, and clarification for the change of operating result for the period.

**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 second quarter and the six-month period ended June 30, 2024, which was reviewed by the authorized auditor of PricewaterhouseCooper ABAS Co., Ltd. and approved by the Board of Directors Meeting No.7/2024 held on August 9, 2024, and would like to inform the operating results for the second quarter and the six-month period ended June 30, 2024 of the Company and its subsidiaries (collectively referred to as the "Company") as follows;

**1. Clarification for the change of operating result for the second quarter ended June 30, 2024.**

**Revenue**

Total revenue for the second quarter ended June 30, 2024, compared to the same period last year dropped from THB 29.85 million to THB 28.16 million or decreases of THB 1.69 million or 5.68%. This was mainly due to a decrease of THB 11.82 million in revenues from films production and film rights distribution due to a decrease in the number of films produced and released in theaters within the quarter, while the company increased its sales of film rights and began to recognize revenue from e-commerce and event management service business of THB 10.88 million.

**Cost of sales and services**

Cost of sales and services for the second quarter ended June 30, 2024, compared to the same period last year increased from THB 8.89 million to THB 24.69 million or increased of THB 15.81 million. This was a result of the higher cost of films production and film rights distribution of THB 9.87 million due to an increase in film rights sales and the start of recognizing the cost of services from e-commerce and event management service business of THB 5.93 million.

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### **Other Income**

Other income for the second quarter ended June 30, 2024, compared to the same period last year increased from THB 0.95 million to THB 4.48 million or increased of THB 3.53 million. This was mainly due to an increase in foreign exchange gains and a reversal of estimated unpaid trade payables.

### **Gain from selling assets**

Gain from selling assets for the second quarter ended June 30, 2024, compared to the same period last year decreased from THB 11.83 million to THB 0.10 million or decreased of THB 11.73 million. This was mainly due to the gain from sale of the rights of condominium unit in last year.

### **Loss from changes in fair value of financial assets at fair value through profit or loss**

Loss from changes in fair value of financial assets at fair value through profit or loss for the second quarter ended June 30, 2024 amounting to THB 2.50 million, resulting from the recording of a provision for investment in film production due to uncertainty regarding the fair value of such investment.

### **Share of profit (loss) of associates and joint ventures**

Share of profit (loss) of associates and joint ventures for the second quarter ended June 30, 2024, compared to the same period last year increased from share of loss of THB 1.58 million to share of loss of THB 0.35 million or increased of THB 1.23 million. This was mainly due to the recognition of share of profit from a joint venture that recognizes unrealized gain from foreign exchange rate on trade receivables denominated in foreign currencies at the end of the period.

### **Income tax**

Income tax of the Company for the second quarter ended June 30, 2024, compared to the same period last year increased to THB 5.52 million to THB 0.34 million. This was mainly due to the reversal of deferred tax assets from temporary differences on film rights.

### **Net Profit**

Net Profit of the Company for the second quarter ended June 30, 2024, compared to the same period last year decreased from net profit of THB 3.22 million to net loss of THB 17.02 million or decreased of THB 20.24 million as a result of the above main reasons.

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2. **Clarification for the change of operating result for the six-month period ended June 30, 2024.**

**Revenue**

Total revenue for the six-month period ended June 30, 2024, compared to the same period last year dropped from THB 59.34 million to THB 57.34 million or decreases of THB 2 million or 3.37%. This was mainly due to a decrease of THB 11.78 million in revenues from films production and film rights distribution due to a decrease in the number of films produced and released in theaters within the period, while the company increased its sales of film rights and began to recognize revenue from e-commerce and event management service business of THB 10.88 million.

**Cost of sales and services**

Cost of sales and services for the six-month period ended June 30, 2024, compared to the same period last year increased from THB 19.54 million to THB 34.13 million or increased of THB 14.59 million. This was a result of the higher cost of films production and film rights distribution of THB 8.66 million due to an increase in film rights sales and the start of recognizing the cost of services from e-commerce and event management service business of THB 5.93 million.

**Other Income**

Other income for the six-month period ended June 30, 2024, compared to the same period last year increased from THB 1.94 million to THB 6.29 million or increased of THB 4.35 million. This was mainly due to an increase in foreign exchange gains and a reversal of estimated unpaid trade payables.

**Gain from selling assets**

Gain from selling assets for the six-month period ended June 30, 2024, compared to the same period last year decreased from THB 11.83 million to THB 0.10 million or decreased of THB 11.73 million. This was mainly due to the gain from sale of the rights of condominium unit in last year.

**Selling Expenses**

Selling Expenses for the six-month period ended June 30, 2024, compared to the same period last year increased from THB 3.87 million to THB 7.26 million or increased of THB 3.39 million. This was mainly due to an increase in the cost of marketing and advertising for new films released in theaters during this period through TV channels.

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**Loss from changes in fair value of financial assets at fair value through profit or loss**

Loss from changes in fair value of financial assets at fair value through profit or loss for the six-month period ended June 30, 2024 amounting to THB 2.50 million, resulting from the recording of a provision for investment in film production due to uncertainty regarding the fair value of such investment.

**Share of profit (loss) of associates and joint ventures**

Share of profit (loss) of associates and joint ventures for the six-month period ended June 30, 2024, compared to the same period last year increased from share of loss of THB 2.58 million to share of gain of THB 2.79 million or increased of THB 5.37 million. This was mainly due to the recognition of share of profit from a joint venture that recognizes unrealized gain from foreign exchange rate on trade receivables denominated in foreign currencies at the end of the period.

**Income tax**

Income tax of the Company for the second quarter ended June 30, 2024, compared to the same period last year increased to THB 5.21 million to THB 0.55 million. This was mainly due to the reversal of deferred tax assets from temporary differences on film rights.

**Net Profit**

Net Profit of the Company for the six-month period ended June 30, 2024, compared to the same period last year decreased from net profit of THB 6.09 million to net loss of THB 14.66 million or decreased of THB 20.75 million as a result of the above main reasons.

Please be informed accordingly.

Yours sincerely,

(Mr. Thawan Petchlawlian)

Chief Financial Officer