

Ref. WORK 18/2019 Aug 9, 2019

Re: Management Discussion and Analysis for the 2nd quarter ended June 30, 2019

To: President of the Stock Exchange of Thailand

Attachment: 1. Business Performance Report (Form F45-3)

2. The consolidated and separate financial statement for the 2nd quarter ended June 30, 2019

Workpoint Entertainment Public Company Limited ("The Company") is pleased to submit herewith the consolidated and separate financial statement for the 2nd quarter ended June 30, 2019, with the financial analysis in comparison to the financial statement for the 2nd quarter ended June 30, 2018. The performance can be summarized as follows:

The operating performance of the Company and its subsidiaries for the 2nd quarter ended June 30, 2019 has shown the net profit of THB 72.56 million, decreasing by THB 43.07 million or 37%, from the same period in the previous year which shown the net profit of THB 115.64 million.

Revenue:

For the 2nd quarter ended June 30, 2019, the total Revenue (Excluding Other Income) of the Company was THB 803.61 million which represented an decrease of THB 37.69 million or 4% from the same period in the previous year which shown the total Revenue (Excluding Other Income) of THB 841.30 million. The change of total Revenue was mainly resulted from the following business:

Revenue from Television Programs

Revenue from television programs was comprised of revenue from the advertising and promotion during each broadcasting period of the Company's TV channel ("WORKPOINT TV"), and other online media channels such as YouTube. Revenue from television programs also includes revenue from Renting Air time to 3rd parties for TV program broadcasting on WORKPOINT TV, revenue from the production of TV programs for 3rd parties for broadcasting on WORKPOINT TV, and revenue from sales of TV program licenses.

For the 2nd quarter ended June 30, 2019, the Company had the revenue from television programs at THB 597.77 million, decreasing by 20% from the same period in the previous year which shown the revenue from television programs of THB 746.71 million. The decrease of revenue from TV programs, was mainly from the decrease of revenue from WORKPOINT TV as the industry had become more competitive. However, in the late of 2nd quarter 2019, the Company had adjusted TV schedule by adding new TV programs such as "10 fight 10", "Big box", and "Fake Lovers". WORKPOINT TV's popularity is expected to increase in the second half of 2019.

Revenue from Event Marketing

Revenue from event marketing was comprised of the revenue from event activities arranged by the company and event activities which the Company organized for 3rd parties. For the 2nd quarter ended June 30, 2019, the Company had the revenue from event activities at THB 83.87 million, increasing by THB 51.13 million or 156% from the same period in 2018 which had the revenue at THB 32.73 million. The Company had more events in the 2nd quarter 2019 than the same period in the previous year. Major events in the 2nd quarter, 2019 were "Khon,



Masked Dance Drama in Thailand", "Songkarn Festival 2019", "The Iconic Songkran Festival 2019" etc.

Revenue from Concerts and Plays

Revenue from concerts and plays was comprised of the revenue from concerts and plays produced by the Company, and revenue from Playhouse's title sponsor. The Company had the revenue from concerts and plays for the 2nd quarter ended June 30, 2019 at THB 24.95 million. decreasing by THB 4.75 million or 16% from the same period in 2018 which had the revenue at THB 29.69 million. For the 2nd quarter ended June 30, 2019, the Company organized 1 play which was "Chai-Klang The Musical", there was only 8 rounds, meanwhile, the Company organized 1 play called "Hom-Rong The Musical" in 2nd quarter in 2018, there was 11 rounds. However, as planned, the Company will have more concerts and plays in the second half of 2019.

Revenue from sale of goods and rendering of other services

Revenue from sale of goods and rendering of other services was divided into 2 categories. Firstly, revenue from sale of goods which was comprised of the revenue from sale of health and beauty products under the brand "Let Me In Beauty" and "Me vio", the revenue from sale of studio shop and the revenue from sales of products on consignment in "1346 Hello Shops" program broadcasting on WORKPOINT TV. Secondly, revenue from rendering of other services was mainly comprised of the revenue from area rental in the Company's Playhouse, and revenue from Artist management. The Company had revenue from sale of goods and rendering of other services for the 2nd quarter ended June 30, 2019 at THB 95.95 million, increasing by THB 63.94 million or 200% from the same period in 2018 which had the revenue at THB 32.01 million in 2018. The significant increase was mainly from the increase of the revenue from sale of goods, especially the revenue from "1346 Hello Shops". For the 2nd quarter ended June 30, 2019, the company had the proportion of the revenue from sale of goods at 90% and the proportion of the revenue from rendering of other services at 10%. Meanwhile, for the 2nd quarter ended June 30, 2018, the company had the proportion of the revenue from sale of goods at 59% and the proportion of the revenue from rendering of other services at 41%.

Costs:

For the 2nd quarter ended June 30, 2019, the Company had total costs at THB 478.05 million, decreasing by THB 7.41 million or 2% from the same period in 2018 which had the total costs at THB 485.46 million. The decrease in the total costs was mainly from a decrease in costs from the business of Television programs as the Company managed the production costs efficiently. Moreover, for the 2nd quarter of 2019, Cost of Television programs had decrease from a decrease in amortization of Digital television license which was the result from the reduction of net book value of digital television license in accordance with the announcement of NCPO 4/2019 on April 11, 2019, concerning the measure to solve the problems of TV and telecommunication, causing the exemption of license fee for digital television service.



Selling and Administrative Expenses:

For the 2nd quarter ended June 30, 2019, the Company had selling and administrative expenses in total at THB 237.75 million, increasing by THB 29.65 million or 14% from the same period in 2018 which had selling and administrative expenses in total at THB 208.10 million. The increase was mainly from expenses for sale consignment product through "1346 Hello Shops" program broadcasting on WORKPOINT TV and the increase of advertising and promotion expenses for sale of health and beauty products under brand "Let Me In Beauty" and brand "Me Vio". Moreover, according to the The Labor Protection Act (No. 7) B.E. 2562 which was announced in the Government Gazette on 5 April 2019, the legal severance pay rates for employees, who have worked for an uninterrupted period of 20 years or more, will increase. Such employees will be entitled to receive not less than 400 days' compensation of the latest wage rate. The act was effective from 5 May 2019 onwards. As the result, the Company had expense of additional long-term employee benefit of Baht THB 33.67 million (Administrative Expenses: THB 26.36 million) in the 2nd quarter ended June 30, 2019.

Please be informed accordingly.

Best Regards,

Workpoint Entertainment Public Company Limited

(Mr. Surakarn Sirimothya)

Chief Financial Officer

Authorized to sign on behalf of the company