



No. 018/2564

17 September 2021

Subject: Report of the operating progress to qualify to resume trading for 2<sup>nd</sup> quarter of the year 2021

To: President  
The Stock Exchange of Thailand

According to SLM Corporation Public Company Limited (“the Company”) has solved the grounds for delisting, and the Stock Exchange of Thailand (“SET”) announced that the Company has entered the period for the repossession of qualifications in order to resume trading (Resume Stage) since 2 September 2021; the Company would like to report the operating progress to qualify to resume trading for 2<sup>nd</sup> quarter of the year 2021 as follows:

### 1. Business Operations

The Company's main business is related to investment in media production business which is divided into 4 main types as follows:

- Full-Service Online Media Production Business (Online Content) : the Company has leased the rights to produce and develop programs published online channels, including online article preparation and online media management by various channels such as YouTube, Facebook, Instagram, and Tiktok. The Company will present video clips through such channels under the name Goodday official, Tigercry, Happy Retire, and Bad Official.
- Media Production Business : the Company provides services as a media production contractor for both image and video format.
- TV Dramas and Series Production Business : the Company provides services as a full range of television dramas and series production contractor, and sourcing of actor and personnel with the ability to perform.
- Other Services Business : the Company has income from other services such as income from the exchange of goods and services, and income from other jobs of artists and actors.

### The Revenue Structure of the Company

Unit: Million Baht

Income by service	3M/2021		3M/2020		6M/2021		6M/2020		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Strategic Planning and Research Service <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	9.0	72.2
Online Content Service <sup>(2)</sup>	29.9	68.3	5.4	94.7	68.2	78.3	27.6	86.0	89.1	86.9	-	-
Media Production Service	-	-	-	-	1.3	1.5	1.9	5.9	1.9	1.9	-	-
TV Dramas and Series Production <sup>(3)</sup>	11.4	26.0	-	-	13.9	15.9	-	-	-	-	-	-
Other Services <sup>(4)</sup>	1.9	4.3	0.3	5.3	2.6	3.0	1.1	3.4	5.3	5.1	-	-
Other Income <sup>(5)</sup>	0.6	1.4	-	-	1.1	1.3	1.5	4.7	6.30	6.1	3.5	27.8
<b>Total Income</b>	<b>43.8</b>	<b>100</b>	<b>5.7</b>	<b>100</b>	<b>87.1</b>	<b>100</b>	<b>32.1</b>	<b>100</b>	<b>102.6</b>	<b>100</b>	<b>12.5</b>	<b>100</b>



Remark:

<sup>(1)</sup> Income from Strategic Planning and Research Service is a service provided by the Company to act as a sales department for customers. The Company will be involved in assisting customers in business planning, being a consultant to develop products or services of customers, targeting groups to be suitable for products and services, and liaison with third parties to bring in more users or buyers. In this regard, the Company continues to operate business of providing strategic planning and research services. However, in February 2020 the Company expanded the business by expanding its service scope into the full-service online media production business, and media production business. The Company therefore focused on doing such business. As a result, in the past, the Company had no income from providing strategic planning and research services.

<sup>(2)</sup> Income from Online Content Service, the Company receives revenue from selling advertisements to customers to promote their products and services in various programs that are broadcast in the media which the Company has obtained the right. And it also includes the income and fees received from promoting Facebook posts.

<sup>(3)</sup> Income from TV Dramas and Series Production comes from being production contractor of TV drama and series for general employers such as a television channel.

<sup>(4)</sup> Income from Other Services consists of income from exchange of goods and services, and income from other jobs of artists and actors which are not related with the media or company programs.

<sup>(5)</sup> Other Income consists of income from providing media production services in part of pre-production and production, refund of court fines for late submission of financial statements, and adjust the accrued expense item, other income from offset transactions and amortization of accounting items, and others.

## 2. Operating Results and Financial Position of the Company

### Operating Results

Operating results for the 3 month period ended 30 June 2021, the Company group had total revenue of Baht 43.42 million, increased by Baht 19.53 million or 81.74 percent when compared with total revenue at the same period last year in an amount of Baht 23.89 million; and had profit from operating activities of Baht 5.02 million, increased by Baht 11.34 million or 179.53 percent when compared with loss from operating activities at the same period last year in an amount of Baht -6.32 million. Due to an increase in income from the business of full-service online media production (Online Content), and media production, together with the efficient management and control of selling and administrative expenses. As a result of the Company has adjusted business strategies to keep up with changing situations and consumer behavior during the coronavirus disease 2019 (COVID-19) epidemic and in the future. Moreover, in 2021, the Company has also expanded the scope of service into the production of TV dramas and series to enhance competitiveness and generate income and profitability in the long term.

Operating Results for 3 Month Period ended 30 June 2021

Unit: Million Baht

Statement of Comprehensive Income	April - June			
	2021	2020	Change	% Change
Total revenues	43.42	23.89	19.53	81.74%
Total expenses	38.39	30.21	8.18	27.10%
<b>Profit (loss) from operating activities</b>	<b>5.02</b>	<b>(6.32)</b>	<b>11.34</b>	<b>179.53%</b>
Profit (loss) for the period	5.03	(6.39)	11.42	178.71%
Earnings (loss) per share (in Baht)	0.03	(0.05)	0.08	160.00%



Operating Results for 6 Month Period ended 30 June 2021

Unit: Million Baht

Statement of Comprehensive Income	January - June			
	2021	2020	Change	% Change
Total revenues	87.19	32.12	55.07	171.45%
Total expenses	82.68	48.76	33.92	69.55%
<b>Profit (loss) from operating activities</b>	<b>4.52</b>	<b>(16.64)</b>	<b>21.16</b>	<b>127.14%</b>
Profit (loss) for the period	4.52	(16.79)	21.31	126.93%
Earnings (loss) per share (in Baht)	0.03	(0.13)	0.16	123.08%

Financial Position

Unit: Million Baht

Statement of Financial Position	30 June 2021	31 December 2020	Change	% Change
Assets	105.69	62.52	43.17	69.04%
Liabilities	62.70	80.86	-18.16	-22.46%
Shareholders' equity	42.99	(18.34)	61.33	334.31%

As of 30 June 2021 and 31 December 2020, the Company group had assets of Baht 105.69 million and Baht 62.52 million respectively, increased by Baht 43.17 million due to an additional capital from right offering proportionately to shareholders and the changes in service business caused additional trade and other receivables, and unbilled receivables. As of 30 June 2021, the Company group had liabilities of Baht 62.70 million, decreased from the end of 2020 by Baht 18.16 million because of the decrease in trade and other payables. And as of 30 June 2021 and 31 December 2020, the Company group had shareholders' equity of Baht 42.99 million and Baht -18.34 million respectively, increased by Baht 61.33 million. Due to the increase in capital from Right Offering in June 2021, and an increase of net profit during the period resulted in the increase of shareholders' equity

Unit: Million Baht

List	6M/2021	6M/2020	2020	2019
Cash and Cash Equivalents	36.60	5.12	15.02	1.25
Net Cash Flow from Operating Activities	(33.58)	(30.93)	(19.35)	(26.09)
Debt to Equity Ratio (times)	1.46	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>
Retained Earnings (Deficit)	(85.93)	(438.62)	(90.45)	(421.69)

*Remark:*

<sup>(1)</sup> The shareholders' equity is lower than zero. Therefore, the debt-to-equity ratio cannot be calculated.

The Company had net cash flow from operating activities for 6 month period of Baht -33.58 million due to cash paid from operations. As a result of the Company emphasis on investment in online media production business, and business expansion into TV drama and series production business that will continuously generate income and profit in the future. Moreover, the Company continues to accelerate business to generate revenue and



profit for stable growth which will result in the Company can reduce retained losses and can return to have retained earnings.

### **3. Summary Report of the Internal Auditor's Internal Control Review**

The Company realizes the importance of doing business by considering the principles of business operations under good corporate governance, transparency, and adequate internal control. The Company has established an independent internal audit agency in monitoring and evaluating the results of internal control by hiring an external agency, Pro Plus IA & Consulting Company Limited (“**Internal Auditor**”) to inspect the internal control system from the year 2020 to the present.

In 2020, internal control system of the information technology management process still had many flaws. The main reason was the relocation of the Company's head office to support the increase of employees. As a result, the company was still in the improvement and implementation process of a new information technology structure and management system. The Management consulted with the Internal Auditor to ask them to provide advice on the design and development of information technology systems to be the right direction and appropriateness, along with the IT outsourcing. In 2021, the Company has taken various actions already, such as the preparation of information technology policy which approved and signed by the Chairman of the Board of Directors on 27 April 2021, preparation of information technology procedure manual and forms to cover important matters, and hiring IT outsource to work in accordance with the specified procedure manual. In this regard, the Internal Auditor will follow up on the improvement of the internal control system, information technology management process in January 2022. Moreover, in 2020, accounting and financial management process was still in the process of being revised, amount of 1 item; the procedure manual of accounting and finance was not complete and not updated. However, in April 2021, the Internal Auditor followed up on such improvements and found that the accounting and finance department had completed the revision.

In 2021, Internal Auditor has audited the internal control system to comply with the regulations of the SET to ensure that the Company has a good internal control system both in terms of efficiency and effectiveness of operations, providing accurate and reliable financial information and administrative information, and managing risks to an acceptable level to lead the operational improvements to achieve objectives and to be reliable to the stakeholders. During the year 2021, Internal Auditor has conducted a quarterly audit of the internal control system. The scope of the audit includes: 1) management process (according to the components of internal control under the framework of COSO 2) accounting and financial management process 3) human resource management process 4) fixed asset and equipment management processes; and 5) information technology management processes.

For the second quarter of 2021, Internal Auditor audited the internal control system, human resource management process. From the examination, no fatal errors were found or indications of fraud. And internal auditor had opinion that the human resources department has established rules and operating manuals for reference in the proper operation. However, internal auditor was found that there were 5 operational issues that should be improved to make the operation more concise and appropriate. The results of the internal audit can be summarized as follows:



Number of Issues		Issues that should be Improved
Risk Level	Amount	
High	1	<p><b>1. The welfare committee was not established.</b></p> <p><u>Operation:</u> The Company has operated to establish a welfare committee which is scheduled to be completed in September 2021.</p>
Medium	4	<p><b>1. The operation was not exhaustive as stipulated in the regulations and the procedure manual, and the operation manual were not concise and appropriate.</b></p> <p><u>Operation:</u> The Company improved the procedure manual and operational documentation to be concise and appropriate completely on 30 July 2021.</p>
		<p><b>2. Job Description preparation was not complete for all positions.</b></p> <p><u>Operation:</u> The Company prepared the Job Description for all positions completely on 30 July 2021.</p>
		<p><b>3. Lack of clear measures to manage risk related to the lack of key personnel</b></p> <p><u>Operation:</u> The Company has prepared a work plan to determine the process of recruiting successors (succession plan) which is scheduled to be completed in September 2021.</p>
		<p><b>4. Disorganized storage of working documents</b></p> <p><u>Operation :</u> The Company stored working documents and personal documents of employees orderly, concisely and comply with the law which completed in August 2021.</p>
<b>Total</b>	<b>5</b>	

Internal Auditor reported the results of the internal control auditing of human resource management process to the Audit Committee and the Board of Directors on 16 August 2021 already.

For the internal control auditing of the third quarter of 2021, Internal Auditor will perform the auditing of the internal control system between September and October 2021, the audit plan is as follows:

1. Fixed asset and equipment management process
2. Follow-up on improvements of human resource management process

In this regard, the Company expects that Internal Auditor will be able to audit the internal control system in all business processes within 2021 and will begin to audit the internal control systems in all business processes again in 2022. However, the audit plan may be changed based on consultation between Internal Auditor and the Management about the issues that need to be focused or to be consistent with changing conditions under reasonable consideration. If there is any progress or change, the Company will inform later.

Moreover, the Internal Auditor has a meeting with the management about the issues that need to focus more on the importance of auditing in each process/unit and give suggestions or additional guidelines for improvement to operate in various fields more productive. The Company has continuously improved, corrected and developed operations in various fields to meet the requirements of the SET, and to build confidence that the Company has



efficient and transparent management system, has adequate internal control, and can support operational plans of the Company to grow the business and generate continuous and sustainable returns

#### **4. Legal Dispute**

As of 30 August 2021, the Company has pending lawsuits that are still being considered by the court as follows:

##### **4.1 A lawsuit between the Company (“Plaintiff”) and Chuo Senko Advertising (Thailand) Company Limited (“Defendant”) in case of default in debt consolidation agreement, amounting to Baht 113.7 million**

On 9 September 2019, the Company filed a civil lawsuit against Chuo Senko Advertising (Thailand) Company Limited in case of default in debt consolidation agreement, amounting to Baht 113.7 million with default interest rate of 7.5% per annum from the date of default until the date of litigation.

After that, the court determined that the witnesses of plaintiff and defendant were examined on 28 - 29 October 2020. On 28 October 2020, the Company's directors and lawyers investigated the plaintiff's witnesses by appointment. But the court postponed the appointment of the defendant's witness testimony on 25 February 2021 due to the epidemic situation of the coronavirus disease 2019 (COVID-19).

On 10 February 2021, the defendant's lawyer submitted a request to the court for permission to examine witnesses via a video conference system on the original appointment date of 25 February 2021. And the court allowed the witnesses to be examined by a video conference system on such date. But on that day, the defendant did not prepare to take the witnesses through the video conference system according to the rules of the Office of the Court of Justice. Therefore, the court ordered to postpone the defendant's witness testimony to be on 3 August 2021.

On 3 August 2021, the defendant's lawyer examined the defendant's witnesses through an interpreter by a video conference system from Japan. The parties requested a period of approximately 1 month to complete the closing statement to submit to the court. The court allowed to submit within 3 September 2021 and made an appointment to hear the judgement on 30 September 2021.

##### **4.2 A lawsuit between Chuo Senko Advertising (Thailand) Company Limited (“Plaintiff”) and the Company (“Defendant”) in case of default in network service agreement, amounting to Baht 116.4 million**

On 25 December 2019, the Company was sued by Chuo Senko Advertising (Thailand) Company Limited in a civil lawsuit for breach of the Network Service Agreement. The Company was claimed for damages amounting to Baht 166.4 million with interest at 7.5% per annum since the date of litigation, totaling Baht 191.1 million. The Company's legal advisor commented that the network service agreement has not yet been valid. Because the agreement stipulates that it must be approved by the Board of Directors' meeting of the Company.

On 7 February 2020, the Company filed a defense and countered that the agreement was void, and refund of money paid to the plaintiff in the amount of Baht 1,950,000 with interest at a rate of 7.5% per annum because the conditions precedent as mentioned above have not yet occurred. After that, on 23 December 2020, the Court of First Instance dismissed the plaintiff's lawsuit and dismissed the defendant's counterclaim.



On 28 January 2021, the Company filed an appeal against the judgment to the Court of Appeal to consider and resolve the judgment of the Court of First Instance to dismiss the plaintiff's case and enforcing the lawsuit to pursue counterclaims, let the plaintiff repay the defendant in the amount of Baht 1,950,000.

Later, the plaintiff had filed a request for an extension of the appeal period. The plaintiff requested to extend the time for filing an appeal for 4 times which the court ordered to extend the period until 21 May 2021. On 13 May 2021, the plaintiff filed an appeal against the judgment to the Court of Appeal to consider and reverse the judgment of the Court of First Instance. By adjudicating the defendant to pay the plaintiff's debt in the amount of Baht 191.1 million with interest at 7.5% per annum of the principal amount of Baht 166.4 million from the date of filing onwards.

On 10 June 2021, the Company filed an appeal against the Civil Court, please consider and adjudicate the case according to the defendant's appeal. And on 11 June 2021, the Civil Court ordered the collection of statements and sent to the Court of Appeal for further consideration.

The Company would like to inform the progress of operating results and financial position for second quarter of the year 2021 ended 30 June 2021 as the above details and will inform the operating progress to qualify to resume trading. In this regard, the Company will accelerate process to make the Company have qualification to resume trading (Resume Stage) within the specified time and in accordance with the regulations of the Stock Exchange of Thailand.

Please be informed accordingly.

Yours Sincerely,

SLM Corporation Public Company Limited

(Autthapol Pohundratanakul)

Chief Executive Officer