

BUSINESS HIGHLIGHTS 2Q 2021/22

Following the challenges in the last quarter, the Company’s performance, particularly in the Out-of-Home (“OOH”) advertising business continued to be affected from the COVID-19 pandemic.

- In 2Q 2021/22, the Company’s recorded operating revenue of THB 923mn and net loss of THB 9mn.
 - OOH Advertising revenue decreased by 38.8% YoY to THB 294mn.
 - Digital revenue increased by 165.2% YoY to THB 629mn from the growth of Rabbit Group and the effect of 2-months consolidation of Fanslink Communication Company Limited.
- The Company established a further strategic expansion to the retail business by announcing its intention to invest 15.0% in Jay Mart Public Company Limited.

KEY BUSINESS AND STRATEGIC UPDATES IN 2Q 2021/22

1) ADVERTISING

Exciting new trends for Out-of-Home

- Out-of-Home (“OOH”) media has become an exceptional platform for fan-celebrity interactions due to its wide visibility and impact. Additionally, OOH media fosters more audience engagement than any other media platforms through its innovative and interactive campaigns. This trend benefits VGI. During the COVID-19 pandemic, birthday celebration advertisings have brought in new sources of revenue for the Company, whereby more than 17 birthday celebration campaigns were trumpeted through all of the Company’s OOH media, such as BTS Stations, BTS Train Wrap, Mega LED and Street View LED.



Consumer activation through newest tool called 'VGI Hanger'

- VGI launched its newest advertising and marketing tool called 'VGI Hanger', a customer activation tool through free product sampling that conveniently allows advertisers and brands to engage BTS commuters via "Advertising Hangers" on BTS trains. Interested commuters can simply scan the QR codes on the VGI Hangers to register and bring the Hangers to redeem free samples at brand counters.



2) PAYMENT

Collaboration with Garmin

- Recently, Rabbit Card collaborated with Garmin (Thailand) Limited, the leading smart wearable technology company, to launch a special edition smartwatch "Garmin X Rabbit" in response to the "new normal" lifestyle, cashless society and popular use of contactless payments. Under the "Touch and Go" concept, the Garmin X Rabbit smartwatch elevates payment solution by enabling users to pay for their purchases with their smartwatch on the BTS network and other transportation modes as well as leading brands. This collaboration also enables the expansion of the Rabbit network user base.



Rabbit Cash

- Rabbit Cash Company Limited ("RCash") launched a 100% digital lending service platform under the concept 'Money Rabbolution'. Utilising alternative data through the cutting-edged technology, RCash will be able to offer seamless digital lending (from the application process, credit approval to loan disbursement) via smartphones. Recently, RCash introduced pilot loan products with Kerry Express (Thailand) Public Company Limited ("KEX") and Humanica Public Company Limited. RCash plans to officially launch its lending services in 4Q 2021/22 after obtaining the lending business licenses from the Bank of Thailand. The products offered in the first phase will include nano loans, welfare loans, pay day loans and Buy Now Pay Later lending service.

Rabbit card

- The number of Rabbit Cards has reached 14.5mn cards, an increase of 6.3% YoY.

Rabbit LinePay

- RLP currently serves more than 9.0mn users, an increase of 14.0% YoY.

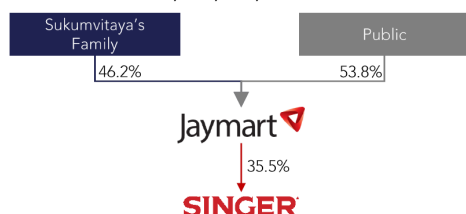
3) RETAIL

Continued strategic expansion with investment in Jaymart

- VGI marks a further strategic expansion into retail distribution business by announcing its intention to acquire 15.0% in Jay Mart Public Company Limited (“Jaymart”). This investment will enable VGI to strengthen its Offline-to-Online (O2O) Marketing Solutions and capture strong growth in distribution business. Furthermore, this strategic partnership will allow VGI to explore potential synergies with Jaymart, which includes providing VGI’s advertising and marketing services to the Jaymart Group, utilising BTS spaces for pick-up/ service point, expand Fanslink Communications Company Limited’s distribution network across Jaymart and Singer Thailand Public Company Limited’s nationwide network.

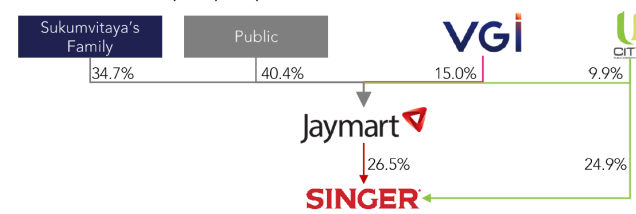
Pre - Transaction Structure

Total shares of 1,032,583,940 shares



Post - Transaction Structure

Total shares of 1,374,945,327* shares



*206,241,800 shares by VGI and 136,119,587 shares by U City

4) AWARDS AND SUSTAINABILITY

Awards and Recognition

- Thailand Sustainability Investment (THSI) List for the first time** – the Company has been included in the Thailand Sustainability Investment (THSI) list of the Stock Exchange of Thailand for the year of 2021, underscoring the Company’s commitment to sustainable business practices and responsibility towards all stakeholders.
- Outstanding Investment Relations Award for the 3rd consecutive year** – recognised as an Outstanding Investor Relations from SET Awards 2021, which is organised by SET and Money & Banking Magazine.

Sustainability

- Free media space for publication** – offered free media space to the global children’s charity, UNICEF, to support its ongoing efforts to save malnourished children around the world, and donations and media space to the “Help! COVID-19 Home Care Service” initiative to help patients get better access to medical services.

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MANAGEMENT DISCUSSION & ANALYSIS 2Q 2021/22 ENDED 30 SEPTEMBER 2021

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CONSOLIDATED P&L SNAPSHOT

	2Q 2020/21	1Q 2021/22	2Q 2021/22	QoQ (%)	YoY (%)
Revenue from services and sales	717	596	923	55.0%	28.7%
Cost of services and sales	(430)	(410)	(756)	84.3%	75.9%
Gross Profit	287	185	167	-10.0%	-42.0%
SG&A	(234)	(251)	(278)	10.7%	18.7%
Other income	28	24	115	371.9%	315.0%
Share of profit (loss) from JVs & associates	(53)	38	(23)	-160.2%	57.5%
EBITDA	140	119	101	-15.7%	-28.2%
EBIT	28	(4)	(19)	-409.6%	-167.0%
Interest expenses	(19)	(15)	(16)	-7.7%	17.4%
Tax	(16)	7	(6)	-184.3%	64.3%
Net Profit*	12	10	(9)	-193.2%	-179.0%

Gross profit margin	40.1%	31.1%	18.1%		
EBITDA margin	19.6%	20.0%	10.9%		
Net profit margin	1.7%	1.7%	-1.0%		

*As shown in financial statement, excluding minority interest.

REVENUE BREAKDOWN (THB mn)

	2Q 2020/21	1Q 2021/22	2Q 2021/22	QoQ (%)	YoY (%)
OOH media	480	378	294	-22.2%	-38.8%
Transit	417	349	271	-22.4%	-35.1%
Office & Others	63	29	23	-19.4%	-63.0%
Digital	237	218	629	188.7%	165.2%
Service	237	218	272	24.8%	14.6%
Retail	-	-	357	100.0%	100.0%
Total	717	596	923	55.0%	28.7%

% Contribution to total revenue

	2Q 2020/21	1Q 2021/22	2Q 2021/22
OOH media	66.9%	63.4%	31.8%
Transit	58.2%	48.0%	22.2%
Office & Others	8.8%	4.8%	2.5%
Digital	33.1%	36.6%	68.2%
Service	33.1%	36.6%	29.5%
Retail	-	-	38.7%
Total	100.0%	100.0%	100.0%

PERFORMANCE ANALYSIS (2Q 2021/22 vs 2Q 2020/21)

Following a very challenging first quarter, the COVID-19 pandemic remains volatile as the number of new cases reached its peak at more than 20,000 cases daily during August 2021. The government raised more intensive restrictions on public life in order to fight against the pandemic. As a result, overall performance of the Company, particularly Out-of-Home (“OOH”) advertising business, was affected from the aforementioned circumstances. Nevertheless, the Company’s **revenue from services and sales** in 2Q 2021/22 increased by 28.7% YoY to THB 923mn. The increase was mainly driven by the growth in Rabbit Group as well as the consolidation of Fanslink Communications Company Limited (“Fanslink”).

In this quarter, VGI made a strategic acquisition in Fanslink and became their major shareholder resulting in a consolidation of financial statements starting from August 2021. Fanslink performance is generated from sale of products via digital and online channels, therefore, the Company will record its performance under Digital segment and named its business as Retail business.

OOH Advertising revenue was decreased by 38.8% YoY to THB 294mn from the severe impact by COVID-19 pandemic. All media products recorded a year-on-year decrease.

- **Transit media revenue** was THB 271mn, a decrease of 35.1% YoY from THB 417mn.
- **Office and Other media revenue** was THB 23mn, a decrease of 63.0% YoY from 63mn.

Digital revenue increased by 165.2% YoY to THB 629mn from higher insurance commission fees and lead generation under Rabbit Group as well as the 2-month consolidation of Fanslink, which started in August 2021.

- **Service revenue** was THB 272mn, an increase of 14.6% YoY from THB 237mn.
- **Retail revenue** was THB 357mn.

Other income was recorded at THB 115mn, an increase of 315.0% YoY. The increase was primarily from unrealised gain from the change in fair value of financial assets, which came from AnyMind Group Inc. (“AnyMind”) and MACO-W3.

The consolidation in Fanslink also resulted in rising **cost of services and sales**, which came to THB 756mn, an increase of 75.9% YoY. **Cost-to-revenue ratio** increased to 81.9% (prior year: 59.9%), resulting in a decrease in **gross profit margin** to 18.1% (prior year: 40.1%). Meanwhile, **selling, general and administrative expenses (“SG&A”)** increased to THB 278mn, an increase of 18.7% YoY. **SG&A to revenue ratio** decreased to 30.1% (prior year: 32.6%).

The Company recorded a **share of loss from investments in joint ventures and associates** of THB 23mn, improving from the prior year, which reported the share of loss at THB 53mn. The improvement was primarily from the improvement of Master Ad Public Company Limited (“MACO”) operation. Such developments were from the revenue recognition of a minimum guarantee from MACO’s domestic advertising business as well as a reduced loss from the international advertising business.

Altogether, the Company recorded a **net loss** of THB 9mn, decreasing by 179.0% YoY and a **net loss margin** of 1.0%.

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FINANCIAL POSITION

ASSETS

ASSETS BREAKDOWN	31 MARCH 2021		30 SEPTEMBER 2021	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and other current financial assets	1,461	7.0%	1,505	7.4%
Trade & other receivables	794	3.8%	879	4.3%
Equipment – net	1,220	5.8%	1,133	5.6%
Investment in JVs, associates and other non-current financial assets	15,019	71.6%	13,842	68.0%
Goodwill/ Estimated amount by which costs of the acquisition of investment in a subsidiary exceed identifiable net assets of the acquiree	291	1.4%	315	1.5%
Other assets	2,185	10.4%	2,673	13.1%
Total assets	20,970	100.0%	20,347	100.0%

Total assets as of 30 September 2021 stood at THB 20,347mn, a decrease of THB 623mn or 3.0% from THB 20,970mn as of 31 March 2021.

Total current assets were THB 3,661mn, increasing by 14.0% or THB 450mn, primarily from an increase in 1) other current financial assets of THB 458m, 2) inventory of THB 375mn. However, the increase in current assets was mainly offset by a decrease in 3) cash and cash equivalent of THB414 mn.

Total non-current assets stood at THB 16,687mn, decreasing by 6% or THB 1,073mn, due to a decrease in 1) other non-current financial assets of THB 941mn, which was mainly from the change in fair value of investment in Plan B Media Public Company Limited (“PlanB”), iClick Interactive Asia Group Limited (“iClick”), and AnyMind.

Trade and other receivables were THB 879mn, increasing by 10.7% or THB 85mn. Average collection period at end of this quarter was 105 days, which decreased from 137 days as of 31 March 2021.

AGING OF TRADE RECEIVABLES (THB mn)	31 MARCH 2021	30 SEPTEMBER 2021
Not yet due	295	304
Up to 6 months	96	174
Over 6 months	190	169
Allowance for expected credit losses	170	163
Total	411	484
% of total trade and other receivables	51.7%	55.1%

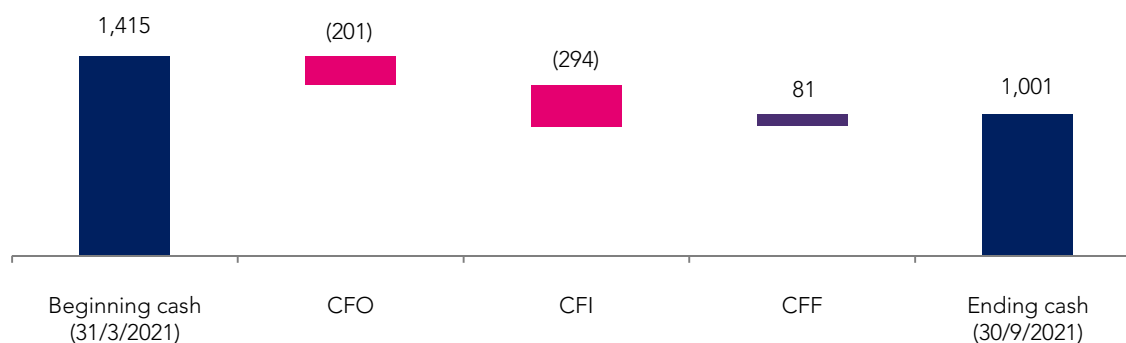
LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2021		30 SEPTEMBER 2021	
	(THB mn)	% of total	(THB mn)	% of total
Short term loans	-	-	250	1.2%
Trade & other payables	399	1.9%	601	3.0%
Accrued expenses	377	1.8%	337	1.7%
Current portion of long-term loans from financial institutions	1,159	5.5%	1,198	5.9%
Other current liabilities	1,248	5.9%	993	4.9%
Other non-current liabilities	724	3.5%	572	2.8%
Total liabilities	3,907	18.6%	3,952	19.4%
Shareholders' equity	17,063	81.4%	16,396	80.6%
Total liabilities and equity	20,970	100.0%	20,347	100.0%

Total liabilities were THB 3,952mn, an increase of THB 45mn or 1.1% from THB 3,907mn as of 31 March 2021 mainly from an increase in 1) short-term loans from financial institutions of THB 250mn, 2) trade and account payables of THB 202mn. However, this increase was offset by a decrease in 3) income tax payable of THB 188mn. and 4) deferred tax liabilities of THB 166mn

Total equity was THB 16,396mn, decreasing by THB 668mn or 3.9%, mainly due to a decrease in 1) other components of shareholders' equity, which declined mainly from the loss on investments in equity instruments designated at fair value through other comprehensive income of THB 779mn, which mainly from the change in fair value of investment in PlanB and iClick. However, this decrease was mainly offset by an increase in 2) non-controlling interests of the subsidiaries of THB 464mn.

LIQUIDITY AND CASH FLOW (THB mn)



For the six months ended 30 September 2021, **net cash used in operating activities** was THB 201mn **Net cash used in investing activities** was THB 294mn mainly from cash paid for 1) purchase of investment in financial instruments of THB 400mn, 2) acquisition of intangible assets of THB 87mn. These were offset by cash received from 3) dividend income of THB 311mn and 4) net cash receipt from purchases of investments in subsidiary of THB 75mn. **Net cash from financing activities** was THB 81mn mainly from cash received from 1) short-term loan from financial institution of THB 450mn, 2) non-controlling interests for issuance of ordinary shares of subsidiary of THB 246mn. These was offset by cash paid for 3) dividend of THB 353mn and 4) repayment of short-term loan from institution of THB 210mn.

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FINANCIAL RATIOS

Profitability Ratios		2Q 2020/21	2Q 2021/22	Liquidity Ratios		31 MAR 2021	30 SEP 2021
Gross profit	(%)	48.5%	18.1%	Current ratio	(times)	1.0	1.1
Operating EBITDA	(%)	19.6%	10.9%	Quick ratio	(times)	0.9	0.7
Cash-to-net profit	(%)	-93.9%	1,820.3%	Account receivable turnover	(times)	2.7	3.5
Net profit (excl. NCI)	(%)	1.6%	-0.9%	Average collection period	(days)	137	105
Return on equity	(%)	4.9%	7.2%	Payable days	(days)	102	80
Efficiency Ratios							
Return on assets	(%)	3.7%	5.4%	Liability to equity	(times)	0.2	0.2
Return on fixed assets	(%)	82.0%	127.0%	Debt to equity	(times)	0.1	0.1
Assets turnover	(times)	0.2	0.2				

Remark:

- Financial ratios were calculated based on The Stock Exchange of Thailand's and The Securities and Exchange Commission, Thailand formula.

MANAGEMENT OUTLOOK

Given the increase in the vaccination roll-out rate in Thailand (over 65% of the national population and 90% of Bangkok metropolis having received vaccination as of October 31, 2021), coupled with the decline in the number of deaths, the Government has made an official announcement to reopen the country for the first time since April 2020 and ease travel restrictions starting from 1 November 2021. Fully vaccinated visitors from 63 countries are now exempt from quarantine. As a result, most businesses and activities in the Blue Zone tourist destinations will be able to resume 'new normal' operations alongside the resurgence of the tourism and other business sectors.

As for VGI's business outlook, thanks to the aforementioned positive developments, the prospect is promising. With improvement in its core operations, combined with synergies from new investments in strategic partners, we firmly believe that the Company's performance will be strengthened and continue to gradually return to pre-COVID level.

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Chitkasem Moo-Ming
(Chief Financial Officer)
VGI Public Company Limited