



บริษัท อีกราดซิล กรุ๊ป จำกัด (มหาชน)

YGGDRAZIL GROUP PUBLIC COMPANY LIMITED

348 ซอยลาดพร้าว 94 (ปิ่นjumิตร) แขวงพลับพลา เขตวังทองหลาง กรุงเทพฯ ประเทศไทย 10310 โทร: (662)-934-4364 โทรสาร: (662)-934-4560

348 Soi Ladprao 94 (Punjamitr), Phlapphla, Wangthonglang, Bangkok, Thailand Tel: (662)-934-4364 Fax: (662)-934-4560

(Translation)

No. YGG004/2567

28 February 2024

Subject Management Discussion and Analysis for the year ended 31 December 2023

To President, The Stock Exchange of Thailand

Yggdrazil Group Public Company Limited (“the Company”) would like to report Management Discussion and Analysis for the year ended 31 December 2023 as follows:

**Operating Performance**

| Unit : THB mm   | Consolidated Financial Statement |               | Change                  |               |
|---|----------------------------------|---------------|-------------------------|---------------|
|   | 2023                             | 2022          | Increase<br>/(Decrease) | %             |
| Sales and Services Revenues   | 312.58                           | 334.91        | (22.33)                 | -6.7%         |
| Other Income  | 2.40                             | 1.99          | 0.41                    | 20.7%         |
| <b>Total Revenue</b>  | <b>314.98</b>                    | <b>336.90</b> | <b>(21.92)</b>          | <b>-6.5%</b>  |
| Cost of Sales and Services  | 191.95                           | 179.62        | 12.34                   | 6.9%          |
| <b>Gross Margin (Excl. other income)</b>  | <b>120.63</b>                    | <b>155.29</b> | <b>(34.66)</b>          | <b>-22.3%</b> |
| Selling Expenses  | 6.78                             | 2.21          | 4.57                    | 206.3%        |
| Administrative Expenses   | 45.07                            | 26.51         | 18.56                   | 70.0%         |
| Loss on Exchange rate   | 3.20                             | 3.92          | (0.71)                  | -18.2%        |
| Share of profit (loss) of Joint Ventures<br>accounted for using the equity method | 0.07                             | -0.45         | 0.52                    | 116.3%        |



|   |              |               |                |               |
|---|--------------|---------------|----------------|---------------|
| <b>Profit before Finance Costs and Income Tax</b> | <b>68.05</b> | <b>124.19</b> | <b>(56.14)</b> | <b>-45.2%</b> |
| Finance Costs                                     | 0.24         | 0.32          | (0.07)         | -23.6%        |
| <b>Profit before Income Tax</b>                   | <b>67.81</b> | <b>123.87</b> | <b>(56.06)</b> | <b>-45.3%</b> |
| (Income) expense Tax                              | -1.66        | 1.75          | (3.41)         | -195.3%       |
| <b>Net Profit After Tax</b>                       | <b>69.47</b> | <b>122.12</b> | <b>(52.65)</b> | <b>-43.1%</b> |

- Over the past while, our company has been doing really well and gaining a good reputation in the global market. This has led to some big clients being interested in our services, especially those that are more valuable than before. Now, as we're trying to grow even more, we need to pass some tests set by our international clients. These tests should be finished by Q1 2024. During the last few months, some of our income got delayed because of these tests. So, even though our total income for 2023 dropped compared to 2022, it still grew by 10% compared to 2021. These tests are really important because they help us work better with these important clients and give us a chance to keep growing in the long run. We think we'll start seeing the results of these tests from 2024 onwards.
- The costs of selling and providing services have been in line with our plans since mid-2023. Additionally, the launch of Home Sweet Home Online game in July 2023 has led to gradual awareness of depreciation and selling costs. We've also allocated budget for server services to ensure players have a good experience with our products.
- The success in expanding business opportunities to new customers abroad reflects the effectiveness of increased sales expenses in 2023. The company participated in global trade shows throughout the year to enhance services and products for sustainable growth. Additionally, expenses on public relations and marketing promoted company products to support consumer awareness both locally and internationally, contributing to the company's value
- The increase in administrative expenses was mainly due to the company recognizing Expected Credit Losses (ECL), amounting to 13.4 million baht in Q4 of 2023. This loss stemmed from a customer's overdue payment for services. However, the company successfully negotiated to settle this outstanding debt and expects to record the reversal of



this loss in the future. The company believes it will fully recover the owed amount as its trading partners are consistent and committed to maintaining their reputation and trustworthiness in a growing industry. Additionally, in 2023, the company incurred other management expenses aligned with its business plan and to support its growth.

### **Breakdown revenue by Business unit (Consolidated Financial Statement)**

For the year ended 31 December 2023, the company recorded total sales and services of THB 314.68 million. This is equal to decreasing of THB 21.93 million or equivalent to 6.7 YoY.

| Revenue by business units | For the period ended 31 December |              |               |              | Change         |             |
|---------------------------|----------------------------------|--------------|---------------|--------------|----------------|-------------|
|                           | 2023                             |              | 2022          |              | Increase       |             |
|                           | THB mm                           | %            | THB mm        | %            | THB mm         | %           |
| 1. VFX                    | 108.25                           | 34.4         | 127.03        | 37.7         | (18.78)        | -14.8       |
| 2. Game                   | 93.65                            | 29.7         | 84.33         | 25.0         | 9.32           | 11.1        |
| 3. Movie / Animation      | 110.68                           | 35.1         | 123.55        | 36.7         | (12.87)        | -10.4       |
| Sales and Services        | <b>312.58</b>                    | <b>99.2</b>  | <b>334.91</b> | <b>99.4</b>  | <b>(22.33)</b> | <b>-6.7</b> |
| Other Income              | 2.40                             | 0.8          | 1.99          | 0.6          | 0.41           | 20.6        |
| <b>Total Revenue</b>      | <b>314.98</b>                    | <b>100.0</b> | <b>336.90</b> | <b>100.0</b> | <b>(21.92)</b> | <b>-6.5</b> |

- VFX and Animation Film had a total revenue of 218.93 million baht, which decreased by 31.65 million baht, or 12.6%, compared to the same period last year. This decline is because the company is currently undergoing testing for the standards of a major international client group, aiming to boost growth and expand the backlog of these departments in the future. It's expected that these testing processes will be completed in Q1 2024, resulting in some revenue being deferred during Q4 2023 due to the reasons mentioned above.



- Sale from Game department increased 9.32 million baht, rising by 11.1% compared to the same period last year. This growth mainly stems from the expansion of the Service. Although the proportion of revenue from own-IP games in 2023 was similar to 2022, the company anticipates increased revenue from Own-IP games due to the plan to launch various games in 2024, including the first-time release of games on mobile platforms.

### Statement of Financial Position

| Unit : THB mm  | Consolidated Financial Statement |                  | Change                |              |
|--|----------------------------------|------------------|-----------------------|--------------|
|  | 31 December 2023                 | 31 December 2022 | Increase / (Decrease) | %            |
|  | Cash and Cash Equivalents        | 12.32            | 148.22                | (135.90)     |
| Financial Assets measured at Fair Value through profit or loss | 55.94                            | 57.17            | (1.23)                | -2.2%        |
| Trade and Other Receivables                                    | 15.05                            | 29.10            | (14.05)               | -48.3%       |
| Contract assets  | 270.01                           | 191.50           | 78.51                 | 41.0%        |
| Films under production   | 103.12                           | -                | 103.12                | N.A.         |
| Other Current Assets   | 21.10                            | 11.57            | 9.53                  | 82.4%        |
| Leasehold Improvement and Equipment                            | 67.31                            | 58.43            | 8.88                  | 15.2%        |
| Intangible Assets  | 85.05                            | 73.93            | 11.12                 | 15.0%        |
| Other Non-current Assets                                       | 22.42                            | 33.31            | (10.89)               | -32.7%       |
| Investment in Joint Ventures                                   | 36.74                            | 38.54            | (1.80)                | -4.7%        |
| <b>Total Assets</b>  | <b>689.06</b>                    | <b>641.77</b>    | <b>47.29</b>          | <b>7.4%</b>  |
| Trade and Other Payables                                       | 40.32                            | 19.68            | 20.64                 | 104.9%       |
| Other Current Liabilities                                      | 18.53                            | 18.76            | (0.23)                | -1.2%        |
| Non-current Liabilities  | 7.68                             | 7.60             | 0.08                  | 1.1%         |
| <b>Total Liabilities</b>                                       | <b>66.53</b>                     | <b>46.04</b>     | <b>20.49</b>          | <b>44.5%</b> |
| <b>Total Equity</b>  | <b>622.53</b>                    | <b>595.73</b>    | <b>26.80</b>          | <b>4.5%</b>  |



บริษัท อีกราดซิล กรุ๊ป จำกัด (มหาชน)

YGGDRAZIL GROUP PUBLIC COMPANY LIMITED

348 ซอยลาดพร้าว 94 (ปิ่นจิมิตร) แขวงพลับพลา เขตวังทองหลาง กรุงเทพฯ ประเทศไทย 10310 โทร: (662)-934-4364 โทรสาร: (662)-934-4560

348 Soi Ladprao 94 (Punjamitr), Phlapphla, Wangthonglang, Bangkok, Thailand Tel: (662)-934-4364 Fax: (662)-934-4560

|                                     |               |               |              |             |
|-------------------------------------|---------------|---------------|--------------|-------------|
| <b>Total Liabilities and Equity</b> | <b>689.06</b> | <b>641.77</b> | <b>47.29</b> | <b>7.4%</b> |
|-------------------------------------|---------------|---------------|--------------|-------------|

During 2023, the company invested 103.12 million baht in a movie project "HOME SWEET HOME," which is an extension of the company's intellectual property. This investment is expected to be completed by Q2 2024. Additionally, the company continued to invest in game products continuously. As of December 31, 2023, the company's total assets amounted to 689.06 million baht, increasing by 47.29 million baht, or 7.4%, compared to total assets as of December 31, 2022.

As of December 31, 2023, the company's total debt amounted to 66.53 million baht, increasing by 20.49 million baht, or 44.5%, compared to the increased volume of trade payables.

The company's total equity amounted to 622.53 million baht as of 31 December 2023, increasing by 26.80 million baht, which was driven by the accumulated profit growth of the company.

Please be informed accordingly,

Yours Sincerely,

*-Tanat Juwiwat-*

(Mr. Tanat Juwiwat)

Chief Executive Officer