



No. YGG005/2568

24 February 2025

Subject Management Discussion and Analysis for the year ended 31 December 2024

To President, The Stock Exchange of Thailand

Yggdrazil Group Public Company Limited (“the Company”) would like to report Management Discussion and Analysis for the period ended 31 December 2024 as follows:

In 2024, the company faced several challenges, including external factors that impacted the industry as a whole. These challenges were driven by rapidly changing consumer behavior, a slowing economy, and the need to comply with evolving accounting standards.

Additionally, liquidity management became a key focus to ensure the company's financial stability. In the second quarter of 2024, the company explored financing options and applied for a loan from a financial institution to strengthen its liquidity position. However, the loan was not approved, leading the management team to reassess its strategic direction in response to the business environment at that time. As a result, the company prioritized careful liquidity management and focused on operations that would support short-term financial stability.

Given these circumstances, the company implemented the following strategic initiatives to manage financial risks and enhance business resilience.

- Focusing on Short-Term Services to Maintain Liquidity

The company has prioritized providing services to clients over the development of intangible assets, such as game development. The focus has been placed on short-term service contracts (3-6 months), which generate cash flow more quickly and offer greater certainty compared to long-term service contracts or projects exceeding six months. The development of intangible assets typically requires a significant



investment and an extended development period before generating revenue, which poses liquidity risks, particularly during a time when the company is facing financial constraints.

- Workforce Adjustments and Impact on Long-Term Projects

To align with the strategy of focusing on short-term services, the company has undertaken a cost restructuring by reducing the workforce in areas that are not essential to short-term service operations. However, this workforce reduction has had a direct impact on long-term projects, which require specialized expertise and continuous execution. As a result, the company has had to scale down or put certain long-term projects on hold. Given the nature of these projects, which generally require a significant amount of time before generating cash flow, the shift in strategy has increased short-term liquidity risks. Consequently, the company has reduced its engagement in long-term projects, leading to the recognition of an Expected Credit Loss (ECL) provision.

- Debt Management and Financial Restructuring

The company has implemented effective liquidity and debt management measures, emphasizing the importance of managing trade payables and restructuring its financial obligations with financial institutions. These efforts aim to strengthen financial stability and optimize cash flow management. As part of this strategy, the company has successfully completed the repayment of restructured debt under the agreed plan

### Performance from Consolidated Financial Statement

Unit : THB mm	Consolidated Financial Statement		Change	
	2024	2023	Increase /(Decrease)	%
Sales and Services Revenues	174.94	312.58	(137.64)	-44.03%
Other Income	2.81	2.40	0.41	17.06%
<b>Total Revenue</b>	<b>177.75</b>	<b>314.98</b>	<b>(137.23)</b>	<b>-43.57%</b>
Cost of Sales and Services	141.77	191.95	(50.18)	-26.14%



<b>Gross Margin (Excl. other income)</b>	<b>35.98</b>	<b>120.63</b>	<b>(84.65)</b>	<b>-70.17%</b>
Selling Expenses	2.59	6.78	(4.19)	-61.85%
Administrative Expenses	241.18	32.83	208.35	634.59%
Expected Credit Loss	314.73	12.24	302.50	2472.22%
Gain (loss) on Exchange rate	0.59	3.20	311.53	9727.15%
Share of loss of Joint Ventures accounted for using the equity method	(15.19)	0.07	(15.26)	-21800.29%
<b>Profit before Finance Costs and Income Tax</b>	<b>(538.30)</b>	<b>68.05</b>	<b>(606.35)</b>	<b>-891.04%</b>
Finance Costs	1.10	0.24	0.86	359.85%
<b>Profit before Income Tax</b>	<b>(539.41)</b>	<b>67.81</b>	<b>(607.22)</b>	<b>-895.47%</b>
Income Tax	8.25	(1.66)	9.92	-596.11%
<b>Net Profit After Tax</b>	<b>(547.66)</b>	<b>69.47</b>	<b>(617.09)</b>	<b>-888.80%</b>

In 2024, the company recorded a total revenue of THB 174.94 million, representing a decline of THB 137.64 million or 44.03% compared to 2023. However, from July to December 2024, the company was able to secure short-term projects from both existing and new clients on a continuous basis.

The company's cost of sales and services for 2024 amounted to THB 141.77 million, a decrease of THB 50.18 million or 26.14%, which was in line with the reduced volume of projects and the cost restructuring initiatives undertaken as part of the company's strategic plan to enhance operational efficiency.

The Selling expenses for 2024 totaled THB 2.59 million, a reduction of THB 4.19 million or 61.85% compared to the previous year. This was primarily due to the decrease in promotional expenses for game marketing.

In 2024, the company's administrative expenses totaled THB 241.18 million, covering general operating costs such as employee salaries, professional service fees, consulting fees, utilities, and other business-related expenses. Additionally, the company recognized one-time expenses in accordance with accounting standards to reflect the fair value of assets. These adjustments do not represent a permanent loss of economic value, as the assets may regain value in the future depending on market conditions and business



opportunities. These one-time expenses included an impairment loss on films under production amounting to THB 83.4 million. In addition, a fair value adjustment on investments in co-produced and distributed films amounting to THB 23.6 million.

Furthermore, the company recognized additional expenses related to its business restructuring, including the write-off of intangible assets and related assets amounting to THB 74.0 million, following the strategic decision to discontinue in-progress game development and asset impairments and asset disposals amounting to THB 26.2 million.

The company also recorded an Expected Credit Loss (ECL) of THB 314.7 million as a result of strategic adjustments. These changes affected certain contract assets, as some projects were no longer expected to be fully collectible from clients, and certain projects could not be completed as originally agreed under their contractual terms.

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

For the period ended 31 December 2024, the company recorded total sales and services of THB 174.94 million. This is equal to decreasing of THB 137.64 million or equivalent to 44.0 YoY.

Revenue by business units	For the period ended 31 December				Change	
	2024		2023		Increase /(Decrease	
	THB mm	%	THB mm	%	THB mm	%
1. VFX	54.79	30.8	108.25	34.4	-53.46	-49.4
2. Game	64.52	36.3	93.65	29.8	-29.13	-31.1
3. Movie / Animation	55.63	31.3	110.68	35.1	-55.05	-49.7
Sales and Services	<b>174.94</b>	<b>98.4</b>	<b>312.58</b>	<b>99.2</b>	<b>-137.64</b>	<b>-44.0</b>
Other income	2.8	1.6	2.4	0.8	0.4	16.7
<b>Total Revenue</b>	<b>177.74</b>	<b>100</b>	<b>314.98</b>	<b>100</b>	<b>-137.24</b>	<b>-43.6</b>



- The VFX and Movie / Animation segment recorded total revenue of THB 110.42 million, a decrease of THB 108.5 million or 49.5% compared to the same period in the previous year
- The Game segment generated revenue of THB 64.52 million, representing a 31.1% decline compared to the same period in the previous year. Additionally, revenue from the distribution of the company's proprietary games amounted to THB 10.60 million.

### Balance Sheet

Unit : THB mm	Consolidated Financial Statement		Change	
	Ended 31 December 2024	Ended 31 December 2023	Increase / (Decrease)	%
Cash and Cash Equivalents	18.05	12.32	5.73	46.49%
Financial assets measured at amortised cost	26.40	61.64	(35.24)	-57.17%
Financial Assets measured at Fair Value through profit or loss	2.80	15.05	(12.25)	-81.40%
Trade and Other Receivables	7.20	270.01	(262.81)	-97.33%
Films under production	34.60	103.12	(68.52)	-66.45%
Other Current Assets	6.69	10.24	(3.55)	-34.62%
Leasehold Improvement and Equipment	35.20	67.31	(32.11)	-47.70%
Intangible Assets	12.40	85.05	(72.65)	-85.42%
Other Non-current Assets	5.70	22.42	(16.72)	-74.58%
Investment in Joint Ventures	21.60	36.74	(15.14)	-41.21%
<b>Total Assets</b>	<b>172.05</b>	<b>689.06</b>	<b>(517.01)</b>	<b>-75.03%</b>
Bank overdrafts and short-term borrowings	33.00	-	33.00	N.A.
Trade and Other Payables	49.80	40.32	9.48	23.51%
Other Current Liabilities	4.00	18.57	(14.57)	-78.46%



บริษัท อีกราดซิล กรุ๊ป จำกัด (มหาชน)

YGGDRAZIL GROUP PUBLIC COMPANY LIMITED

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Non-current Liabilities	7.50	7.68	(0.18)	-2.34%
<b>Total Liabilities</b>	<b>94.30</b>	<b>66.57</b>	<b>27.73</b>	<b>41.66%</b>
<b>Total Equity</b>	<b>77.80</b>	<b>622.49</b>	<b>(544.69)</b>	<b>-87.50%</b>
<b>Total Liabilities and Equity</b>	<b>172.10</b>	<b>641.77</b>	<b>(469.67)</b>	<b>-73.18%</b>

As of December 31, 2024, the company's total assets amounted to THB 172.05 million, representing a decrease of THB 517.01 million, or 75.03%, compared to total assets as of December 31, 2023. This change was primarily driven by the company's strategic business adjustments, organizational restructuring, and fair value adjustments of assets in alignment with accounting standards and prevailing industry conditions. The company remains focused on efficient asset management to support future business opportunities and strengthen financial stability

The company's total liabilities stood at THB 94.30 million as of December 31, 2024, an increase of THB 27.73 million, or 41.6%, compared to the previous year. The rise in liabilities was primarily due to the utilization of short-term borrowings to enhance the company's financial liquidity.

As of December 31, 2024, the company's total shareholders' equity amounted to THB 77.80 million, reflecting a decrease of THB 469.67 million compared to the previous year.

Please be informed accordingly,

Yours Sincerely,

*-Tanat Juwiwat-*

(Mr. Tanat Juwiwat)

Chief Executive Officer