

QUARTERLY BUSINESS HIGHLIGHTS – 3Q 2021/22

Operating revenue increased to THB 567mn, an increase of 26.5% YoY, mainly from more installation and maintenance project of the System Integration business as well as a growth in Domestic Advertising business.

- Advertising revenue increased by 4.1% YoY to THB 125mn.
- System Integration revenue increased by 34.7% YoY to THB 442mn.

Recorded net loss of THB 17mn with a net loss margin at 3.0%

KEY BUSINESS AND STRATEGIC UPDATES

TAPPING INTO THE GAME PUBLISHING BUSINESS

During the past few years, the gaming industry in Thailand has been receiving growing interest from investors, thanks to the government’s support for the creation of the Thailand E-Sports Federation (TESF) with the aim to create e-Sports athletes. Meanwhile, the surge of the digital economy in Thailand has boosted the growth of the gaming market size by 15.0% with a total value of THB 29bn¹ and is expected to reach around THB 40bn in 2022.

Owing to the increasing market potential of the aforementioned gaming industry, on 12 November 2021, MACO’s Board of Directors approved to enter into an agreement to form a 50:50 joint venture with YGGDrazil Group Public Company Limited (“YGG”) – the top service provider of visual effect, animation and digital production studio in Thailand – to tap into the Game Publishing business. Through this partnership, both companies will be able to leverage their strengths and expertise to develop quality services together with prominent partners such as BTSG, VGI, PlanB, Rabbit Group and Zipmex. While, MACO will help fulfil the gaming ecosystem by strengthening YGG platform to better promote new games in Thailand and Southeast Asia through its advertising platforms. MACO and YGG will invest a total of THB 200mn to establish the joint venture, which expects to be completed within February 2022 and targets to launch at least 2 games within this year.

SUCCESSFULLY SELL ALL BILLBOARD ASSETS TO PLANB AND INCREASE CAPITAL THROUGH RIGHTS OFFERING

On 19 November 2021, MACO’s shareholder meeting approved the issuance of rights offering (“RO”) and asset disposal transaction. The Company received a total cash of THB 1,286.0mn, which came from proceeds from RO of THB 811.8mn and asset disposal transaction of THB 474.2mn². Following the completion of the sale of 655 billboards to Plan B Media Public Company Limited (“PlanB”), the minimum guarantee paid by PlanB under Advertising Media Management and Service Agreement was reduced from THB 700mn to THB 250mn per year, being effective from 1 December 2021 onwards.

¹ Digital Economy Promotion Agency (DEPA)

² The Company received net cash from the sale of asset transaction of THB 474.2mn, which came from the asset disposal of THB 639.5mn deducted by an adjustment of advance minimum guarantee paid by PlanB of THB 165.3mn

3Q 2021/22 CONSOLIDATED P&L SNAPSHOT

THB (mn)	3Q 2020/21 (Restated)	2Q 2021/22 (Restated)	3Q 2021/22	QoQ (%)	YoY (%)
Operating revenue	449	473	567	20.0%	26.5%
Cost of sales	372	349	415	18.9%	11.5%
Gross profit	76	124	152	23.0%	99.6%
SG&A	159	99	207	110.0%	30.1%
Share of profit (loss) from JVs & associates	(38)	(17)	(1)	96.3%	98.4%
EBITDA	42	80	30	-62.5%	-28.9%
EBIT	(98)	25	(28)	-212.1%	71.2%
Interest expenses	38	17	22	24.7%	-43.1%
Tax	7	15	3	-77.6%	-48.8%
Net profit (loss)*	(95)	50	(17)	-134.0%	82.0%
Net profit from continued business	(77)	(18)	5	126.6%	106.5%
Net profit from discontinued business	(18)	68	(22)	-132.1%	-22.6%

Gross profit margin	17.0%	26.1%	26.8%
EBITDA margin	9.4%	16.9%	5.5%
NPAT margin	-21.2%	10.7%	-3.0%

*Net profit (loss) attributable to equity owner of the Company

Revenue by segments (THB mn)

	3Q 2020/21 (Restated)	2Q 2021/22 (Restated)	3Q 2021/22	QoQ (%)	YoY (%)
Advertising	120	87	125	43.8%	4.1%
Domestic Advertising	96	76	105	37.6%	9.3%
International Advertising	24	11	20	87.9%	-16.7%
System Integration	329	386	442	14.6%	34.7%
Total Revenue	449	473	567	20.0%	26.5%

% Contribution to total revenue

	3Q 2020/21 (Restated)	2Q 2021/22 (Restated)	3Q 2021/22
Advertising	26.8%	18.4%	22.0%
Domestic Advertising	21.4%	16.1%	18.5%
International Advertising	5.3%	2.2%	3.5%
System Integration	73.2%	81.6%	78.0%
Total Revenue	100.0%	100.0%	100.0%

3Q 2021/22 PERFORMANCE ANALYSIS (YOY)

In this quarter, the Company had completed the asset disposal transaction, which all of MACO's domestic billboard assets as well as all ordinary shares in Multi Sign Company Limited ("MTS") and Comass Company Limited ("Comass") were sold and transferred to Plan B Media Public Company Limited ("PlanB") – effective since 1 December 2021. This resulted in a deconsolidation of MTS and Comass from the Company's financial performance. Therefore, revenue from an operation of billboard media, which was directly managed by MTS and Comass, was restated from our profit and loss statement. While, net profit (loss) of MTS and Comass will show as net profit (loss) from discontinued operation in the Financial Statements. Going forward, the Company will report revenue from the Street Furniture media under Domestic Advertising business.

The Company's **operating revenue** was THB 567mn, an increase of 26.5% YoY. The increase was mainly from more installation and maintenance projects under System Integration business and the recognition of minimum guarantee paid by PlanB.

Advertising revenue contributed 22.0% of total revenue or THB 125mn, increased by 4.1% YoY due to the minimum guarantee received from PlanB.

- **Domestic Advertising revenue** was THB 105mn, an increase of 9.3% YoY.
- **International Advertising revenue** decreased to THB 20mn, a decrease of 16.7% YoY.

System Integration revenue contributed 78.0% of total revenue or THB 442mn, increased by 34.7% YoY from more installation and maintenance projects.

The growth in revenue also reflects to an increase in **cost of sales**, which increased by 11.5% YoY to THB 415mn. However, **cost-to-sales ratio** decreased from 83.0% to 73.2% in this quarter. The significant increase in cost-to-sales ratio was primarily from an increase in revenue base.

As a result, **gross profit** increased by 99.6% YoY to THB 152mn, while **gross profit margin** increased from 17.0% to 26.8%,

Selling, General and Administrative expenses ("SG&A") increased by 30.1% YoY to THB 207mn. This was mainly from an impairment of assets in Malaysia market. As a result, **SG&A to revenue ratio** increased from 35.5% to 36.5%.

Share of loss from investment in joint ventures & associates decreased from THB 38mn to THB 1mn in this quarter. The improvement of share of profit and loss in this quarter was mainly from none recognition of performance from an investment in PT Avabanindo Pekasa ("Otego"), a transit media business in Indonesia market, as the Company had done an impairment of investment in Otego since 4Q 2020/21. In addition, the Company saw the improvement in the performance of Hello Bangkok LED Company Limited.

Altogether, the Company recorded **net loss** of THB 17mn in this quarter, a decrease of 82.0% YoY with a **net loss margin** of 3.0%.

FINANCIAL POSITION
ASSETS

ASSETS BREAKDOWN	31 MAR 21		31 DEC 21	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and current investments	1,248	17.5%	2,187	26.7%
Trade & other receivables	355	5.0%	420	5.1%
Investment in joint venture and associates	2,204	30.9%	2,408	29.4%
Property, plant and equipment	619	8.7%	448	5.5%
Right-of-use assets	907	12.7%	575	7.0%
Goodwill and Intangible assets	1,137	16.0%	651	8.0%
Other assets	655	9.2%	1,494	18.3%
Total assets	7,125	100.0%	8,183	100.0%

Total assets as of 31 December 2021 was reported at THB 8,183mn, an increase of 14.8% or THB 1,058mn from THB 7,125mn as of 31 March 2021.

Total current assets were THB 3,679mn, increasing by 81.6% or THB 1,653mn, primarily from an increase of 1) cash & cash equivalents of THB 939mn, 2) accrued income from the sale of assets of THB 457mn and 3) work in process of System Integration business of THB 106mn.

Total non-current assets stood at THB 4,503mn, decreasing by 11.7% or THB 595mn, primarily due to a decrease in 1) goodwill and intangibles assets of THB 486mn, 2) right-of-use assets of THB 332mn. Nevertheless, this decrease was partially offset by an increase in 3) investment in VGI Vietnam Joint Stock Company of 234mn and 4) investment in Zipmex Asia Pte Limited of THB 142mn.

Trade and other receivables were THB 420mn, an increase of 18.3% or THB 65mn from THB 355mn as of 31 March 2021. The average collection period as at the end of this quarter was 78 days compared to 84 days as of 31 March 2021.

AGING OF TRADE RECEIVABLES (THB mn)	31 MAR 21	31 DEC 21
Not yet due	169	132
Up to 3 months	61	129
3 - 6 months	70	24
6 - 12 months	71	9
Over 12 months	229	58
Total	600	352
Allowance for expected credit losses	71	56

LIABILITIES AND SHAREHOLDERS' EQUITY

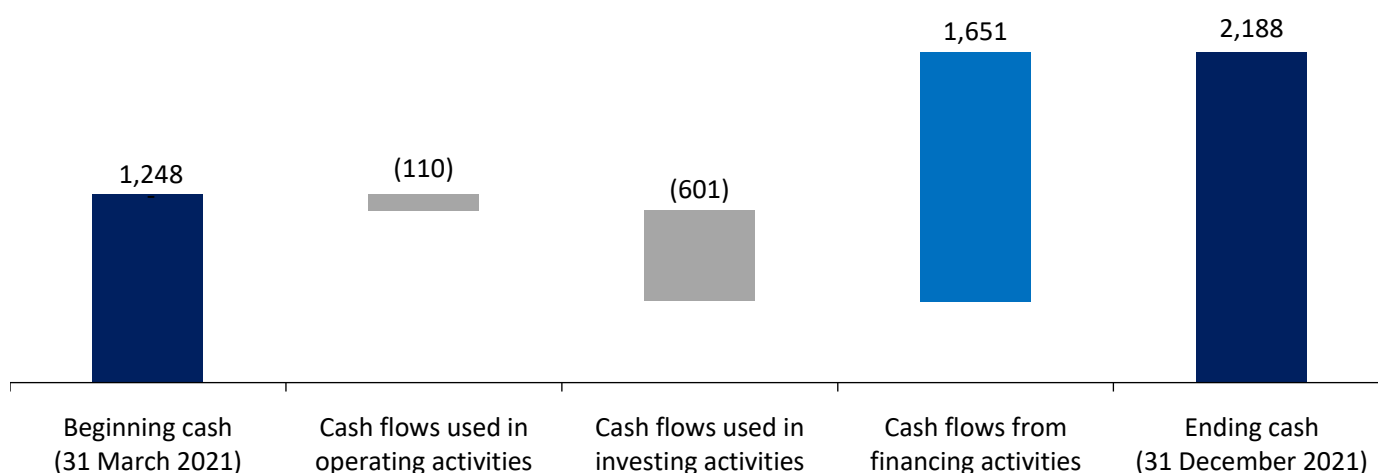
LIABILITIES AND EQUITY BREAKDOWN	31 MAR 21		31 DEC 21	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans from financial institutions	10	0.1%	530	6.5%
Trade and other payables	1,210	17.0%	1,029	12.6%
Advances received from employers and unearned revenue	1,036	14.5%	441	5.4%
Other current liabilities	389	5.5%	1,264	15.4%
Lease liabilities	1,059	14.9%	827	10.1%
Other non-current liabilities	601	8.4%	228	2.8%
Total liabilities	4,305	60.4%	4,319	52.8%
Shareholders' equity	2,820	39.6%	3,864	47.2%
Total liabilities and equity	7,125	100.0%	8,183	100.0%

Total liabilities were THB 4,319mn, increasing by 0.3% or THB 14mn from THB 4,305mn as of 31 March 2021 mainly from an increase in 1) share payable of THB 727mn and 2) short-term loan from financial institutions of THB 520mn. Nevertheless, the increase was partially offset by a decrease of 3) advances received from employers and unearned revenue of THB 595mn, 4) trade and other payables of THB 181mn and 4) lease liabilities – net of current portion of THB 170mn.

Total equity was THB 3,864mn, increasing by THB 1,044mn or 37.0%. This was mainly attributed to an increase in 1) advance payment for shares of THB 809mn, 2) deficit from changes in ownership interests in retained earnings of THB 305mn and 3) non-controlling interests of the subsidiaries of THB 83mn. However, this was partially offset by a decrease of 4) unappropriated retained earnings of THB 178mn.

CASH FLOW

As of 31 December 2021, the Company had **net cash used in operating activities** of THB 110mn. **Net cash used in investing activities** was THB 600mn, mainly from cash paid for 1) purchase of investment in associate of THB 190mn, 2) purchase of investment in financial assets of THB 176mn and 3) acquisitions of equipment of THB 127mn. **Net cash from financing activities** was THB 1,651mn. The key components were cash received from 1) advances received from share payable of THB 809mn and 2) Cash received from share subscription received from the shareholders to be refunded THB 727mn.

9-MONTH CASH FLOW SNAPSHOT


KEY FINANCIAL RATIOS

		3Q 2020/21	3Q 2021/22			31 MAR 2021	31 DEC 2021
Profitability Ratios				Liquidity Ratios			
Gross profit	(%)	17.0%	26.8%	Current ratio	(times)	0.7	1.1
Operating EBITDA	(%)	-13.4%	-4.9%	Quick ratio	(times)	0.6	0.5
Net profit (continued operation)	(%)	-17.3%	0.8%	Account receivable turnover	(times)	4.1	4.7
Net profit (discontinued operation)	(%)	-4.0%	-3.8%	Average collection period	(days)	84	78
Net profit	(%)	-21.2%	-3.0%	Payable days	(days)	209	234
Return on equity	(%)	17.9%	-15.5%	Leverage Ratios			
Efficiency Ratios				Liability to Equity	(times)	1.5	1.1
Return on assets	(%)	-12.0%	-8.0%	Debt to equity	(times)	0.2	0.3
Return on fixed assets	(%)	-90.1%	-107.3%				
Asset turnover	(times)	36.0%	26.8%				

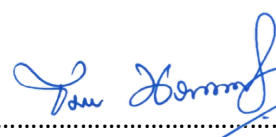
Remark:

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

MANAGEMENT OUTLOOK

Following the Extraordinary General Meeting's approval on 19 November 2021, MACO successfully sold all of its billboard assets to Plan B Media Public Company Limited, our asset manager for domestic advertising business, and raised capital through right offerings (RO). Through these transactions, MACO received total proceeds of THB 1,286mn of which the Company plans to use proceeds for debt restructuring and invest in new business opportunities, particularly in the digital and technology fields.

After the announcement to pursue the Company's new strategic direction to move towards digitalisation in the past quarter, MACO has made progress to transition into the new economy, investing in Zipmex Asia Pte Limited and forming a joint venture with YGGDrazil Public Company Limited. We are confident that our strategic transformation through new opportunities in the digital industry will give rise to the new version of MACO. With our cash on hand, we will be able to strengthen our financial performance and sustainable growth for our shareholders and all stakeholders in the future.



Tamonwan Narintavanich
(Chief Financial Officer)