

MGC → ASIA™



MANAGEMENT DISCUSSION & ANALYSIS
Q1 / 2024

FINANCIAL OVERVIEW Q1 / 2024

Millennium Group Corporation (Asia) Public Company Limited

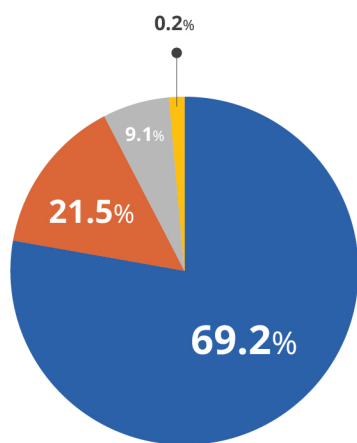
EXECUTIVE SUMMARY

Unit : Million Baht	For Three-Month Period		YoY (%)
	2023	2024	
Total revenue	5,379	4,523	-16%
Earnings before Interest, tax, depreciation, and amortization (EBITDA)	407	351	-14%
Profit from operating activities	211	105	-50%

REVENUE BY SEGMENTS

4,473

Million Baht



Q1 / 2024

- Business for sale of automobiles, accessories, decorations and related apparel
- Business for providing after sales services, sale of automotive parts and maintenance services for independent cars
- Business for providing cars and drivers for rental services
- Other Businesses

Significant Events

- In February 2024, established "MGC-ASIA Greentech Company Limited" for business expansion in the comprehensive electric vehicle (EV) industry, held by MGC-ASIA 99.99%
- In March 2024, EV car branded "ZEEKR" and "XPENG" was launched by Z Mobility and X Mobility respectively, under the company "Neo Mobility", joint venture of MGC-ASIA Greentech and Arun Plus, at the Bangkok International Motor Show 2024, deliveries will commence in the beginning of Q3/24

Backlog of Car / Yacht / Boat as of 14 May 2024

BRAND	NO. OF CAR / YACHT / BOAT
ROLLS-ROYCE	18
BMW	330
MERCEDES-BENZ	46
BMW MOTORRAD	48
SUMMIT	400
HARLEY-DAVIDSON	46
AZIMUT	1

Booking Record for Motor Show 2024 (27 March - 7 April 2024)

BRAND	NO. OF CAR
ZEEKR	398
XPENG	188

ALPHA X

In the first quarter, the Company had a modest pre-provision operating loss, which was reached pre-provision operating profit breakeven in March 2024. This improvement was primarily driven by a surge in Credit Portfolio and the enhanced net interest margin resulting from business expansion of Financing and Wealth Lending into high net worth clients. Additionally, the Company bolstered its finance cost and operation cost management capabilities, thereby augmenting its overall operating profitability. Although, the continued growth of High Net Worth clients, the Company is still facing with credit risk deterioration in the legacy automotive hire purchase segment, leading to escalated credit loss. Consequently, the company incurred a net operation loss.

HOWDEN

In the first quarter, the Company had revenue by baht 89 million, which growth at 12% from prior year. The Company could achieve over budget with key accounts in Motor, Casualty, Reinsurance, Fine, Art and Jewellery. The Company had net profit by baht 28 million, which growth at 7% from prior year. For the rest of year, the Company has strong new businesses pipelines, new product expansion and confident to achieve the budget which expected to growth at 7% from prior year.

Total Revenue

4,523

Million Baht

↓ 16% YoY

Total Asset

15,156

Million Baht

↓ 2% YoY

EBITDA

351

Million Baht

↓ 14% YoY

Summary of financial position as at March 31, 2024

Consolidated financial position	December 31, 2023		March 31, 2024		Change increase / (decrease)	
	Million Baht	Per total assets	Million Baht	Per total assets	Million Baht	Percent
Assets	15,442.1	100.0	15,155.6	100.0	(286.5)	(1.9)
Liabilities	11,724.2	75.9	11,447.2	75.5	(277.0)	(2.4)
Equity	3,717.9	24.1	3,708.4	24.5	(9.5)	(0.3)

Assets

As of December 31, 2023, and March 31, 2024, the Group had total assets of Baht 15,442.1 million and **Baht 15,155.6 million** respectively, decreased by Baht 286.5 million or 1.9 percent. The change was mainly from the decrease in trade and other accounts receivable of MAG due to sales of new cars in March 2024 was decreased compared to sales in December 2023, and accrued bonus support from BMW Thailand in 2023 was settled in 2024.

Liabilities

As of December 31, 2023, and March 31, 2024, the Group had total liabilities of Baht 11,724.2 million and **Baht 11,447.2 million** respectively, decreased by Baht 227.0 million or 2.4 percent. The change was primarily due to (1) decrease in trade and other accounts payable which was in line with the decrease in number of new car sold in March 2024 compared to December 2023 and (2) decrease in repayment of long-term loans from financial institutions of MAG and SHA, offset by (3) increase in finance lease liabilities due to the ascending short-term and long-term car rental services of MCR and MDS and (4) increase in short-term loans from related company for advance payment for inventory of Azimut Yacht by AZM and Rolls-Royce Car by GW.

Shareholders' Equity

As of December 31, 2023, and March 31, 2024, the Group had a shareholders' equity of Baht 3,717.9 million and **Baht 3,708.4 million** respectively, decreased by Baht 9.5 million or 0.3 percent, which in line with the performance of the three-month period ending March 31, 2024.

Summary of financial performance for the period ended March 31, 2024

Consolidated financial statement of comprehensive income	For the three-month ended				Change increase / (decrease)	
	March 31, 2023		March 31, 2024			
	Million Baht	Per total revenue	Million Baht	Per total revenue	Million Baht	Percent
Revenue form sales and services	5,116.7	95.1	4,178.1	92.4	(938.6)	(18.3)
Revenue from providing cars and drivers for rental services	240.6	4.5	291.6	6.4	51.0	21.2
Total revenue	5,379.2	100.0	4,522.5	100.0	(856.7)	(15.9)
Cost of sales	4,412.8	82.0	3,620.2	80.0	(792.6)	(18.0)
Cost of rendering of services	194.0	3.6	205.2	4.5	11.2	5.8
Direct costs of rental and services from operating leases	168.4	3.1	210.7	4.7	42.3	25.1
Gross profit	588.3	10.9	436.8	9.7	(151.5)	(25.8)
Profit from operating activities	211.4	3.9	104.7	2.3	(106.7)	(50.5)
Profit (loss) for the period	81.1	1.5	(9.5)	(0.2)	(90.6)	(111.7)
Profit (loss) attributable to owners of the parent	81.7	1.5	(9.5)	(0.2)	(91.2)	(111.6)

Revenue structure

Business	Consolidated financial statement for the three-month ended				Change increase / (decrease)	
	March 31, 2023		March 31, 2024		Million Baht	Percent
	Million Baht	Per total revenue	Million Baht	Per total revenue		
Mobility retail business	4,122.3	76.6	3,095.9	68.5	(1,026.4)	(24.9)
Aftersales and independent car maintenance service business ⁽¹⁾	864.6	16.1	959.6	21.2	95.0	11.0
Car rental and driver service business	364.7	6.8	408.6	9.0	43.9	12.0
Information and technology (IT) service and others ⁽²⁾	11.9	0.2	8.9	0.2	(3.0)	(25.5)
Total revenue from sales and services	5,363.5	99.7	4,473.0	98.9	(890.5)	(16.6)
Other revenue ⁽³⁾	15.7	0.3	49.5	1.1	33.9	216.1
Total revenue	5,379.2	100.0	4,522.5	100.0	(856.7)	(15.9)

Note:

(1) Aftersales and independent car maintenance service business includes sales of automotive parts, accessories, lifestyle products and others

(2) Other services include shared service

(3) Other revenue mainly consists of (1) Investment income which are interest earning (2) Profit from selling assets (3) Revenue from car reservation and security deposit forfeit (4) Revenue from early termination fines for car rental service (5) Rental and services income from the major shareholders' companies and (6) Other income such as profit (loss) from exchange rate, compensation, credit card fee and sold scrap

Revenue from sales and services

For the three-month period ended March 31, 2023 and 2024, the Group generated revenue from sales and services of Baht 5,363.5 million and **Baht 4,473.0 million**, respectively. This signified a decrease of Baht 890.5 million or 16.6 percent which mainly came from decrease in revenue of mobility retail business as customers delayed their spending for the Bangkok International Motor Show 2024 from March 27 to April 7, 2024. Cars sold will be delivered in the next quarter.

Gross profit

For the three-month period ended March 31, 2023, and 2024, the Group had gross profit of Baht 588.3 million and **Baht 436.8 million**, accounting for gross profit margin of 10.9 percent and **9.7 percent** respectively, decreased by Baht 151.5 million or 25.8 percent.

Net profit (loss)

For the three-month period ended March 31, 2023 and 2024, the Group had net profit(loss) of Baht 81.1 million and **Baht (9.5) million**, accounting for net profit margin of 1.5 percent and **0.2 percent** respectively. Net profit was decreased by Baht 90.6 million or 111.7 percent, mainly due to the decrease of revenue from sales and services and the increase of distribution and administrative expenses as following; (1) High business competition in automotive retail and highly regulated bank lending standards, causing the Group to leverage more marketing activities to attract customers, (2) Recession in used car retail business due to high price competitiveness, and (3) Other expenses relating to business expansion including such as depreciation and service expenses. (4) Moreover, there was an increase in interest expense due to higher market interest rates.

Financial ratios

Financial ratios	Unit	Consolidated financial statement	
		for the year ended	
		March 31, 2023	March 31, 2024
Liquidity ratio			
Liquidity ratio	times	0.8	0.9
Cash cycle	days	13.2	14.2
Profitability ratio			
Gross profit margin ⁽¹⁾	percent	11.0	9.8
Earning per share (EPS) ⁽²⁾	Baht/Share	0.1	(0.01)
Net profit margin	percent	1.5	(0.2)
Efficiency ratio			
Return on equity ⁽³⁾	percent	24.6	(0.3)
Return on asset ⁽⁴⁾	percent	2.7	(0.1)

Financial ratios	Unit	Consolidated financial statement as at	
		December 31, 2023	March 31, 2024
		Financial policy ratio	
Debt to equity ratio (D/E)	times	3.2	3.1
Interest bearing debt to equity ratio (IBD/E) ⁽⁵⁾	times	2.2	2.5
Interest bearing debt (excluding credit payables of inventories for display and lease liabilities) to equity ratio	times	1.0	1.2

- Note:
- (1) Gross profit is calculated from the total revenue from sales and services of 4 business groups, namely (1) Mobility retail business (2) Aftersales and independent car maintenance service business (3) Car rental and driver service business (4) Information Technology (IT) and other services business, deduct the cost of sales, cost of rendering of services and direct costs of rental and services from operating leases.
 - (2) Calculated from profit (loss) attributable to owners of the parent divided by the number of ordinary shares under the weighted average method.
 - (3) Calculated from net profit (loss) for the period divided by the average of shareholders' equity
 - (4) Calculated from net profit (loss) divided by the average of total assets
 - (5) Calculated from Interest Bearing Debt divided to shareholders' equity. The Interest-Bearing Debt is an interested loan in the Group's consolidated financial statement, as of March 31, 2024, including 6 items, namely (1) bank overdrafts and short-term loan from financial institutions (2) credit payables of inventories for display (3) short-term loans from related parties (4) short-term loans from others (5) long-term loans from financial institutions and (6) lease liabilities.

Liquidity ratio

For the period ended March 31, 2023, and 2024, the liquidity ratio increased from 0.8 times to **0.9 times**, mainly due to the increase in current assets at a higher proportion than the increase in current liabilities. Current assets as of March 31, 2024 increased from cash and cash equivalents and inventories, while current liabilities increased from trade and other accounts payable, short-term loans from related company and credit payables of inventories for display.

Cash cycle

For the period ended March 31, 2023 and 2024, cash cycle increased from 13.2 days to **14.2 days**, primarily due to the increase in average collection period from 15.9 days to 20.4 days, and the increase in average inventory period from 49.7 days to 78.8 days, offset by the increase in average payment period from 52.4 days to 85.0 days.

Return on equity

For the period ended March 31, 2023 and 2024, the return on equity decreased from 24.6 percent to **(0.3) percent**, primarily due to the decrease in net profit together with the increase in average shareholders' equity (average of total shareholders' equity at the end of December 2023 and March 2024) as a result of the increase of the Company's share capital and share premium from the initial public offering in April 2023.

Return on assets

For the period ended March 31, 2023 and 2024, the return on assets decreased from 2.7 percent to **(0.1) percent**, primarily due to the decrease in net profit together with the increase in average total assets in 2024 (average of total assets at the end of December 2023 and March 2024) compared to average total assets in 2023 (average of total assets at the end of December 2022 and March 2023).

Debt to equity ratio, interest-bearing debt to equity ratio, and interest-bearing debt (excluding credit payables of inventories for display and lease liabilities) to equity ratio

For the period ended December 31, 2023 and March 31, 2024, the debt-to-equity ratio decreased from 3.2 times to **3.1 times**, the interest-bearing debt to equity ratio increased from 2.2 times to **2.5 times**, and the interest-bearing debt (excluding credit payables of inventories for display and lease liabilities) to equity ratio increased from 1.0 times in 2023 to **1.2 times** in 2024, respectively. This was mainly due to the decrease in shareholders' equity at a lower proportion than the decrease in total liabilities. The increase in interest-bearing liabilities was from the addition of short-term loans from related company from the reason mentioned above.