

Media Release

MeGroup posts record performance for revenue in 1H2024

MeGroup continues strong showing at half-time -
6.6% increase in 1H2024 revenue to RM217.7
million

- **Both manufacturing and dealership businesses see recovery**
 - Revenue from manufacturing business increases 59.2% while dealership business rises by 0.2%
- **Net profit rises 20.9% to RM3.3 million for 1H2024 on growth in revenue**
- **Declares one-tier tax exempt interim cash dividend of RM0.004 per share for the current financial period ended 30 September 2023, representing a payout ratio of 14.8%**
- **To expand existing manufacturing facilities at Balakong, Selangor Darul Ehsan, to increase production capacity through a property acquisition**
- **To continue to explore synergistic businesses that contribute to the automotive industry**

Singapore, 10 November 2023 – SGX-Catalist listed **MeGroup Ltd.** (“**MeGroup**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) today announced its financial results for the half year period ended 30 September 2023 (“**1H2024**”).

The Group reported a 6.6% increase in revenue for 1H2024 to RM217.7 million, from RM204.1 million for the six-month period ended 30 September 2022 (“**1H2023**”). The increase was mainly driven by MeGroup’s Manufacturing business, where the increase in sales orders for existing models and the introduction of new models in the market contributed to the Group’s overall revenue.

Commenting on the latest earnings, **Mr Wong Cheong Chee (黄昌智), Executive Chairman and CEO of MeGroup Ltd.** said: “We are delighted with another solid set of strong financial performance. For the first half, revenue was driven by a surge in demand from new and existing customers for the manufacturing business – leading to a strong growth momentum. This is backed in part by the automotive’s better-than-anticipated pent-up demand for vehicles purchased during the sales tax exemption period¹, with vehicle demand remaining elevated throughout the first half of 2023 in Malaysia. Our dealership business also continues to put up a strong showing – the Group was able to fulfil the high demand in the market due to our availability of ready stock in new vehicles.

“Prudent expansion of our manufacturing facilities continues. In addition to the completion of our new factory at Kulim Hi-tech Park, equipped with the latest technology advancements to support the mass production of various car models by Q32023, we intend to expand our existing manufacturing facilities at Balakong, Selangor Darul Ehsan, to increase production capacity through a property acquisition. For capital recycling, we are also in the process of disposal of a non-core freehold industry property in Selangor.”

¹ The sales tax exemption in Malaysia lapsed on June 30, 2022, and there was a grace exemption period that lasted up to March 31, 2023 for cars which have been booked for purchase before the end of the sales tax exemption period.

At present, the Group currently operates a manufacturing plant, an assembly plant, a thermobonded felt plant and a warehouse at Balakong, Selangor, Malaysia. In addition, the Group operates an assembly plant in Kulim District, Kedah, Malaysia and a warehouse at Alor Gajah, Malacca, Malaysia.

Ms Carol Wong, Executive Director of MeGroup Ltd. added: “The expansion of work scope for our Dealership portfolio is also progressing well. We recently secured our fifth license to operate the Body & Paint business from Mitsubishi Motors, after Honda, Mazda, Peugeot and Proton. Operation of the new Mitsubishi Motors’ facility in Klang Valley, a first Body & Paint centre that uses Mitsubishi Motors Malaysia’s latest corporate design and facility requirements, is expected to commence by the fourth quarter of 2023, subject to relevant approvals.

“The Group continues to grow in our offerings to take on more customers for various after-sales services. We will work towards achieving a whole spectrum of services to value-add for our customers to create long-term sustainable growth for our shareholders and stakeholders.”

Financial Review

On a segmental level, overall revenue from the manufacturing business has significantly increased by RM13.2 million, to RM35.6 million in 1H2024 from RM22.4 million in 1H2023. The increase was mainly due to an increase in sales orders for existing models as well as the introduction of new models in the market.

The dealership business experienced an increase of RM0.3 million or 0.2% to RM182.1 million in 1H2024 from RM181.8 million in 1H2023. The increase was primarily attributed to an increase in availability of ready stock in new vehicles which led to MeGroup being able to fulfil the high demand in the market. The automotive industry has been experiencing ongoing growth, albeit at a more moderate rate since the expiration of sales tax exemption incentives in the previous fiscal year. This growth is supported by improvements in supply chains and vehicle shipments.

In a news release published by the Malaysian Automotive Association (“MAA”) on 16 October 2023, the 9 months September 2023 calendar year-to-date total registration of new passenger and commercial vehicles in Malaysia was 571,767 units, as compared to the 9 months September 2022 calendar year-to-date totalling 514,449 units. MAA also reported on the total passenger and commercial vehicles produced and assembled in Malaysia for the 9 months September 2023 calendar year-to-date was 566,442 units as compared to the 9 months September 2022 calendar year-to-date totalling 508,761 units.

In line with higher revenue, gross profit increased by RM3.7 million or 20.4% to RM21.6 million in 1H2024, from RM17.9 million in 1H2023. Overall gross profit margin increased by approximately 1.1 percentage points from 8.8% in 1H2023 to 9.9% in 1H2024.

The gross profit margin of dealership business decreased by 0.2 percentage points from 7.4% in 1H2023 to 7.2% in 1H2024. This was mainly due to higher discount given to customers as part of the promotional strategies to attract more customers. Meanwhile, the gross profit margin of manufacturing business increased by 4.2 percentage points from 19.8% in 1H2023 to 24.0% in 1H2024 mainly due to the internal cost control exercise and increase in supply higher margin products.

Other gains decreased by approximately RM0.66 million or 97.9% from RM0.67 million in 1H2023 to RM0.01 million in 1H2024. The previous half year (1H2023) recorded a much higher realised forex gain from payment to suppliers.

Meanwhile, other income increased by approximately RM0.2 million or 42.1% from RM0.5 million in 1H2023 to RM0.7 million in 1H2024. The rise was mainly due to rental income from sub-tenancy of partial retail space in a showroom, incentive received from principal on the increase of sales in automobiles, and gain in disposal of property, plant and equipment.

Current assets had increased by approximately RM9.5 million or 13.6% from RM69.8 million as at 31 March 2023 to RM79.3 million as at 30 September 2023. This was mainly due to the increase in inventories and cash and cash equivalents by approximately RM8.2 million and

RM5.6 million respectively. However, this increase is offset by the decrease in trade and other receivable and tax recoverable by RM3.5 million and RM0.8 million respectively.

The Group maintains a healthy balance sheet, with net assets of RM47.9 million and cash and cash equivalents of RM17.5 million as at 30 September 2023.

Interim Dividend

After considering the Group's financial performance as well as MeGroup's business expansion needs, the Board of Directors of MeGroup has declared a one-tier tax exempt interim cash dividend of RM 0.004 per share, representing a payout ratio of 14.8%, and payable on 15 December 2023.

Business Outlook

According to the Bank Negara Malaysia under the subject of Economic and Financial Developments in Malaysia, the economy is anticipated to continue growing in 2023, with projections suggesting it will range between the lower end of the 4.0% to 5.0% range, as compared to the first quarter growth of 5.6%, primarily due to the sustained strength of domestic demand.

The MAA had via its press release on 20 July 2023 revised its forecasted Total Industry Volume ("TIV") for calendar year 2023 to 725,000 units as compared to its original forecast of 650,000 in view of the stable economic outlook, sustainability of the market performance, exciting newer models and affordable models launches, aggressive promotional strategies and value added services, improvement in the industry supply chain, Bank Negara Malaysia's decision to maintain the OPR at 3% and consumers spending softening.

Meanwhile, factors such as inflationary pressures, uncertainties in geopolitical conflicts, and a weaker global economic outlook are expected to continue influencing the overall economy. Consequently, the launch of new models or facelifts by the brand principals in Malaysia, with whom the Group partners including Mazda, Peugeot, Hyundai, Ford, Mitsubishi, Honda,

Proton, Perodua, Toyota, and Kia will still be influenced by market sentiment and prevailing economic conditions at that time.

Premised on the foregoing, the Board is cautiously optimistic about the Group's business performance for the financial year ending 31 March 2024.

End

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About MeGroup (<https://me-grp.com/>)

MeGroup Ltd. is a trusted component manufacturer and dealer in the automotive industry.

Under its Manufacturing business, MeGroup specialises in manufacturing 'noise, vibration and harshness' ("NVH") and non-NVH components primarily for the automotive industry in Malaysia.

Under the Group's Dealership business, MeGroup owns and operates i) three Peugeot dealerships; ii) two Honda dealerships; iii) one Mazda dealership; iv) one Hyundai dealership; v) one Ford dealership; vi) two Mitsubishi Motors dealerships; and vii) one Proton dealership in Malaysia.

MeGroup maintains long-standing partnerships with its manufacturing customers and is an Approved Supplier to Honda, Johnson Controls Hitachi, Kia, Mazda, Mitsubishi, Perodua, Peugeot, Proton and Toyota. The Group also has established relationships with its dealership principals.

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This press release has been reviewed by the Company's Sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This press release has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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