



**Autocorp Holding Public Company Limited**  
**Management Discussion and Analysis**  
**Operating Results for the third quarter and the nine-month periods ended**  
**30 September 2021**

**Business Overview**

Autocorp Holding Public Company Limited (ACG) operates its business as a holding company investing in other companies. There are 2 subsidiaries. One is the Honda Maliwan Company Limited with 99.74% that businesses are car and accessories sales, repair service and Honda branded spare parts sales, including finance and insurance providing services. The Group company is one of the Honda dealers with the highest number of showrooms and service centres in Thailand. Presently, it operates 9 branches in 5 high potential provinces in the Northeastern and the Southern region of Thailand, namely Khon Kaen, Buriram, Surin, Phuket and Krabi.

Another subsidiary is Autoclik by ACG Company Limited (“Autoclik”), established on August 8, 2020 with 99% of shareholding, which engages in the business of spare part sales and quick repair service for every car brand (Fast Fit). Autoclik opened its first branch in March 2021 and the second branch in May 2021 in Phuket province. Currently, Autoclik is constructing 3 more branches in Bangkok Metropolitan Region. They are expected to be opened within 2021. As planned, the Group is determined to invest in branch expansion by considering areas with high economic potential and population. Although, Fast fit business requires low investment, the Group will construct plans and collect information and use them to make investment decisions carefully.

**Overall operating performance**

For overall operating performance, the Group company’s net profit for the nine-month periods ended 30 September 2021 was Baht 22.35 million, decreased by Baht 2.41 million or 9.73% when compared to the nine-month periods ended 30 September 2020. In overall, it is caused by Autoclik’s performance as it has just begun its operation, causing expenses for branch opening preparation. Most of the expenses were from staff training by an expert in automotive business to build quality standard and service, marketing plan and advertisement to introduce the company and to satisfy customers.

For Honda Maliwan, net profit increased by 16.85% when compared to the nine-month periods ended 30 September 2020, mainly due to a decrease in finance costs, resulting in better performance.

For Q3/2021 performance, net profit was Baht 6.22 million, compared with Q3/2020, decreased by Baht 0.36 million or 5.47%. When comparing to Q2/2021, Net profit decreased by Baht 1.19 million or 16.06%. The main reason was from the situation of the COVID-19 pandemic causing an economic slowdown. The domestic automotive industry has been affected, causing the sales and incoming service cars to decrease.

### Analysis of the operating performance

#### The Comparison of performance in the first nine months of 2021 and 2020

Unit: Million Baht

Key financial information	Jan-Sep	Jan-Sep	Change +/-	
	2020	2021	+(-)	%
Revenue from cars and accessories dealership	1,242.99	913.56	(329.43)	(26.50%)
Revenue from repair and maintenance services and spare parts dealership	287.07	284.14	(2.93)	(1.02%)
<b>Total revenue from sale and rendering of services</b>	<b>1,530.06</b>	<b>1,197.70</b>	<b>(332.36)</b>	<b>(21.72%)</b>
<b>Gross profit</b>	<b>129.07</b>	<b>122.97</b>	<b>(6.10)</b>	<b>(4.73%)</b>
Commission income	47.20	35.98	(11.22)	(23.77%)
Distribution costs	43.53	38.15	(5.38)	(12.36%)
Administrative expenses	93.89	91.79	(2.10)	(2.24%)
Finance costs	21.24	12.60	(8.64)	(40.68%)
<b>Profit for the period</b>	<b>24.76</b>	<b>22.35</b>	<b>(2.41)</b>	<b>(9.73%)</b>

### Revenues

Revenue from sale and rendering of services in the first nine months of 2021 was Baht 1,197.70 million, decreased by Baht 332.36 million or 21.72% when compared to 2020. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership was Baht 913.56 million decreased by Baht 329.43 million or 26.50%. On overall, the decrease was caused by the COVID-19 pandemic causing an economic slowdown. The domestic automotive industry has been affected, causing the decrease in sales. The sales of Honda Maliwan decreased by 26.83% when compared to 2020.

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts sales was Baht 284.14 million, decreased by Baht 2.93 million or 1.02% due to the impact from the decrease in cumulative car sales in 2020, the decrease in number of cars entering the service for general repair service (GR) and 11.15% decrease in body and paint repair service (BP)

- **Commission income**

Commission income was Baht 35.98 million, decreased by Baht 11.22 million or 23.77%, as a result of a decrease in sales volume. However, the decrease in commission income was in a smaller proportion than the sales. This is because the company had received higher finance commission income per contract.

## Expenses

- **Distribution cost**

Distribution cost was Baht 38.15 million, decreased by Baht 5.38 million or 12.36% mainly due to the decrease in the sale commission from the decrease in car sales and marketing expenses.

- **Administrative expenses**

Administrative expenses were Baht 91.79 million decreased by Baht 2.10 million or 2.24% mainly from the cost control operation and decrease in travel expenses.

- **Finance costs**

Finance costs were Baht 12.60 million, decreased by 8.64 million or 40.68%. The main reason was from the change in inventory management to suit the existing and future needs of the customers, causing ability to partially refund the promissory note to reduce interest, which is one of ways to control costs.

## The Comparison of performance in Q3/2021, Q2/2021 and Q3/2020

Key financial information	Quarter	Quarter	Quarter	Change +/-	
	3/2020	2/2021	3/2021	YoY	QoQ
Revenue from cars and accessories dealership	312.56	307.96	274.40	(12.21%)	(10.90%)
Revenue from repair and maintenance services and spare parts dealership	101.48	93.58	90.19	(11.13%)	(3.62%)
<b>Total revenue from sale and rendering of services</b>	<b>414.04</b>	<b>401.54</b>	<b>364.59</b>	<b>(11.94%)</b>	<b>(9.20%)</b>
<b>Gross profit</b>	<b>44.76</b>	<b>42.02</b>	<b>38.10</b>	<b>(14.88%)</b>	<b>(9.33%)</b>
Commission income	11.88	11.85	10.52	(11.45%)	(11.22%)
Distribution costs	13.42	13.28	12.01	(10.51%)	(9.56%)
Administrative expenses	32.77	31.50	29.66	(9.49%)	(5.84%)
Finance costs	5.12	4.34	4.23	(17.38%)	(2.53%)
<b>Profit for the period</b>	<b>6.58</b>	<b>7.41</b>	<b>6.22</b>	<b>(5.47%)</b>	<b>(16.06%)</b>

### Revenues

Revenue from sale and rendering of services in Q3/2021 was Baht 364.59 million, decreased by Baht 49.45 million or 11.94% when compared to Q3/2020 and decreased by Baht 36.95 million or 9.20% when compared to Q2/2021. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership in Q3/2021 was Baht 274.40 million decreased by Baht 38.16 million or 12.21% from Q3/2020 and decreased by Baht 33.56 million or 10.90% when compared to Q2/2021 because the situation of the COVID-19 pandemic in Thailand since the end of March 2020, causing an economic slowdown, affected the sales volume decreased 8.84% when compared to Q3/2020 and decreased 13.61% when compared to Q2/2021.

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts sales in Q3/2021 was Baht 90.19 million, decreased by Baht 11.29 million or 11.13% from Q3/2020 mainly from the impact from the decrease in cumulative car sales in 2020, the decrease in number of cars entering for general repair service (GR) and 21.67% decrease in body and paint repair service (BP). When comparing to Q2/2021, revenue decreased by Baht 3.39 million or 3.62% due to the new wave of COVID-19 pandemic since late June

2021. As a result, the number of cars entering the service decreased for both general repair service (GR) and body and paint repair service (BP)

- **Commission income**

Commission income Q3/2021 was Baht 10.52 million, decreased by Baht 1.36 million or 11.45% from Q3/2020. When comparing to Q2/2021, it decreased by Baht 1.33 million or 11.22% mainly from the decrease in sales volume.

### Expenses

- **Distribution cost**

Distribution cost in Q3/2021 was Baht 12.01 million, decreased by Baht 1.41 million or 10.51% from Q3/2020. When comparing to Q2/2021, it decreased by Baht 1.27 million or 9.56% mainly due to the decrease in the sale commission from the decrease in car sales volume.

- **Administrative expenses**

Administrative expenses in Q3/2021 was Baht 29.66 million, decreased by Baht 3.11 million or 9.49% from Q3/2020. When comparing to Q2/2021, it decreased by Baht 1.84 million or 5.84% mainly from the cost control operation and decrease in travel expenses and consulting fee.

- **Finance costs**

Finance costs in Q3/2021 was Baht 4.23 million, decreased by 0.89 million or 17.38% from Q3/2020. When comparing to Q2/2021, it decreased by Baht 0.11 million or 2.53%. The main reason was from the change in inventory management to suit the existing and future needs of the customers, causing ability to partially refund the promissory note to reduce interest, which is one of ways to control costs.

## Statement Financial Position Analysis

### Assets

Unit: Million Baht

Key financial information	31	30	Change	
	December	September	+ / (-)	%
	2020	2021		
<b>Total assets</b>	<b>1,322.57</b>	<b>1,246.14</b>	<b>(76.43)</b>	<b>(5.78%)</b>
Cash and cash equivalents	162.54	74.12	(88.42)	(54.40%)
Trade Accounts receivable	46.78	37.48	(9.30)	(19.88%)
Inventories	240.08	246.62	6.54	2.72%
Other current assets	3.44	9.91	6.47	188.08%
Property, plant and equipment	671.93	676.54	4.61	0.69%
Deferred tax assets	3.15	6.60	3.45	109.52%

As at 30 September 2021, the total assets of the Group company were at Baht 1,246.14 million, decreased by Baht 76.43 million or 5.78% from 31 December 2020. The details of significant changes are as follows:

- **Cash and cash equivalents**

Cash and cash equivalents as at 30 September 2021 were Baht 74.12 million, decreased by Baht 88.42 million or 54.40%. The details of cash flow analysis are shown on the next page.

- **Accounts receivable**

Trade accounts receivable as of 30 September 2020 was Baht 37.84 million, decreased by Baht 9.30 million or 19.88% overall due to trade accounts receivable in the sale of cars and maintenance service decreased from the decrease in sales and delivery of cars during the end of September 2021 when compared to the end of December 2020 and the decrease in number of cars entering the service. As a result, trade accounts receivable decreased. The average collection period was 9 days, decreased by 7 days from 2020.

- **Inventories**

Inventories as at 30 September 2021 were Baht 246.62 million, increased by Baht 6.54 million or 2.72%, mainly from Baht 7.65 million increase in car inventory due to the launch of the All New Honda Civic 2021 in early August, Honda Maliwan had ordered more cars during August and September to support customer orders. The average inventory period was 65 days, decreased by 9 days from 2020.

- **Other current assets**

Other current assets as at 30 September 2021 were Baht 9.91 million, increased by Baht 6.47 million or 188.08%, mainly from Honda Maliwan had ordered and received the car during August and September, which corresponds to the increase in inventories causing Honda Maliwan to has more Input tax than Output tax and more Value added tax (VAT) to be refund.

- **Property, plant and equipment**

Property plant and as at 30 September 2021 was Baht 676.54 million, increased by Baht 4.61 million or 0.69% from the construction of the second branch of Autoclik which was completed and commenced operations in May 2021. Presently, Autoclik is constructing 3 more branches in Bangkok Metropolitan Region which are expected to be opened within 2021.

- **Deferred tax assets**

Deferred tax asset as at 30 September 2021 was Baht 6.60 million, increased by Baht 3.45 million or 109.52% mainly due to the recorded deferred tax assets of Autoclik from accumulated losses.

## Liabilities

Unit: Million Baht

Key financial information	31 December 2020	30 September 2021	Change + / (-)	%
<b>Total liabilities</b>	<b>659.71</b>	<b>584.94</b>	<b>(74.77)</b>	<b>(11.33%)</b>
Bank overdrafts and short-term loans from financial institutions	320.00	300.00	(20.00)	(6.25%)
Trade accounts payable	107.19	79.03	(28.16)	(26.27%)
Long-term loan from financial institution	88.45	63.80	(24.65)	(27.87%)

As at 30 September 2021, the total liabilities of the Group company were at Baht 584.94 million, decreased by Baht 74.77 million or 11.33% from 31 December 2020. The details of significant changes are as follows:

- **Bank overdrafts and short-term loans from financial institutions**

Bank overdrafts and short-term loans from financial institutions as at 30 September 2021 were Baht 300 million, decreased by Baht 20 million or 6.25% due to a repayment

of promissory notes which was a result from the better management of inventory by the Company.

- **Trade accounts payable**

Trade accounts payable as at 30 September 2021 was Baht 79.03 million, decreased by Baht 28.16 million or 26.27% mainly due to more trade account payable for car purchase of Honda Maliwan was due at the end of September 2021. Therefore, the outstanding payable balance decreased. The average payment period was 24 days, decreased by 8 days from 2020.

- **Long-term loan from financial institution**

Long-term loan from financial institution as at 30 September 2021 was Baht 63.80 million, decreased by Baht 24.65 million or 27.87% , due to loan repayment in accordance with agreement.

### Equity

As at 30 September 2021 , the total equity of the Group company was at Baht 661.20 million, decreased by Baht 1.65 million or 0.25% from 31 December 2020, due to dividend payment Baht 24 million and net profit amounted to Baht 22.35 million.

### Statement of Cash Flow Analysis

Unit: Million Baht

Cash Flow	Jan-Sep 2020	Jan-Sep 2021
EBITDA	85.11	70.28
Change in operating assets and liabilities	316.53	(52.31)
Net cash flows from (used in) operating activities	401.64	17.97
Net cash flows from (used in) investing activities	(4.62)	(25.20)
Net cash flows from (used in) financing activities	(407.64)	(81.19)
<b>Net cash increase (decrease)</b>	<b>(10.62)</b>	<b>(88.42)</b>
Cash at beginning of period	153.90	162.54
<b>Cash at ending of period</b>	<b>143.28</b>	<b>74.12</b>

As at 30 September 2021, the cash and cash equivalents were Baht 74.12 million. Net cash flow decreased by Baht 88.42 million, mainly from the investing and financing activities.



- Net cash inflow from operating activities amounted to Baht 17.97 million includes the earnings before interest, taxes, depreciation and amortization amounted to Baht 70.28 million and the cash outflow from change in operating assets and liabilities amounted to Baht 52.31 million. The main transactions which caused the cash flow to decrease were a Baht 7.48 million increase in inventory, a Baht 28.16 million decrease in accounts payable and taxes paid amount Baht 9.91 million.
- Net cash outflow from investing activities amounted to Baht 25.20 million was mainly from the disbursement of construction costs of the first branch of Autoclik opened in March 2021 and the second branch of Autoclik in May 2021 in Phuket province. Presently, Autoclik is constructing 3 more branches in Bangkok Metropolitan Region.
- Net cash outflow from financing activities amounted to Baht 81.19 million, was from short-term loans from financial institutions drawdown amounted to Baht 780.00 million, repayment of loan amounted to Baht 824.65 million, dividend payment Baht 23.99 million, lease liabilities payment amounted Baht 3.32 million and interest payment amounted to Baht 9.23 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer