



Autocorp Holding Public Company Limited
Management Discussion and Analysis
Operating Results for the three-month period ended 31 March 2022

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. Currently, there are total 7 branches, 2 branches in Phuket, 4 branches in Bangkok Metropolitan Region and 1 branch in Chiang Mai. 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 three-month period ended 31 March 2022 was Baht 7.31 million, decreased by Baht 1.41 million or 16.17% when compared to Q1/2021. On overall, in the Q1/2022, the operating results of Autoclik 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, and from marketing plan and advertisement. For Honda Maliwan, net profit increased by 37.94%, because of better performance of revenue from cars and accessories dealership caused from increase in sales volume 17.29%.

For Q1/2022 performance compared with Q4/2021, net profit increased by Baht 1.44 million or 24.53% caused from operating results of Honda Maliwan, net profit increased by 15.27%, because of better performance of revenue from cars and accessories dealership caused from increase in sales volume 9.35%.

Analysis of the operating performance

Unit: Million Baht

Key financial information	Quarter	Quarter	Quarter	Change +/-(-)	
	1/2021	4/2021	1/2022	YoY	QoQ
Revenue from cars and accessories dealership	331.20	361.51	389.55	17.62%	7.76%
Revenue from repair and maintenance services and spare parts dealership	100.36	104.33	108.64	8.25%	4.13%
Total revenue from sale and rendering of services	431.56	465.84	498.19	15.44%	6.94%
Gross profit	42.85	45.15	47.55	10.97%	5.32%
Commission income	13.61	13.51	15.40	13.15%	13.99%
Distribution costs	12.86	15.21	16.18	25.82%	6.38%
Administrative expenses	30.63	31.01	34.77	13.52%	12.13%
Finance costs	4.02	4.65	4.51	12.19%	(3.01%)
Profit for the period	8.72	5.87	7.31	(16.17%)	24.53%

Revenue

Revenue from sale and rendering of services in Q1/2022 was Baht 498.19 million, increased by Baht 66.63 million or 15.44% when compared to Q1'2021 and increased by Baht 32.35 million or 6.94% when compared to Q4/2021. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership in Q1/2022 was Baht 389.55 million increased by Baht 58.35 million or 17.62% from Q1/2021 due to the launch of the new Honda HRV 2022 in late 2021 and the beginning of the year is the time that people buy new cars. As a result, increase in sales volume 17.29%. When comparing to Q4/2021, revenue increased by Baht 28.04 million or 7.76% because increase in sales volume 9.35%.

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts sales in Q1/2022 was Baht 108.64 million, increased by Baht 8.28 million or 8.25% from Q1/2021. When comparing to Q4/2021, revenue increased by 4.31 or 4.13% mainly due to the increasing of branches of Autoclik.

- **Commission income**

Commission income Q1/2022 was Baht 15.40 million, increased by Baht 1.79 million or 13.15% from Q1/2021. When comparing to Q4/2021, it increased by Baht 1.89 million or 13.99 % from increase in car sales volume.

Expense

- **Distribution cost**

Distribution cost in Q1/2022 was Baht 16.18 million, increased by Baht 3.32 million or 25.82% from Q1/2021. When comparing to Q4/2021, it increased by Baht 0.97 million or 6.38% mainly due to the increase in the sale commission from the increase in car sales volume.

- **Administrative expenses**

Administrative expenses in Q1/2022 was Baht 34.77 million increased by Baht 4.14 million or 13.52% from Q1/2021. When comparing to Q4/2021, it increased by Baht 3.76 million or 12.13% mainly from expenses for branch opening preparation of Autoclik and the increasing of fixed expense of each branch such as personnel expense and depreciation.

- **Finance costs**

Finance costs in Q1/2022 was Baht 4.51 million, increased by 0.49 million or 12.19 % from Q1/2021. The main reason is interest from financial lease due to land lease agreement of Autoclik. When comparing to Q4/2021, it decreased by Baht 0.14 million or 3.01% due to loans from financial institution decreased.

Statement Financial Position Analysis

Asset

Unit: Million Baht

Key financial information	31 December 2021	31 March 2022	Change +/(-)	%
Total assets	1,298.40	1,283.89	(14.51)	(1.12%)
Cash and cash equivalents	169.63	127.14	(42.49)	(25.05%)
Property, plant and equipment	707.19	719.61	12.42	1.76%
Right-of-use assets	132.73	143.26	10.53	7.93%
Other non-current assets	4.17	7.61	3.44	82.49%

As at 31 March 2022, the total assets of the Group company were at Baht 1,283.89 million, decreased by Baht 14.51million or 1.12% from 31 December 2021. The details of significant changes are as follows:

- **Cash and cash equivalents**

Cash and cash equivalents as at 31 March 2022 were Baht 127.14 million, decreased by Baht 42.49 million or 25.05%. The details of cash flow analysis are shown on the next page.

- **Property, plant and equipment**

Property, plant and equipment as at 31 March 2022 was Baht 719.61 million, increased by 12.42 million or 1.76% due to 2 branches of Autoclik completed and commenced operations in Q1/2022

- **Right-of-use asset**

Right-of-use asset as at 31 March 2022 was Baht 143.26 million, increased by Baht 10.53 million or 7.93% because of the land agreement of 2 branches of Autoclik in Q1/2022.

- **Other non-current assets**

Other non-current assets as at 31 March 2022 was Baht 7.61 million, increased by Baht 3.44 million or 82.49% mainly due to the guarantee of Autoclik increased.

Liabilities

Unit: Million Baht

Key financial information	31 December 2021	31 March 2022	Change +/(−)	%
Total liabilities	631.12	609.29	(21.83)	(3.46%)
Bank overdrafts and short-term loans from financial institutions	300.00	260.00	(40.00)	(13.33%)
Trade accounts payable	85.82	94.77	8.95	(10.43%)
Long-term loan from financial institution	59.75	55.70	(4.05)	(6.78%)
Lease liabilities	139.36	159.70	11.34	8.14%

As at 31 March 2022, the total liabilities of the Group company were at Baht 609.29 million, decreased by Baht 21.83 million or 3.46% from 31 December 2021. 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 31 March 2022 were Baht 260 million, decreased by Baht 40 million or 13.33% due to the better working capital management and inventory management.

- **Trade accounts payable**

Trade accounts payable as at 31 March 2022 was Baht 94.77 million, increased by Baht 8.95 million or 10.43% mainly due to more trade account payable for car purchase of Honda Maliwan from receiving more car orders during Q1/2022. Therefore, the outstanding payable balance increased. The average payment period was 12 days, decreased by 14 days from 2021.

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

Long-term loan from financial institution as at 31 March 2022 was Baht 55.70 million, decreased by Baht 4.05 million or 6.78%, due to loan repayment in accordance with agreement.

- **Lease liabilities**

Lease liabilities as at 31 March 2022 was Baht 159.70 million, increased by Baht 11.34 million or 8.14% because of the land agreement of 2 branches of Autoclik in Q1/2022.

Equity

As at 31 March 2022, the total equity of the Group company was at Baht 674.59 million, increased by Baht 7.31million or 1.10% from 31 December 2021, due to net profit amounted to Baht 7.31 million.

Statement of Cash Flow Analysis

Unit: Million Baht

Cash Flow	Quarter 1/2021	Quarter 1/2022
EBITDA	25.30	27.72
Change in operating assets and liabilities	43.68	2.89
Net cash flows from (used in) operating activities	68.98	30.61
Net cash flows from (used in) investing activities	(10.75)	(23.91)
Net cash flows from (used in) financing activities	(95.91)	(49.19)
Net cash increase (decrease)	(37.68)	(42.49)
Cash at beginning of period	162.54	169.63
Cash at ending of period	124.86	127.14

As at 31 March 2022, the cash and cash equivalents were Baht 127.14 million. Net cash flow decreased by Baht 42.49 million, mainly from the investing and financing activities.

- Net cash inflow from operating activities amounted to Baht 30.61million includes the earnings before interest, taxes, depreciation and amortization amounted to Baht 27.72 million and the cash inflow from change in operating assets and liabilities amounted to Baht 2.89 million. The main transactions which caused the cash flow to increase were a Baht 8.95 million increase in accounts payable, Nevertheless, the main transaction that caused the cash outflow was a Baht 3.44 million increase in other non-current assets and taxes paid amount Baht 1.97 million.
- Net cash outflow from investing activities amounted to Baht 23.91million was mainly from the disbursement of construction costs 2 branches of Autoclik which operated in Q1/2022.

- Net cash outflow from financing activities amounted to Baht 49.19 million, was from short-term loans from financial institutions drawdown amounted to Baht 580 million, repayment of loan amounted to Baht 624.05 million lease liabilities payment amounted Baht 2.12 million and interest payment amounted to Baht 3.01 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer