



**Autocorp Holding Public Company Limited
Management Discussion and Analysis**

Operating Results for the second quarter and the six-month periods ended 30 June 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 (“Honda Maliwan”) 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. 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 9 branches, 2 branches in Phuket, 6 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 six-month periods ended 30 June 2022 was Baht 11.81 million, decreased by Baht 4.32 million or 26.78% when compared to 2020. On overall, 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 41.30%, because of better performance of revenue from cars and accessories dealership caused from increase in sales volume 6.53%.

For Q2/2022 performance, Net profit was Baht 4.50 million compared with Q2/2021, net profit decreased by Baht 2.91 million or 39.27% mainly caused from operating results of Autoclik because has just begun its operation. When compared to Q1/2022, net profit

decreased Baht 2.81 million or 38.44%, because of performance of revenue from cars and accessories dealership, caused from decreased in sales volume 22.22%.

Analysis of the operating performance

The Comparison of performance in the first six months of 2022 and 2021

Unit: Million Baht

Key financial information	Jan-Jun	Jan-Jun	Change	
	2021	2022	+ / (-)	%
Revenue from cars and accessories dealership	639.16	709.57	70.41	11.02%
Revenue from repair and maintenance services and spare parts dealership	193.94	217.79	23.85	12.30%
Total revenue from sale and rendering of services	833.10	927.36	94.26	11.31%
Gross profit	84.87	92.23	7.36	8.67%
Commission income	25.46	28.75	3.29	12.92%
Distribution costs	26.15	30.80	4.65	17.78%
Administrative expenses	62.13	71.18	9.05	14.57%
Finance costs	8.36	8.88	0.52	6.22%
Profit for the period	16.13	11.81	(4.32)	(26.78%)

The Comparison of performance in Q2/2022, Q1/2022 and Q2/2021

Unit: Million Baht

Key financial information	Quarter	Quarter	Quarter	Change + / (-)	
	2/2021	1/2022	2/2022	YoY	QoQ
Revenue from cars and accessories dealership	307.96	389.55	320.02	3.92%	(17.85%)
Revenue from repair and maintenance services and spare parts dealership	93.58	108.64	109.15	16.64%	0.47%
Total revenue from sale and rendering of services	401.54	498.19	429.17	6.88%	(13.85%)
Gross profit	42.02	47.55	44.68	6.33%	(6.04%)
Commission income	11.85	15.40	13.35	12.66%	(13.31%)
Distribution costs	13.28	16.18	14.62	10.09%	(9.64%)
Administrative expenses	31.50	34.77	36.41	15.59%	4.72%
Finance costs	4.34	4.51	4.37	0.69%	(3.10%)
Profit for the period	7.41	7.31	4.50	(39.27%)	(38.44%)

Revenue

Revenue from sale and rendering of services in the first six months of 2022 was Baht 927.36 million, increased by Baht 94.26 million or 11.31% when compared to 2021.

By comparing quarterly, Revenue from sale and rendering of services in Q2/2022 was Baht 429.17 million, increased by Baht 27.63 million or 6.88% when compared to Q2/2021 and decreased by Baht 69.02 million or 13.85% when compared to Q1/2022. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership in the first six months of 2022 was Baht 709.57 million, increased by Baht 70.41 million or 11.02% when compared to 2021, due to the launch of the new Honda HRV 2022 in late 2021. As a result, increase in sales volume 6.53% and when the same period in 2021, the third round of COVID-19 pandemic occurred, affecting sale volume in 2021 decreased. In addition, the average revenue per car increased by 17%.

By comparing quarterly, Revenue from cars and accessories dealership in Q2/2022 was Baht 320.02 million increased by Baht 12.06 million or 3.92% due to the average revenue per car increased by 25% when compared to Q2/2021. When comparing to Q1/2022, decreased by Baht 69.53 million or 17.85% because decrease in sales volume 22.22%, due to the problem of chip shortage in the automotive industry. As a result, the car is not enough to customer demand.

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts sales in the first six months of 2022 was Baht 217.79 million, increased by Baht 23.85 million or 12.30% when compared to 2021, mainly due to 4 branches of Autoclik which operated during the period.

By comparing quarterly, Revenue from repair and maintenance services and spare parts sales in Q2/2022 was Baht 109.15 million, increased by Baht 15.57 million or 16.64% from Q2/2021. When comparing to Q1/2022, revenue increased by 0.51 or 0.47% mainly due to the increasing of revenue of Autoclik, resulting from 2 new branches starting to operate in Q2/2022.

- **Commission income**

Commission income in the first six months of 2022 was Baht 28.75 million, increased by Baht 3.29 million or 12.92%, due to increase in car sales volume 6.53% when compared to 2021

By comparing quarterly, Commission income Q2/2022 was Baht 13.35 million, increased by Baht 1.50 million or 12.66% from Q2/2021 due to increase in car sales volume. When comparing to Q1/2022, it decreased by Baht 2.05 million or 13.31% from decrease in car sales volume, because commission income is caused by finance and insurance service providing. Therefore, commission income tends to depend on the volume of car sales.

Expense

- **Distribution cost**

Distribution cost in the first six months of 2022 was Baht 30.80 million, increased by Baht 4.65 million or 17.78% when compared to 2021, mainly due to an increase in car sales commission, according to the increase in car sales volume and caused by advertising and marketing activities of the opening of new branches of AutoClick.

By comparing quarterly, Distribution cost in Q2/2022 was Baht 14.62 million, increased by Baht 1.34 million or 10.09% from Q2/2021, caused by sale commission of Honda Maliwan. In addition, there was an increase in advertising and marketing activities of Autoclik. When comparing to Q1/2022, it decreased by Baht 1.56 million or 9.64% mainly due to the decrease in the sale commission from the decrease in car sales volume.

- **Administrative expenses**

Administrative expenses in the first six months of 2022 was Baht 71.18 million, increased by Baht 9.05 million or 14.75% when compared to 2021 mainly from expenses for branch opening preparation of Autoclik and the increasing of fixed expense of each branch such as personnel expense and depreciation.

By comparing quarterly, Administrative expenses in Q2/2022 was Baht 36.41 million increased by Baht 4.91 million or 15.59% from Q2/2021. When comparing to Q1/2022, it increased by Baht 1.64 million or 4.72% mainly from expenses for branch opening preparation of Autoclik.

- **Finance costs**

Finance costs in the first six months of 2022 was Baht 8.88 million, increased by Baht 0.52 million or 6.22% when compared to 2021. The main reason is interest from financial lease due to land lease agreement of Autoclik.

By comparing quarterly, Finance costs in Q2/2022 was Baht 4.37 million, increased by 0.30 million or 0.69 % from Q2/2021. When comparing to Q1/2022, 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	30	Change	
	December 2021	June 2022	+ / (-)	%
Total assets	1,298.40	1,236.75	(61.65)	(4.75%)
Cash and cash equivalents	169.63	157.98	(11.65)	(6.87%)
Inventories	140.96	68.05	(72.91)	(51.72%)
Property, plant and equipment	707.19	712.52	5.33	0.75%
Right-of-use assets	132.73	148.65	15.92	11.99%

As at 30 June 2022, the total assets of the Group company were at Baht 1,236.75 million, decreased by Baht 61.65 million or 4.75% from 31 December 2021. The details of significant changes are as follows:

- **Cash and cash equivalents**

Cash and cash equivalents as at 30 June 2022 were Baht 157.98 million, decreased by Baht 11.65 million or 6.87%. The details of cash flow analysis are shown on the next page.

- **Inventories**

Inventories as at 30 June 2022 was Baht 68.05 million, decreased by Baht 72.91 million or 51.72%, mainly from car inventory decreased Baht 82.43 million because there was an increase in car sales volume during period and the problem of chip shortages in the

automotive industry that affects the production and delay of delivery of some Honda car models to dealers. The average inventory period was 24 days, decreased by 25 days from 2020.

- **Property, plant and equipment**

Property, plant and equipment as at 30 June 2022 was Baht 712.52 million, increased by 5.33 million or 0.75% due to 4 branches of Autoclik completed and commenced operations during the period.

- **Right-of-use asset**

Right-of-use asset as at 30 June 2022 was Baht 148.65 million, increased by Baht 15.92 million or 11.99% due to the addition of the land agreement of 4 branches of Autoclik during the period.

Liabilities

Unit: Million Baht

Key financial information	31 December 2021	30 June 2022	Change +/(−)	%
Total liabilities	631.12	565.66	(65.46)	(10.37%)
Bank overdrafts and short-term loans from financial institutions	300.00	240.00	(60.00)	(20.00%)
Trade accounts payable	85.82	71.12	(14.70)	(17.13%)
Long-term loan from financial institution	59.75	51.65	(8.10)	(13.56%)
Lease liabilities	139.36	156.24	16.88	12.11%

As at 30 June 2022, the total liabilities of the Group company were at Baht 565.66 million, decreased by Baht 65.46 million or 10.37% 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 30 June 2022 were Baht 240 million, decreased by Baht 60 million or 20% due to the better working capital management and inventory management. This corresponds to the decrease in car inventories.

- **Trade accounts payable**

Trade accounts payable as at 30 June 2022 was Baht 71.12 million, decreased by Baht 14.70 million or 17.13% mainly due to trade account payable for car purchase of Honda Maliwan from the reduction of receiving car orders that corresponds to the decrease in car inventories. Therefore, the outstanding payable balance decreased when compared to the end of 2021. The average payment period was 15 days, decreased by 11 days from 2021.

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

Long-term loan from financial institution as at 30 June 2022 was Baht 51.65 million, decreased by Baht 8.10 million or 13.56%, due to loan repayment in accordance with agreement.

- **Lease liabilities**

Lease liabilities as at 30 June 2022 was Baht 156.24 million, increased by Baht 16.88 million or 12.11% due to the addition of the land agreement of 4 branches of Autoclik during the period.

Equity

As at 30 June 2022, the total equity of the Group company was at Baht 671.09 million, increased by Baht 3.81million or 0.57% from 31 December 2021, due to net profit amounted to Baht 11.81 million and decreased from the dividend payment amounted to Baht 8 million.

Statement of Cash Flow Analysis

Unit: Million Baht

Cash Flow	Jan-Jun 2021	Jan-Jun 2022
EBITDA	49.93	53.29
Change in operating assets and liabilities	63.46	48.00
Net cash flows from (used in) operating activities	113.39	101.29
Net cash flows from (used in) investing activities	(14.08)	(25.53)
Net cash flows from (used in) financing activities	(172.83)	(87.41)
Net cash increase (decrease)	(73.52)	(11.65)
Cash at beginning of period	162.54	169.63
Cash at ending of period	89.02	157.98

As at 30 June 2022, the cash and cash equivalents were Baht 157.98 million. Net cash flow decreased by Baht 11.65 million, mainly from the investing and financing activities.

- Net cash inflow from operating activities amounted to Baht 101.29 million includes the earnings before interest, taxes, depreciation and amortization amounted to Baht 53.29 million and the cash inflow from change in operating assets and liabilities amounted to Baht 48 million. The main transactions which caused the cash flow to increase were a Baht 72.56 million decrease in inventories, Nevertheless, the main transaction that caused the cash outflow was a Baht 14.70 million decrease in trade accounts payable and taxes paid amounted to Baht 6.31 million.
- Net cash outflow from investing activities amounted to Baht 25.53 million was mainly from the disbursement of construction costs 4 branches of Autoclik which operated during the period.
- Net cash outflow from financing activities amounted to Baht 87.41 million, was from short-term loans from financial institutions drawdown amounted to Baht 840 million, repayment of loan amounted to Baht 908.10 million, lease liabilities payment amounted Baht 5.60 million, dividend payment amounted to Baht 7.99 million and interest payment amounted to Baht 5.72 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer