



Autocorp Holding Public Company Limited
Management Discussion and Analysis
Operating Results for the year ended 31 December 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 5 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 11 branches, 2 branches in Phuket, 8 branches in Bangkok Metropolitan Region and 1 branch in Chiang Mai. The Group determined to invest in branch expansion by considering potential locations as planned.

Overall operating performance

For overall operating performance, the Group company’s net profit for the year ended 31 December 2022 was Baht 15.54 million, decreased by Baht 12.68 million or 44.93% when compared to 2021. On overall, the operating results of Autoclik as it has just begun operations and is in the process of expanding branches, 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 40.64% when compared to 2021, mainly due to better performance of revenue from cars and accessories dealership caused from increase in average revenue per car.

Analysis of the operating performance

The Comparison of performance in the year ended 31 December 2021 and 2022

Unit: Million Baht

Key financial information	2021	2022	Change	
			+ / (-)	%
Revenue from cars and accessories dealership	1,275.07	1,269.52	(5.55)	(0.44%)
Revenue from repair and maintenance services and spare parts dealership	388.47	458.99	70.52	18.15%
Total revenue from sale and rendering of services	1,663.54	1,728.51	64.97	3.91%
Gross profit	168.12	193.89	25.77	15.33%
Commission income	49.49	49.40	(0.09)	(0.18%)
Distribution costs	53.36	57.51	4.15	7.78%
Administrative expenses	122.80	153.14	30.34	24.71%
Finance costs	17.25	17.73	0.48	2.78%
Profit for the period	28.22	15.54	(12.68)	(44.93%)

Revenue

Revenue from sale and rendering of services of 2022 was Baht 1,728.51 million, increased by Baht 64.97 million or 3.91% when compared to 2021. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership was Baht 1,269.52 million, decreased by Baht 5.55 million or 0.44%, the main reason is the decrease in sales volume in the 4th quarter of 2022, due to the shortage of chips in the automotive business which affects automobile production. Therefore, it is not enough to the needs of customers, causing the amount of car sales to decrease by 5.79% and the revenue from the sale of cars decreased by 2.76% compared to 2021. However, revenue from the sale of accessories increased by 78.34%, resulting in the average revenue per car increased by 5.73 %.

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts was Baht 458.99 million, increased by Baht 70.52 million or 18.15% , mainly due to the increase in opening of branches of Autoclik. As a result, Autoclik's revenue increased by 424.31%. Honda Maliwan's revenue increased by 2 % due to an increase in general maintenance service income, from the number of cars in service increased by 1.92 %

- **Commission income**

Commission income was Baht 49.40 million, decreased by Baht 0,09 million or 0.18% , due to 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. However, the average commission income per car increased by 4.95% compared to 2021.

Expense

- **Distribution cost**

Distribution cost was Baht 57.51 million, increased by Baht 4.15 million or 7.78% , mainly due to an increase in car sales commission of Honda Maliwan, and caused by advertising and marketing activities of the opening of new branches of Autoclik.

- **Administrative expenses**

Administrative expense was Baht 153.14 million, increased by Baht 30.34 million or 24.71%U mainly from expenses for branch opening preparation of Autoclik and the increasing of fixed expense of each branch such as personnel expense, utilities, depreciation and share-based employee benefit expenses of Baht 4.20 million of Autocorp.

- **Finance costs**

Finance costs was Baht 17.73 million, increased by Baht 0.48 million or 2.78%. The main reason is interest from financial lease increased Baht 2.01 million due to land lease agreement of Autoclik. However, interest expense on loans from financial institutions decreased by Baht 1.53 million.

Statement Financial Position Analysis

Asset

Unit: Million Baht

Key financial information	31	30	Change	
	December 2021	December 2022	+ / (-)	%
Total assets	1,298.40	1,285.77	(12.63)	(0.97%)
Cash and cash equivalents	169.63	146.12	(23.51)	(13.86%)
Trade Accounts receivable	45.38	31.46	(13.92)	(30.67%)
Inventories	140.96	129.22	(11.74)	(8.33%)
Investment properties	69.60	148.52	78.92	113.39%
Property, plant and equipment	707.19	625.42	(81.77)	(11.56%)
Right-of-use assets	132.73	163.23	30.50	22.98%

As at 31 December 2022, the total assets of the Group company were at Baht 1,285.77 million, decreased by Baht 12.63 million or 0.97% from 31 December 2021. The details of significant changes are as follows:

- **Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2022 were Baht 146.12 million, decreased by Baht 23.51 million or 13.86%. The details of cash flow analysis are shown on the next page.

- **Accounts receivable**

Trade accounts receivable as of 31 December 2022 was Baht 31.46 million, decreased by Baht 13.92 million or 30.67% overall due to trade accounts receivable in the sale of cars, due to the decrease in sales cars in December 2022 when compared to 2021, resulting in a decrease in the outstanding balance of trade finance receivables. The average collection period was 10 days, equal to the year 2021.

- **Inventories**

Inventories as at 31 December 2022 was Baht 129.22 million, decreased by Baht 11.74 million or 8.33%, mainly due to cars of Honda Maliwan decreased by Baht 24.18 million or 22.47% and spare parts of Autoclik increased by Baht 11.82 million or 158.66%, due to the opening of 6 new branches during the year. The average inventory period was 32 days, decreased by 17 days from 2021.

- **Investment properties**

Investment properties as at 31 December 2022 were Baht 148.52 million, increased by Baht 78.92 million or 113.39%, because during the year 2022, Honda Maliwan has closed its service centers. As a result, land and buildings are reclassified as investment properties.

- **Property, plant and equipment**

Property plant and as at 31 December 2022 was Baht 625.42 million, decreased by Baht 81.77 million or 11.56% due to Honda Maliwan's land and buildings are reclassified as investment properties of Baht 78.92 million and decreased from depreciation during the year Baht 38.57 million. However, the Group company has more buildings and equipment from the construction and operation 6 branches of Autoclik in 2022, worth Baht 53.05 million.

- **Right-of-use asset**

Right-of-use asset as at 31 December 2022 was Baht 162.23 million, increased by Baht 30.50 million or 22.98% due to the addition of the land agreement of 6 branches of Autoclik in 2022.

Liabilities

Unit: Million Baht

Key financial information	31 December 2021	30 December 2022	Change +/(−)	%
Total liabilities	631.12	606.77	(24.35)	(3.86%)
Bank overdrafts and short-term loans from financial institutions	300.00	280.00	(20.00)	(6.67%)
Trade accounts payable	85.82	60.79	(25.03)	(29.17%)
Income tax payable	2.65	6.20	3.55	133.96%
Long-term loan from financial institution	59.75	43.55	(16.20)	(27.11%)
Lease liabilities	139.36	170.81	31.4	22.57%

As at 31 December 2022, the total liabilities of the Group company were at Baht 606.77 million, decreased by Baht 24.35 million or 3.86% 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 December 2022 were Baht 280 million, decreased by Baht 20 million or 6.67% due to Honda Maliwan repay the promissory note, due to better inventory management and corresponds to the decrease in car inventories.

- **Trade accounts payable**

Trade accounts payable as at 31 December 2022 was Baht 60.79 million, decreased by Baht 25.03 million or 29.17%, mainly due to trade account payable of Honda Maliwan, from a decrease in car purchase that corresponds to decrease in car inventories. Therefore, the outstanding payable balance decreased when compared to the end of 2021. The average payment period was 23 days, decreased by 9 days from 2021.

- **Income tax payable**

Income tax payable as at 31 December 2022 was Baht 6.20 million, increased by Baht 3.55 million or 133.96%, due to the performance of Honda Maliwan, profit before tax for the year 2022 increased by 40.64 % compared to 2021.

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

Long-term loan from financial institution as at 31 December 2022 was Baht 43.55 million, decreased by Baht 16.20 million or 27.11%, due to loan repayment in accordance with agreement.

- **Lease liabilities**

Lease liabilities as at 31 December 2022 was Baht 170.81 million, increased by Baht 31.45 million or 122.57% due to the addition of the land agreement of 6 branches of Autoclik in 2022.

Equity

As at 31 December 2022, the total equity of the Group company was at Baht 679 million, increased by Baht 11.72 million or 1.76% from 31 December 2021, due to net profit amounted to Baht 15.54 million, Warrants to purchase ordinary shares increased by Baht 4.20 million. and decreased from the dividend payment amounted to Baht 8 million.

Statement of Cash Flow Analysis

Unit: Million Baht

Cash Flow	2021	2022
EBITDA	97.01	100.06
Change in operating assets and liabilities	60.10	(19.53)
Net cash flows from (used in) operating activities	157.11	80.53
Net cash flows from (used in) investing activities	(58.29)	(36.25)
Net cash flows from (used in) financing activities	(91.73)	(67.79)
Net cash increase (decrease)	7.09	(23.51)
Cash at beginning of period	162.54	169.63
Cash at ending of period	169.63	146.12

As at 31 December 2022, the cash and cash equivalents were Baht 146.12 million. Net cash flow decreased by Baht 23.51 million, mainly from the investing and financing activities.

- Net cash inflow from operating activities amounted to Baht 80.53 million includes the earnings before interest, taxes, depreciation and amortization amounted to Baht 100.06 million and the cash outflow from change in operating assets and liabilities amounted to Baht 19.53 million. The main transactions which caused the cash flow to decrease were a Baht 25.03 million decrease in trade accounts payable and taxes paid amounted to Baht 15.61 million. Nevertheless, the main transaction that caused the cash inflow was a Baht 11.20 million decrease in trade accounts receivable and a Baht 11.20 million decrease in inventories.
- Net cash outflow from investing activities amounted to Baht 36.25 million was mainly from the disbursement of construction costs 6 branches of Autoclik which operated in 2022 and 1 branch in Chiang Mai under construction and ready for operation in January 2023.
- Net cash outflow from financing activities amounted to Baht 67.79 million, was from loans from financial institutions drawdown amounted to Baht 1,420 million, repayment of loan amounted to Baht 1,456.20 million, lease liabilities payment amounted Baht 12.55 million, interest payment amounted to Baht 11.04 million and dividend payment amounted to Baht 8 million

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer