



Autocorp Holding Public Company Limited
Management Discussion and Analysis
Operating Results for the three-month periods ended 31 March 2023

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 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 July 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). In the first quarter of 2023, Autoclik has opened a branch in Chiang Mai and another branch is under construction in Phuket. Currently, there are total 12 branches, 2 branches in Phuket, 8 branches in Bangkok Metropolitan Region and 2 branches 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 three-month periods ended 31 March 2023 was Baht 6.83 million, decreased by Baht 0.48 million or 6.57% when compared to 2022. On overall, is due to the operating results of Autoclik, because it is in the period of investment to expand branches, causing expenses for branch opening preparation, marketing plan and advertisement. For Honda Maliwan, net profit increased by 40.93% when compared to 2022, mainly due to better performance of revenue from cars and accessories dealership caused from increase in average revenue per car and revenue from repair and maintenance services and spare parts dealership increased by 20.56 percent.

Analysis of the operating performance

Unit: Million Baht

Key financial information	Jan - Mar	Jan - Mar	Change	
	2022	2023	+ / (-)	%
Revenue from cars and accessories dealership	389.55	342.12	(47.43)	(12.18%)
Revenue from repair and maintenance services and spare parts dealership	108.64	130.98	22.34	20.56%
Total revenue from sale and rendering of services	498.19	473.10	(25.09)	(5.04%)
Gross profit	47.55	56.87	9.32	19.60%
Commission income	15.40	12.18	(3.22)	(20.91%)
Distribution costs	16.18	14.66	(1.52)	(9.39%)
Administrative expenses	34.77	39.52	4.75	13.66%
Tax expense	3.79	5.05	1.26	33.25%
Profit for the period	7.31	6.83	(0.48)	(6.57%)

Revenue

Revenue from sale and rendering of services of the first quarter of 2023 was Baht 473.10 million, decreased by Baht 25.09 million or 5.04% when compared to 2022. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership was Baht 342.12 million, decreased by Baht 47.43 million or 12.18%, mainly due to a 17.95% decrease in sales volume. As a result, the revenue from sale of cars decreased by 14.07% when compared to 2022. However, the revenue from sale of accessories increased by 44.35%, resulting in the average revenue per car increased by 6.39% and gross profit margin increased by 1.65%

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts was Baht 130.98 million, increased by Baht 22.34 million or 20.56%, mainly due to the increase in opening of branches of Autoclik. As a result, Autoclik's revenue increased by 117.48%. Honda Maliwan's revenue increased by 5.60% due to an increase in general maintenance service income, from the number of cars in service increased by 3.25%

- **Commission income**

Commission income was Baht 12.18 million, decreased by Baht 3.22 million or 20.91%, 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.

Expense

- **Distribution cost**

Distribution cost was Baht 14.66 million, decreased by Baht 1.52 million or 9.39%, because the depreciation of Honda Maliwan decreased by Baht 1.34 million.

- **Administrative expenses**

Administrative expense was Baht 39.52 million, increased by Baht 4.75 million or 13.66% 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 2.52 million of Autocorp.

- **Tax expense**

Tax expense was Baht 5.05 million, increased by Baht 1.26 million or 33.25%, mainly due to the operating results of Honda Maliwan with a profit before tax increased by 40.47%, resulting in income tax expenses of Honda Maliwan increased by Baht 1.47 million.

Statement Financial Position Analysis

Asset

Unit: Million Baht

Key financial information	31	31	Change	
	December 2022	March 2023	+ / (-)	%
Total assets	1,285.77	1,331.42	45.65	3.55%
Cash and cash equivalents	146.12	112.86	(33.26)	(22.76%)
Trade Accounts receivable	31.46	39.26	7.80	24.79%
Inventories	129.22	192.18	62.96	48.72%

As at 31 March 2023, the total assets of the Group company were at Baht 1,331.42 million, increased by Baht 45.65 million or 3.55% from 31 December 2022. The details of significant changes are as follows:

- **Cash and cash equivalents**

Cash and cash equivalents as at 31 March 2023 were Baht 112.86 million, decreased by Baht 33.26 million or 22.76%. The details of cash flow analysis are shown on the next page.

- **Accounts receivable**

Trade accounts receivable as of 31 March 2023 was Baht 39.26 million, increased by Baht 7.80 million or 24.79%. Overall, it was from trade accounts receivable in the sale of cars, due to a 23.08% increase in sale volume in March 2023 when compared to December 2022, resulting in a increase in the outstanding balance of trade finance receivables. The average collection period was 14 days, increased by 4 days from 2022.

- **Inventories**

Inventories as at 31 March 2023 was Baht 192.18 million, increased by Baht 62.96 million or 48.72%, mainly due to cars of Honda Maliwan increased by Baht 57.89 million and spare parts of Autoclik increased by Baht 3.72 million, due to the opening of 1 new branch. The average inventory period was 35 days, increased by 3 days from 2022.

Liabilities

Unit: Million Baht

Key financial information	31 December 2022	31 March 2023	Change + / (-)	%
Total liabilities	606.77	643.06	36.29	5.98%
Bank overdrafts and short-term loans from financial institutions	280.00	260.00	(20.00)	(7.14%)
Trade accounts payable	60.79	117.72	56.93	93.65%
Long-term loan from financial institution	43.55	39.50	(4.05)	(9.30%)

As at 31 March 2023, the total liabilities of the Group company were at Baht 643.06 million, increased by Baht 36.29 million or 5.89% from 31 December 2022. 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 2023 were Baht 260 million, decreased by Baht 20 million or 7.14% due to Honda Maliwan repay the promissory note.

- **Trade accounts payable**

Trade accounts payable as at 31 March 2023 was Baht 117.72 million, increased by Baht 56.93 million or 93.65%, mainly due to trade account payable of Honda Maliwan, from increase in car purchase. Therefore, the outstanding payable balance increased when compared to the end of 2022. The average payment period was 23 days, equal to 2022.

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

Long-term loan from financial institution as at 31 March 2023 was Baht 39.50 million, decreased by Baht 4.05 million or 9.30%, due to loan repayment in accordance with agreement.

Equity

As at 31 March 2023, the total equity of the Group company was at Baht 688.36 million, increased by Baht 9.35 million or 1.38% from 31 December 2022, due to net profit amounted to Baht 6.83 million, warrants to purchase ordinary shares increased by Baht 2.52 million.

Statement of Cash Flow Analysis

Unit: Million Baht

Cash Flow	Jan - Mar 2022	Jan - Mar 2023
EBITDA	27.72	29.84
Change in operating assets and liabilities	2.89	(18.48)
Net cash flows from (used in) operating activities	30.61	11.36
Net cash flows from (used in) investing activities	(23.91)	(14.84)
Net cash flows from (used in) financing activities	(49.19)	(29.78)
Net cash increase (decrease)	(42.49)	(33.26)
Cash at beginning of period	169.63	146.12
Cash at ending of period	127.14	112.86

As at 31 March 2023, the cash and cash equivalents were Baht 112.86 million. Net cash flow decreased by Baht 33.26 million, mainly from the investing and financing activities.

- Net cash inflow from operating activities amounted to Baht 11.36 million includes the earnings before interest, taxes, depreciation and amortization amounted to Baht 29.84 million and the cash outflow from change in operating assets and liabilities amounted to Baht 18.48 million. The main transactions which caused the cash flow to decrease were Baht 63.41 million increase in inventories, Baht 7.79 million increase in trade accounts receivable, and taxes paid amounted to Baht 1.05 million. Nevertheless, the main transaction that caused the cash inflow was a Baht 56.92 million increase in trade accounts payable.
- Net cash outflow from investing activities amounted to Baht 14.84 million was mainly from the disbursement of construction costs a branch of Autoclik which operated in Q1/2023 and is under construction of a branch in Phuket.
- Net cash outflow from financing activities amounted to Baht 29.78 million, was from loans from financial institutions drawdown amounted to Baht 260 million, repayment of loan amounted to Baht 284.05 million, lease liabilities payment amounted Baht 3.13 million and interest payment amounted to Baht 2.60 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer