



Autocorp Holding Public Company Limited

Management Discussion and Analysis

Operating Results for the second quarter and the six-month periods ended 30 June 2023

Business Overview

Autocorp Holding Public Company Limited (“Company”) 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”), which was established on July 8, 2020. In Q2/2023, the Company invested Baht 49 million in Autoclik which currently, holds 99.98% of shares. Autoclik engages in the business of spare part sales and quick repair service for every car brand (Fast Fit). In 2023, Autoclik has opened 2 branches, 1 branch in Chiang Mai and another branch in Phuket. Currently, there are total 13 branches, 3 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, which Autoclik plans to expand to 20 branches by the end of 2023.

Overall operating performance

For overall operating performance, the Group company’s net profit for the six-month periods ended 30 June 2023 was Baht 12.81 million, increased by Baht 1.00 million or 8.47% when compared to 2022. Overall caused by Honda Maliwan, net profit increased by 41.54% 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 20.53 %. Autoclik also operating at a loss, because it is in the period of investment to expand branches, causing expenses for branch opening preparation, marketing plan and advertisement.

For Q2/2023 performance, Net profit was Baht 5.98 million compared with Q2/2022, net profit increased by Baht 1.48 million or 33.89% mainly caused from the performance of Honda Maliwan with increased profits. When compared to Q1/2023, net profit decreased Baht 0.85 million or 12.45%, because the decrease in revenue from car sales and commission income of Honda Maliwan, caused from the volume of car sales decreased by 13.54 %

Analysis of the operating performance

The Comparison of performance in the first six months of 2023 and 2022

Unit: Million Baht

Key financial information	Jan - Jun	Jan - Jun	Change	
	2022	2023	+ / (-)	%
Revenue from cars and accessories dealership	709.57	654.27	(55.30)	(7.79%)
Revenue from repair and maintenance services and spare parts dealership	217.78	262.50	44.72	20.53%
Total revenue from sale and rendering of services	927.35	916.77	(10.58)	(1.14%)
Gross profit	92.23	112.62	20.39	22.11%
Commission income	28.75	23.37	(5.38)	(18.71%)
Distribution costs	30.80	29.31	(1.49)	(4.84%)
Administrative expenses	71.18	80.99	9.81	13.78%
Tax expense	7.46	9.81	2.35	31.50%
Profit for the period	11.81	12.81	1.00	8.47%

The Comparison of performance in Q2/2023, Q1/2023 and Q2/2022

Unit: Million Baht

Key financial information	Quarter	Quarter	Quarter	Change + / (-)	
	2/2022	1/2023	2/2022	YoY	QoQ
Revenue from cars and accessories dealership	320.02	342.12	312.15	(2.46%)	(8.76%)
Revenue from repair and maintenance services and spare parts dealership	109.15	130.98	131.52	20.49%	0.41%
Total revenue from sale and rendering of services	429.17	473.10	443.67	3.38%	(6.22%)
Gross profit	44.68	56.87	55.75	24.78%	(1.97%)
Commission income	13.35	12.18	11.19	(16.18%)	(8.13%)
Distribution costs	14.62	14.66	14.65	0.21%	(0.07%)
Administrative expenses	36.41	39.52	41.47	13.90%	4.93%
Tax expense	3.67	5.05	4.76	29.70%	(5.74%)
Profit for the period	4.50	6.83	5.98	32.89%	(12.45%)

Revenue

Revenue from sale and rendering of services in the first six months of 2023 was Baht 916.77 million, decreased by Baht 10.58 million or 1.14% when compared to 2022.

By comparing quarterly, Revenue from sale and rendering of services in Q2/2023 was Baht 443.67 million, increased by Baht 14.50 million or 3.38% when compared to Q2/2022 and decreased by Baht 29.43 million or 6.22% when compared to Q1/2023. The details are as follows:

- **Revenue from cars and accessories dealership**

Revenue from cars and accessories dealership in the first six months of 2023 was Baht 654.27 million, decreased by Baht 55.30 million or 7.79%, mainly due to a 13.94% decrease in sales volume when compared to 2022. However, the revenue from sale of accessories increased by 21.28%, resulting in the average revenue per car increased by 6.87%.

By comparing quarterly, Revenue from cars and accessories dealership in Q2/2023 was Baht 312.15 million decreased by Baht 7.78 million or 2.46% because decrease in sales volume 8.79% when compared to Q2/2022. When comparing to Q1/2023, decreased by Baht 29.97 million or 8.76% because decrease in sales volume 13.54%.

- **Revenue from repair and maintenance services**

Revenue from repair and maintenance services and spare parts sales in the first six months of 2023 was Baht 262.50 million, increased by Baht 44.72 million or 20.53%, mainly due to the opening of more branches of Autoclik. As a result, the income increased to 90.86%. Honda Maliwan's revenue increased by 5.60% due to the number of cars in general maintenance service increased by 1.28% and the body and paint repair service increased by 1.10%.

By comparing quarterly, Revenue from repair and maintenance services and spare parts sales in Q2/2023 was Baht 131.52 million, increased by Baht 22.37 million or 20.49% from Q2/2022. When comparing to Q1/2023, revenue increased by 0.54 or 0.41% mainly due to the increasing of revenue of Autoclik, resulting from the opening of 2 more branches.

- **Commission income**

Commission income in the first six months of 2023 was Baht 23.37 million, decreased by Baht 5.38 million or 18.71%, due to decrease in car sales volume.

By comparing quarterly, Commission income Q2/2023 was Baht 11.19 million, decreased by Baht 2.16 million or 16.18% from Q2/2022. When comparing to Q1/2023, it decreased by Baht 0.99 million or 8.13% 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 2023 was Baht 29.31 million, decreased by Baht 1.49 million or 4.84%, because the depreciation of Honda Maliwan decreased by Baht 2.22 million.

- **Administrative expenses**

Administrative expenses in the first six months of 2023 was Baht 80.99 million, increased by Baht 9.81 million or 13.78% 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 5.04 million of Autocorp.

By comparing quarterly, Administrative expenses in Q2/2023 was Baht 41.47 million increased by Baht 5.06 million or 13.90% from Q2/2022. When comparing to Q1/2023, it increased by Baht 1.95 million or 4.93% mainly from expenses for branch opening preparation of Autoclik.

- **Tax expense**

Tax expense in the first six months of 2023 was Baht 9.81 million, increased by Baht 2.35 million or 31.50%, mainly due to the operating results of Honda Maliwan with a profit before tax increased by 40.20%, resulting in income tax expenses of Honda Maliwan increased by Baht 2.65 million.

Statement Financial Position Analysis

Asset

Unit: Million Baht

Key financial information	31	30	Change	
	December 2022	June 2023	+ / (-)	%
Total assets	1,285.77	1,303.99	18.22	1.42%
Cash and cash equivalents	146.12	149.40	3.28	2.24%
Inventories	129.22	138.65	9.43	7.30%
Property, plant and equipment	625.42	627.27	1.85	0.30%

As at 30 June 2023, the total assets of the Group company were at Baht 1,303.99 million, increased by Baht 18.22 million or 1.42% from 31 December 2022. The details of significant changes are as follows:

- **Cash and cash equivalents**

Cash and cash equivalents as at 30 June 2023 were Baht 149.40 million, increased by Baht 3.28 million or 2.24%. The details of cash flow analysis are shown on the next page.

- **Inventories**

Inventories as at 30 June 2023 was Baht 138.65 million, increased by Baht 9.43 million or 7.30%, mainly due to cars of Honda Maliwan increased by Baht 6.42 million and spare parts of Autoclik increased by Baht 5.70 million, due to the opening of 2 new branches. The average inventory period was 30 days, decreased by 2 days from 2022.

- **Property, plant and equipment**

Property, plant and equipment as at 30 June 2023 was Baht 627.27 million, increased by Baht 1.85 million or 0.30%, mainly due to an increase buildings and equipment of Baht 9.58 million from the construction and operation 2 branches of Autoclik in 2023. While the buildings and equipment of Honda Maliwan decreased by Baht 7.74 million baht, mainly due to depreciation during the year of Baht 11.83 million.

Liabilities

Unit: Million Baht

Key financial information	31 December 2022	30 June 2023	Change + / (-)	%
Total liabilities	606.77	615.17	8.40	1.38%
Bank overdrafts and short-term loans from financial institutions	280.00	290.00	10.00	3.57%
Income tax payable	6.20	7.77	1.57	25.32%
Long-term loan from financial institution	43.55	35.45	(8.10)	(18.60%)
Lease liabilities	170.81	171.92	1.11	0.65%

As at 30 June 2023, the total liabilities of the Group company were at Baht 615.17 million, increased by Baht 8.40 million or 1.38% 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 30 June 2023 were Baht 290 million, increased by Baht 10 million or 3.57% due to Honda Maliwan withdrew promissory note, a net increase of Baht 10 million for use as working capital.

- **Income tax payable**

Income tax payable as at 30 June 2023 was Baht 7.77 million, increased by Baht 1.57 million or 25.32%, due to the performance of Honda Maliwan, profit before tax for the six months of 2023 increased by 40.20 % compared to 2022.

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

Long-term loan from financial institution as at 30 June 2023 was Baht 35.45 million, decreased by Baht 8.10 million or 18.60%, due to loan repayment in accordance with agreement.

- **Lease liabilities**

Lease liabilities as at 30 June 2023 was Baht 171.92 million, increased by Baht 1.11 million or 0.65% due to the addition of the land agreement of 2 branches of Autoclik in 2023.

Equity

As at 30 June 2023, the total equity of the Group company was at Baht 688.82 million, increased by Baht 9.81 million or 1.44% from 31 December 2022, due to net profit amounted to Baht 12.18 million, warrants to purchase ordinary shares increased by Baht 5.04 million and decreased from the dividend payment amounted to Baht 8.04 million

Statement of Cash Flow Analysis

Unit: Million Baht

Cash Flow	Jan - Jun 2022	Jan - Jun 2023
EBITDA	53.29	59.28
Change in operating assets and liabilities	48.00	(16.19)
Net cash flows from (used in) operating activities	101.29	43.09
Net cash flows from (used in) investing activities	(25.53)	(21.75)
Net cash flows from (used in) financing activities	(87.41)	(18.06)
Net cash increase (decrease)	(11.65)	3.28
Cash at beginning of period	169.63	146.12
Cash at ending of period	157.98	149.40

As at 30 June 2023, the cash and cash equivalents were Baht 149.40 million. Net cash flow increased by Baht 3.28 million. The details are as follows:

- Net cash inflow from operating activities amounted to Baht 43.09 million includes the earnings before interest, taxes, depreciation and amortization amounted to Baht 59.28 million and the cash outflow from change in operating assets and liabilities amounted to Baht 16.19 million. The main transactions which caused the cash flow to decrease were Baht 10.49 million and taxes paid amounted to Baht 9.36 million.
- Net cash outflow from investing activities amounted to Baht 21.75 million was mainly from the disbursement of construction costs of 2 Autoclik branches which are operated in 2023.
- Net cash outflow from financing activities amounted to Baht 18.06 million, was from loans from financial institutions drawdown amounted to Baht 1,390 million, repayment of loan amounted to Baht 1,388.10 million, lease liabilities payment amounted Baht 6.35 million, dividend payment amounted to Baht 8.02 and interest payment amounted to Baht 5.59 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer