

Autocorp Holding Public Company Limited and its subsidiaries

Management Discussion and Analysis for 2023

Overall Performance

Autocorp Holding Public Company Limited (“ACG” or the “Company”) and its subsidiaries (the “Group Company”) had a net profit for 2023 of Baht 17.36 million, an increase of 11.71 % from Baht 15.54 million due to the performance of the car dealership and service center business with a net profit increasing 28.87 % and the business of spare part sales and quick repair service for all brands of cars (“Fast Fit”), with revenue growing from opening additional branches in 2023.

The Group Company had total revenue of Baht 1,820.52 million, an increase of 1.48% from Baht 1,794.00 million due to sales and service revenue increasing by Baht 40.50 million or 2.34 %, due to the maintenance service and spare parts sales segment, that revenue increased by Baht 88.23 million or 19.21 %. The total expenses amounted to Baht 1,764.46 million, an increase of 1.10% from Baht 1,745.28 million, mainly as a result of service costs, which is consistent with increased service income and increased administrative expenses resulting from business expansion.

Overall in 2023, the car dealership and service center business has better performance. This is a result of strategy adjustment in 2022, which has reduced the number of showrooms and service centers by 4 locations, resulting in lower unit costs (Economies of Scale), resulting in 2023 having an increase in gross profit margin of 1.39%. Another factor from inventory management by controlling inventories to be in an appropriate amount, makes for better working capital. As a result, financial costs are decreased. Therefore, in 2023, the car dealership and service center business has an increased profit of 28.87 % compared to 2022.

As for the business of selling spare parts and quick repair service for all brands of cars (“Fast Fit”), there are currently 15 branches in operation. In 2023, 4 more branches will be opened. The opening of branches, It is an important factor in business expansion. As a result, total revenue increased by Baht 63.40 baht or 80.33% and gross profit margin increased by 6.64%, reflecting improved profitability.

Operating results for 2023

(Unit: THB million)	2022	2023	+ / (-)	%
Total revenue	1,794.00	1,820.52	26.52	1.48%
- Revenue from cars and accessories dealership	1,269.52	1,223.09	(46.43)	(3.66%)
- Revenue from repair and maintenance services and spare parts dealership	458.99	545.92	86.93	18.94%
Total revenue from sale and rendering of services	1,728.51	1,769.01	40.50	2.34%
- Commission income	49.40	40.29	(9.11)	(18.44%)
- Other income	16.09	11.22	(4.87)	(30.27%)
Cost of sales and rendering of services	1,534.62	1,544.34	9.72	0.63%
Gross profit	193.89	224.67	30.78	15.87%
Gross profit margin	11.22%	12.70%	1.48%	13.19%
Distribution costs	57.51	58.36	0.85	1.48%
Administrative expenses	153.14	161.76	8.62	5.63%
Finance costs	17.73	20.64	2.91	16.41%
Tax expense	15.46	18.06	2.60	16.82%
Profit for the year	15.54	17.36	1.82	11.71%

Revenue from sale and rendering of services was Baht 1,769.01 million, an increase of 2.34% from Baht 1,728.51 million, with details as follows.

- **Revenue from cars and accessories dealership** was Baht 1,223.09 million, a decrease of 3.66% from Baht 1,269.52 million. The main cause was a 12.22% decrease in car sales volume. However, the car and accessories sales segment had better performance, because the average car sales income per vehicle increased by 8.85%.
- **Revenue from repair and maintenance services and spare parts dealership** was Baht 545.92 million, an increase of 18.94% from Baht 458.99 million, due to revenue from the Fast Fit business increasing Baht 63.40 million or 80.33% from the opening of additional branches in 2023. In addition, the volume of cars receiving service at each branch that has been operating since 2022 increased by 8.86%, which reflects the marketing strategy, it has increased brand awareness. In the distributor and service center business, revenue increased

by Baht 26.54 million, or 6.86%, due to the number of cars receiving services in the general maintenance section increasing by 2.19%, income per car increasing by 3.91%, and the body and paint repair section had a 0.09% increase in car service volume and a 7.69% increase in income per car.

Commission income was Baht 40.29 million, decreased 18.44% from Baht 49.40 million, due to a decrease in car sales volume. As a result, commission income from providing finance and insurance decreased, which tends to follow the volume of car sale.

Administrative expenses was Baht 161.76, an increase of 5.63 % from Baht 153.14 million. The main reason is the expense of preparing to open a branch, fixed expense of each branch such as personnel expense, utilities, depreciation and share-based employee benefit expenses.

Financial Position

(Unit: THB million)	2022	2023	+ / (-)	%
Cash and cash equivalents	146.12	173.14	27.02	18.49%
Trade accounts receivable	31.46	49.60	18.14	57.66%
Inventories	129.22	155.64	26.42	20.45%
Right-of-use assets	163.23	173.01	9.78	5.99%
Total assets	1,285.77	1,369.33	83.56	6.50%
Short-term loans from a financial institution	280.00	320.00	40.00	14.29%
Trade accounts payable	60.79	89.25	28.46	46.82%
Long-term loans from a financial institution	43.55	27.35	(16.20)	(37.20%)
Lease liabilities	170.81	186.16	15.35	8.99%
Total liabilities	606.77	674.03	67.26	11.08%
Total equity	679.00	695.30	16.30	2.40%
Total liabilities and equity	1,285.77	1,369.33	83.56	6.50%

Total assets amounted to Baht 1,369.33 million, an increase of 6.50% from Baht 1,285.77 million, mainly due to:

- Cash and cash equivalents increased by Baht 27.02 million or 18.49% due to cash flows received from operations. The details of the liquidity analysis are on the next page
- Trade receivables increased by Baht 18.14 million or 57.66% due to the outstanding balance of trade receivables of finance company increasing, because of car sales at the end of 2023.

- Inventories increased by Baht 26.42 million or 20.45% due to car inventories increasing by Baht 30.30 million.
- Right-of-use assets increased by Baht 9.78 million or 5.99% because the Fast Fit business agree to land lease agreements for 4 branches in 2023.

Total liabilities amounted to Baht 674.03 million, an increase of 11.08% from Baht 606.77 million b, mainly due to:

- Short-term loans from a financial institution increased by Baht 40 million or 14.29% to be used as working capital in the business.
- Trade payables increased by Baht 28.46 million or 46.82% due to the increase in outstanding payables that were not yet due for payment, when compared to the end of 2022 from car orders. This corresponds to the increasing of inventory.
- Long-term loans from a financial institution decreased by Baht 16.20 million or 37.20% due to repayment of loans according to contracts.
- Lease liabilities increased by Baht 15.35 million or 8.99% due to Fast Fit business agree to land lease agreements for 4 branches in 2023.

Equity amounted to Baht 695.30 million baht, an increase of 2.40% from Baht 679.00 million due to a net profit of Baht 17.36 million, warrants to purchase common shares increased by Baht 7.86 million and decreased from dividend payments of Baht 8.04 million.

Liquidity analysis

(Unit: THB million)	2022	2023
EBITDA	100.06	112.76
Change in operating assets and liabilities	(19.53)	(31.82)
Net cash flows from (used in) operating activities	80.53	80.94
Net cash flows from (used in) investing activities	(36.25)	(42.41)
Net cash flows from (used in) financing activities	(67.79)	(11.51)
Net cash increase (decrease)	(23.51)	27.02
Cash at beginning of period	169.63	146.12
Cash at ending of period	146.12	173.14

- **Net cash inflow from operating activities** amounted to Baht 80.94 million includes the earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to Baht 112.76 million and the cash outflow from change in operating assets and liabilities amounted to Baht 31.82 million and taxes paid amounted to Baht 20.94 million.
 - **Net cash outflow from investing activities** amounted to Baht 42.41 million. The main factor is investment in the construction of branches of the Fast Fit business.
- Net cash outflow from financing activities** amounted to Baht 11.51 million, was from loans from financial institutions drawdown amounted to Baht 2,950.00 million, repayment of loan amounted to Baht 2,926.20 million, lease liabilities payment amounted to Baht 14.68 million, dividend payment amounted to Baht 8.02 and interest payment amounted to Baht 12.62 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer