



บริษัท สหการประมูล จำกัด (มหาชน) Union Auction Public Company Limited

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Registration No. 0107555000341

AUCT-OP 025/2021

13 August 2021

Subject: Management Discussion and Analysis for the 2nd Quarter of 2021, ended 30 June 2021

To: The President of the Stock Exchange of Thailand

Union Auction Public Company Limited (“the Company”) would like to submit the financial statements for the 2nd quarter of 2021 ended 30 June 2021. They were reviewed by the Company’s external auditor together with the explanation of the Management Discussion and Analysis for the Company’s operating results as follows:

The performance of the 2nd quarter of 2021 and the first 6-month of 2021

(Unit: Million Baht)

Statement of Comprehensive Income	The 2 nd quarter			1Q/2021	%QoQ	6-month		
	2021	2020	%YoY			2021	2020	%YoY
Revenue from services	201.35	225.64	(10.8%)	236.66	(14.9%)	438.01	458.65	(4.5%)
Other revenues	0.79	0.87	(9.2%)	0.48	64.6%	1.28	3.10	(58.6%)
Total revenues	202.14	226.51	(10.8%)	237.14	(14.8%)	439.29	461.74	(4.9%)
Cost of services	(102.95)	(95.92)	(7.3%)	(106.53)	3.4%	(209.47)	(214.26)	2.2%
Gross profit	98.40	129.72	(24.1%)	130.13	(24.4%)	228.54	244.39	(6.5%)
Gross profit margin (%)	48.9%	57.5%	(8.6%)	55.0%	(6.1%)	52.2%	53.3%	(1.1%)
Sales, service and administrative expenses	(36.19)	(36.17)	(0.1%)	(38.15)	5.1%	(74.34)	(77.16)	3.7%
Profit before financial cost and income tax	63.01	94.43	(33.3%)	92.46	(31.9%)	155.48	170.33	(8.7%)
Financial Cost	(5.82)	(5.66)	(2.8%)	(5.84)	0.3%	(11.66)	(10.77)	(8.3%)
Income tax	(11.74)	(17.96)	34.6%	(17.62)	33.4%	(29.36)	(36.87)	20.4%
Net profit	45.45	70.81	(35.8%)	69.00	(34.1%)	114.45	122.69	(6.7%)
Net profit margin (%)	22.5%	31.3%	(8.8%)	29.1%	(6.6%)	26.1%	26.6%	(0.5%)
Other comprehensive income:								
Actuarial loss-net of income tax	-	-	0.0%	-	0.0%	-	(2.80)	100.0%
Comprehensive income for the period	45.45	70.81	(35.8%)	69.00	(34.1%)	114.45	119.88	(4.5%)

Remarks: %YoY is the rate of change compared to the previous year and %QoQ is the rate of change Compared to the previous quarter.

Total revenues

The Company's total revenues for the 2nd quarter of 2021 were 202.14 million Baht decreased by 10.8% compared with the same quarter of the previous year due to the new wave of the Covid-19 outbreak that widely and quickly. Therefore, the government has more stringent measures to control the outbreak resulting in business activities and private consumption slow down according to a weak purchasing power. While the Bank of Thailand has issued measures to help debtors affected by the Covid-19 situation as a result the volume of vehicles entering the auction system is reduced. However, in the 2nd quarter of 2021, the Company has developed a new auction platform or called "AUCTION Bid" which was applied to real estate auctions resulting in the increase of revenue from other auctions, to be an additional choice for customers, easy access to various trading in the auction system, and to support the auction business growth in the future.

For the first 6-month of 2021, the Company had revenue from services in the amount of 438.01 million Baht decreased by 4.5% from the same quarter of 2020 due to the success rate of vehicles was decreased in the 2nd quarter resulted in transportation fee income was decreased which was affected by the Covid-19 situation together with several financial institutions that were slowed down vehicle seizures. In addition, the Company had revenue from other auctions apart from vehicle auctions in the first 6-month of 2020.

Revenue from services is consists of:

(Unit: Million Baht)

Revenue from services	The 2 nd quarter			1Q/2021	%QoQ	6-month		
	2021	2020	%YoY			2020	%YoY	% YoY
1) Revenue from vehicles	174.26	195.43	(10.8%)	209.62	(16.9%)	383.88	385.03	(0.3%)
2) Transportation fee income	22.51	26.48	(15.0%)	21.45	4.9%	43.97	52.24	(15.8%)
3) Revenue from other auctions	4.58	3.73	22.9%	5.59	(18.0%)	10.17	21.38	(52.4%)
รวม	201.35	225.64	(10.8%)	236.66	(14.9%)	438.01	458.65	(4.5%)

Cost of services

The cost of services in the 2nd quarter of 2021 is equal to 102.95 million Baht increased by 7.3% compared with the 2nd quarter of 2020 as a result of the depreciation of land use rights under lease agreements were increased from the lease land expansion for supporting the volume of vehicles that the company expected to gain after the end of measures to help retail debtors of financial institutions and an increase of transportation expensed from moving vehicles across branches for arranging auctions.

For the first 6-month of 2021, the Company had a cost of services in the amount of 209.47 million Baht decreased by 2.2% from the same quarter of 2020 due to the Company focuses on an online auction at the Company's place and reduces outside auction resulting in manage auctions efficiently and save costs. In addition, the depreciation of a right of use asset and land improvements were reduced as a result of the change of the

estimated useful life of the asset to be appropriate and consistent with the economic benefits together with the Company's had arranged other auctions apart from vehicle auctions in the 1st quarter of 2020.

Gross profit

The Gross profit in the 2nd quarter of 2021 is equal to 98.40 million Baht decreased by 24.14 compared with the 2nd quarter of 2020 which was directly affected by the increase of services cost as above mentioned. In the first 6-month of 2021, the Company had a gross profit in the amount of 228.54 million Baht decreased by 6.5% compared with the same period of the previous year.

For the first 6-month of 2021, the gross profit margin decreased at 52.2% less than the same period of 2020 which was 53.3% as above reasons.

Sales, service and administrative expenses

The expenses of sales, services, and administrative in the 2nd quarter of 2021 were 36.19 million Baht increased by 0.02 million Baht or 0.06% compared with the 2nd quarter of 2020 due to the Company has controlled and adjusted expenses according to the situation such as reduce public relations costs to focus on communicating to the target group through online media for reducing promotional expenses at the point of sale, and arranged 100% online auction that can be saved expenses of cash transport service.

For the first 6-month of 2021, the Company had the expenses of sales, services, and administrative in the amount of 74.34 million Baht decreased by 3.7% compared with the same period of the previous year as above mentioned.

Finance cost

The financial cost in the 2nd quarter of 2021 were 5.82 million Baht increased by 0.16 million Baht or 2.8% compared with the same quarter of the previous year due to the Company has prepared to the leased area expanding to support for the vehicles volume that will be increased as above mentioned. For the first 6-month of 2021 the Company had the financial costs in the amount of 11.66 million increased by 8.3%.

The finance costs are calculated by discounted interest in the lease liability recognized at the present value of the lease payable over the term of the lease without actual interest payments.

Net Profit

The Company's net profit in the 2nd quarter of 2021 was 45.45 million Baht decreased by 35.8% and the net profit in the first 6-month of 2021 were 114.45 million Baht decreased by 6.7% compared with the same period of the previous year due to the expansion of leased areas and the transportation of vehicles across branches for arranging auctions as mentioned on service costs.

Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

Statement of Financial Position	30 June 2021	31 December 2020	%YoY
Total Assets	1,794.01	1,778.43	0.88%
Total Liabilities	1,299.78	1,272.14	2.17%
Owner's Equity	494.22	506.27	(2.38%)
Unappropriated Retained Earnings	158.97	171.02	(7.05%)
ROA (%)	16.96	23.85	
ROE (%)	44.22	44.54	
D/E (time(s))	2.63	2.51	

The total assets as of 30 June 2021 were 1,794.01 million Baht increased by 15.58 million Baht from 31 December 2020. The total liabilities were 1,299.78 million Baht increased by 27.64 million Baht compared with balance as of 31 December 2020 as a result of the expanded areas to support the development and business activities expansion as mentioned in finance costs. As a result, the return on assets (ROA) ratio decreased and the debt to equity ratio (D/E) increased from the end of 2020.

The total shareholders' equity is equal to 494.22 million Baht decreased by 12.05 million Baht from 31 December 2020 due to there is dividend payment in May 2021 in the amount of 126.49 million Baht. While the decrease of net profit in the first 6-month of 2021 resulting in the return on equity (ROE) slightly decreased from the end of 2020.

Cash Flows Statement

(Unit: Million Baht)

Cash Flows Statement	6-month			
	2021	2020	Difference	%YoY
Net Cash flows from Operating Activities	200.27	327.21	(126.94)	(38.79%)
Net Cash flows (used) in Investing Activities	(102.79)	(63.36)	(39.43)	(62.23%)
Net Cash flows (used) in Financing Activities	(158.06)	(165.63)	7.57	4.57%
Cash Increase (Decrease)	(60.58)	98.22	(158.80)	(161.68%)
Beginning Cash	193.36	68.69	124.67	181.5%
Ending Cash	132.77	166.91	(34.14)	(20.45%)

For the first 6-month of 2021, the Company had net cash flow from operating activities in the amount of 200.27 million Baht from the Company's net profit and working capital movement. Net cash flow used from investing activities was 102.79 million Baht that most of them are cash received for short-term investments by

fixed deposits. Cash paid for investing in place development according to the business development plan of the Company. The net cash flow used in financing activities is the location rental paid during the 6-month of 2021 and dividend payment from the net profit of the year 2020.

Business trends

As the 3rd phase of measures to help retail debtors of the Bank of Thailand for alleviating the suffering of debtors affected by the spread of Covid-19, the Government restrictions on domestic travel including car loans slowed slightly as per the lower of car sales which may result in a slowdown in the volume of vehicles entering the auction business for a period. However, the cumulative growth in car loan quality (NPL) shows loan vulnerability. The Company has prepared online auctions and developed online auction systems for supporting various conditions; travel restrictions which might increase, to ensure that the Company can be continued the auction. The Company has prepared to ready supporting the volume of vehicles which expect that will be coming in the auction system after the finish of measures to help debtors.

Please be informed accordingly.

Yours sincerely,

-Varunyoo Sila-

(Mr. Varunyoo Sila)

Director and Chief Executive Officer

Authorized signatory

Company Secretary/ Investor Relations

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