



THAIRUNG

President
Stock Exchange of Thailand

12 November 2021

Dear Sir,

Explanation and Analysis of Financial Statements for the Quarter Ended 30 September 2021

We enclose herewith the consolidated financial statements of Thai Rung Union Car Public Company Limited (“the Company”) for the quarter ended 30 September 2021, duly reviewed by the Company’s auditors and approved by the Company’s Board of Directors, for onward distribution to investors.

General overview of the Thai automotive industry

Unit : vehicles	Q.3			Q.1 - Q.3		
	2021	2020	Change	2021	2020	Change
Production	367,345	356,255	3%	1,211,946	962,387	26%
Domestic sales	156,931	206,125	-24%	530,122	534,765	-1%
Export sales	203,992	170,907	19%	677,481	521,457	30%

In the third quarter of 2021 vehicle production, at 367,345 units, was up by 3% on the same quarter of the previous year. Domestic sales for the quarter were down by 24%, at 156,931 units, while export sales were up by 19% at 203,992. As for the cumulative figures for the first three quarters, production was up by 26% at 1,211,946 units, domestic sales were down by 1% and exports were up by 30%.

Consequently the Federation of Thai Industries now estimates that total production for the year will surpass the target of 1.6 million units and be 10% more than in 2020, reflecting the intensified roll-out of COVID-19 vaccines, signs of economic recovery in trading partner countries leading to increased demand for vehicles. It now estimates exports at around 0.85 million units. While it has left the estimate for domestic sales unchanged at 0.75 million units, the economy starts to recover because the country starts to open up in Q4, and with the effects of Motor Expo 2021 and promotional campaigns by various brands, so this could help domestic sales be exceeded.

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Company results

Management has the following comments on the Company's results for the quarter ended 30 September 2021 compared with the same quarter of the previous year and the financial position at 30 September 2021 compared with that at 31 December 2020. These comments are intended to be read in conjunction with the consolidated financial statements.

Consolidated Income Statement for the quarter ended 30 September 2021

THB millions	Q3 2021	Q3 2020	Change	
Item				
Operating revenues	454	360	94	26%
Other income	9	39	(30)	(76%)
1.1 Total revenues	464	399	65	16%
1.2 Cost of sales & services	386	320	66	21%
1.3 Selling & administrative expenses	58	54	4	7%
1.4 Share in profit/(loss) of associates (joint ventures)	(0.12)	(3.25)	3.14	96%
Profit/(loss) before tax	20	22	(2)	(9%)
Income tax income (expense)	(7)	(2)	(4)	(168%)
1.5 Profit/(loss) for the period	13	19	(6)	(32%)

Attribution of profit/(loss)	Q3 2021	Q3 2020	Change	
To owners of the parent company	12	17	(5)	(29%)
To non-controlling interests	0.64	1.65	(1.02)	(61%)

1. Overview of Results for the Year

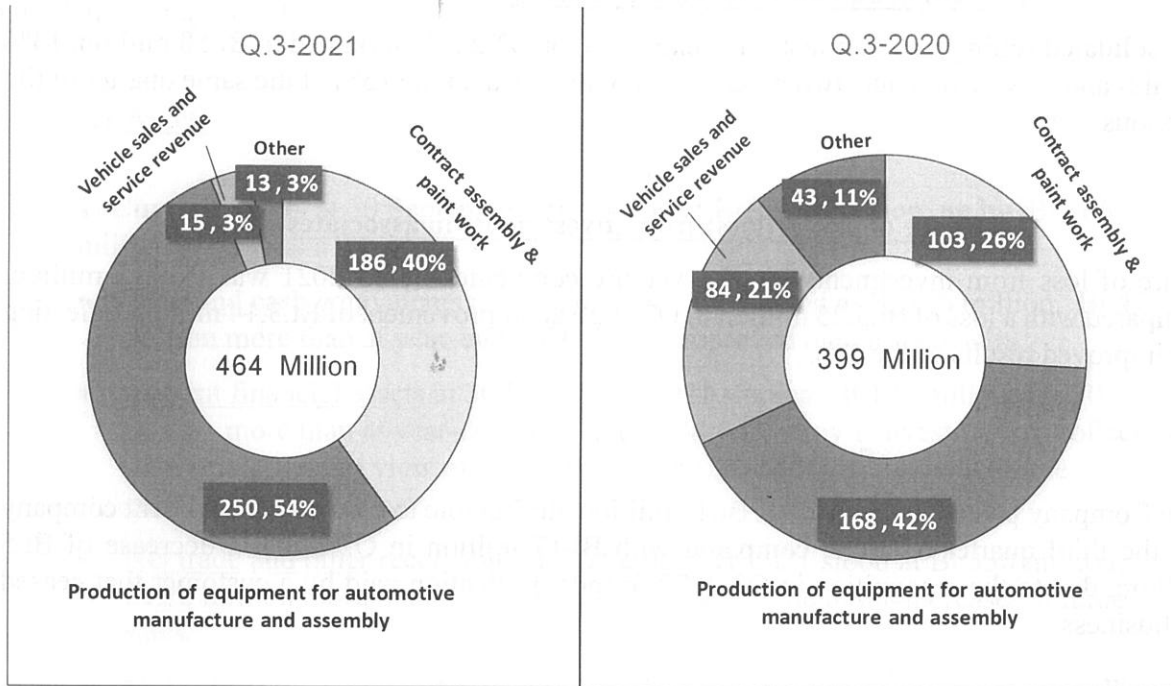
The Company's business is production and distribution in the automotive industry. Its consolidated results for Q3 2021, compared with those for Q3 2020, were as follows:

1.1 Consolidated Revenues

Total consolidated revenues for Q3 2021, not including share in profit/(loss) of associates, amounted to Bt.464 million, representing an increase of Bt.65 million or 16% on the same quarter of the previous year, in line with the Thai automotive industry as a whole, due to signs of recovery in the economy, the intensified roll-out of COVID vaccines and protective measures.

- Operating revenues by type of business

Q3 2021 up by Bt.65 million or 16% on Q3 2020



Note: Consolidated operating revenue and Other Income only (not including share of profit/(loss) of associates (joint ventures)).

- Revenue from the production of vehicle manufacturing equipment (die and jig making, plus the production and sale of parts, both OEM and spare) amounted to Bt.250 million, representing 54% of total sales and service revenue, showing an increase of Bt.82 million or 49% from Q3 of the previous year reflecting increased orders from auto parts customers.
- Revenue from vehicle assembly and other vehicle-related contract work was Bt.186 million, representing 40% of total sales and service revenue, Bt.83 million or 80% more than in the same quarter of the previous year, largely thanks to increased orders from customers in the agricultural machinery sector.
- Revenue from sales of vehicles and from service centres was Bt.15 million, representing 3% of total sales and service revenue and Bt.69 million or 82% down on the same quarter of the previous year, which there were substantial sales to the government under a special project.
- Other sales and service income, at Bt.13 million, 3% of total sales and service revenue, was down by Bt.31 million or 71% on Q3 of the previous year, in which indemnification was received from a customer that had ceased its business.

1.2 Cost of sales and service

Consolidated cost of sales and service for the third quarter of 2021 was Bt.386 million, which as a proportion of sales and service revenue for the quarter was 85%, compared with 89% in Q3 2020, a decrease of four percentage, according to the increasing in revenues and decreasing

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in the cost of product mix at the same time due to the Company's cost control measures and continuous improvement of production efficiency.

1.3 Selling and administrative expenses

Consolidated selling and administrative expenses for Q3 2021 amounted to Bt.58 million, 13% of sales and service revenue, two percentage points less than the 15% of the same quarter of the previous year.

1.4 Share of profit/(loss) from investments in associates

Share of loss from investments in joint venture companies in Q3 2021 was Bt.0.12 million, compared with a loss of Bt.3.25 million in Q3 2020 an improvement of Bt.3.14 million reflecting the improved results of the JVs.

1.5 Net profit/(loss)

The Company posted a net profit of Bt.12 million attributable to owners of the parent company for the third quarter of 2021, compared with Bt.17 million in Q2 2020, a decrease of Bt.5 million, due to the recognition in Q3 2020 of indemnification paid by a customer that ceased its business.

2. Analysis of Consolidated Balance Sheet at 30 September 2021 compared with 31 December 2020 (Bt. Millions)

Consolidated Balance Sheet				THB millions	
Assets	30-Sep-2021	31-Dec-2020	Change	%	
Current assets	1,154	988	165	17%	
Investments in associates	475	463	12	3%	
Investment property, net	162	162	(0)	(0%)	
Property, plant & equipment, net	1,848	1,897	(49)	(3%)	
Right-of-use assets-net	17	47	(30)	(63%)	
Other non-current assets, net	129	129	(0.7)	(1%)	
Total Assets	3,784	3,687	97	3%	
Liabilities	30-Sep-2021	31-Dec-2020	Change	%	
Current liabilities	383	326	57	18%	
Non-current liabilities	83	80	3	4%	
Total Liabilities	467	406	61	15%	
Equity	30-Sep-2021	31-Dec-2020	Change	%	
Attributable to owners of the parent company	3,261	3,225	37	1%	
Non-controlling interests	56	56	0	1%	
Total Equity	3,317	3,281	37	1%	
Total Liabilities and Equity	3,784	3,687	97	3%	

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Total consolidated assets at 30 September 2021 and 31 December 2020 stood at Bt.3,784 million and Bt.3,687 million respectively, representing an increase of Bt.97 million or 3%, the main items being as follows:

2.1 Assets

1. **Current assets** at 30 September 2021 stood at Bt.1,154 million, up by Bt.165 million or 17% as a result of:

- **Cash and cash equivalents** at 30 September 2021 stood at Bt.266 million, Bt.45 million more than at year-end 2020 due to improved operating results.
- **Current financial assets** at 30 September 2021 stood at Bt.180 million, Bt.70 million more than at year-end 2020 due to the Company's investing in a collective investment fund in view of the relatively low levels of interest paid by the commercial banks.
- **Net trade and other receivables** at 30 September 2021 stood at Bt.330 million, Bt.28 million more than the 2020 year-end figure due to the increases volume of sales.
- **Current contract assets** at 30 September 2021 stood at Bt.32 million, Bt.5 million up on year-end 2020 in line with receivables for die and jig making recognised on a percentage completed basis but not yet due.
- **Inventories** at 30 September 2021 stood at Bt.255 million, representing an increase of Bt.18 million on year-end 2020 and reflecting production and purchase of raw materials to cater to increased orders for Q4.

2. **Investments in associates** (joint ventures) at 30 September 2021 stood at Bt.475 million, representing an increase of Bt.12 million, due to recognition of a Bt.13 million share of profits in joint ventures and the receipt of a Bt.1 million dividend from one of them.

3. **Property, plant & equipment** at 30 September 2021 stood at Bt.1,848 million, Bt.49 million down due to Bt.92 million of scheduled depreciation for the half-year, the transfer of right-of-use assets to property, plant and equipment for the corresponding carrying amounts totalling Bt.31 million at the end of the respective lease contracts and capital expenditure of Bt.12 million.

4. **Net right-of-use assets** at 30 September 2021 stood at Bt.17 million, down by Bt.30 million as a result of the Bt.31 million transfer referred to above, recognition in Q1 of a Bt.8 million right of use in respect of machinery as per IFRS 16 Leases and contractual amortisation of Bt.7 million in the nine-month period.

2.2 Liabilities

Total consolidated liabilities at 30 September 2021 and 31 December 2019 stood at Bt.467 million and Bt.406 million respectively, representing an increase of Bt.61 million or 15% as a result of the following:

- Trade payables increased by Bt.59 million reflecting increased orders of raw materials for production in line with customer orders.
- Lease liabilities decreased by Bt.3 million due to recognition of Bt.9 million of lease liabilities in respect of machinery as per IFRS 16 Leases and payment of Bt.12 million of lease liabilities as per contract.
- Corporation tax payable increased by Bt.5 million as a result of profit recognised for the nine months.

2.3 Equity

Consolidated equity at 30 September 2021 and 31 December 2020 stood at Bt.3,317 million and Bt.3,281 million respectively, representing an increase of Bt.37 million as a result of profit for the period, share in profits of joint ventures and payment of a dividend to shareholders in Q2.

3. Liquidity

The Company's consolidated cash situation at 30 September 2021 showed a net increase of Bt.45 million, with a cash position of Bt.266 million as per the following details.

Thai Rung Union Car Plc

Consolidated statement of cash flows for the nine months to 30 September 2021

	Million
Cash & cash equivalents at beginning of period	221
Net cash from operating activities	153
Net cash used in investing activities	(76)
<u>mainly from</u>	
o Increase in current financial assets	(69)
o Capital expenditure	(12.0)
o Interest received	3
o Disposal of fixed assets	1
o Dividend received from associates (JVs)	1
Net cash used in financing activities	(32)
o Payment of dividend	(35)
o Finance lease rental payments	(11)
o Proceeds of issues of common shares	14
Cash & cash equivalents at end of period	<u>266</u>

4. Finance Ratio

Financial ratios		Q3 2021	Q3 2020
Net profit margin	%	2.66	-2.48
Liquidity ratio	times	3.01	2.95
Debt to Equity Ratio	times	0.14	0.13

* Note Net profit margin for Q3 2020 excludes other income from indemnification paid by a customer that ceased its business, which is one time special.

The business is highly liquid, with current assets of three times the level of current liabilities.

5. Auditor's Report

The auditor's have issued a qualified opinion on the Company's consolidated financial statements due to the fact that the accounts of one joint venture company have not yet been audited and the financial year of another JV ends on a different date from the other consolidated companies.

Trusting this meets your requirements we remain,

Yours faithfully,



Phakkawat Suwanmajo
Company Secretary

