



บริษัท สหกรณ์ประมูล จำกัด (มหาชน) Union Auction Public Company Limited

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Registration No. 0107555000341

AUCT-OP 030/2021

12 November 2021

Subject: Management Discussion and Analysis for the 3rd Quarter of 2021, ended 30 September 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 3rd quarter of 2021 ended 30 September 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 3rd quarter of 2021 and the 9-month of 2021

(Unit: Million Baht)

Statement of Comprehensive Income	The 3 rd quarter			2Q/2021	%QoQ	9-month		
	2021	2020	%YoY			2021	2020	%YoY
Revenue from services	220.70	192.11	14.9%	201.35	9.6%	658.72	650.76	1.2%
Other revenues	0.34	0.83	(59.0%)	0.79	(25.3%)	1.62	3.93	(58.7%)
Total revenues	221.04	192.94	14.6%	202.14	9.5%	660.34	654.69	0.9%
Cost of services	(106.67)	(98.81)	(8.0%)	(102.95)	(3.6%)	(316.14)	(313.07)	(1.0%)
Gross profit	114.03	93.30	22.2%	98.40	15.9%	342.58	337.69	1.4%
Gross profit margin (%)	51.7%	48.6%	3.1%	48.9%	2.8%	52.0%	51.9%	0.1%
Sales, service and administrative expenses	(32.77)	(37.45)	12.5%	(36.19)	8.8%	(107.11)	(114.62)	6.6%
Profit before financial cost and income tax	81.61	56.68	44.0%	63.01	29.5%	237.09	227.00	4.4%
Financial Cost	(5.74)	(5.46)	(5.1%)	(5.82)	1.4%	(17.40)	(16.22)	(7.2%)
Income tax	(15.74)	(11.29)	(39.4%)	(11.74)	(34.1%)	(45.10)	(48.16)	6.3%
Net profit	60.14	39.93	50.6%	45.45	32.3%	174.58	162.62	7.4%
Net profit margin (%)	27.2%	20.7%	6.5%	22.5%	4.7%	26.4%	24.8%	1.6%
Other comprehensive income:								
Actuarial loss-net of income tax	-	-	-	-	-	-	(2.80)	100.0%
Comprehensive income for the period	60.13	39.93	50.6%	45.45	32.3%	174.58	159.80	9.2%

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 3rd quarter of 2021 were 221.04 million Baht increased by 14.6% compared with the same quarter of the previous year due to the seized vehicle volume that has flown into the auction business being higher than the same period of last year, the measures to help debtors in this year did not impact on the Company's business, and there are more new sellers, resulting in the success rate increases accordingly.

For the 9-month of 2021, the Company had revenue from services in the amount of 658.72 million Baht increased by 1.2% from the same quarter of the previous year due to the increase in vehicle operating fees since August 2020 and the addition of after-sales transport services to customers who could get an auction.

Revenue from services is consists of:

(Unit: Million Baht)

Revenue from services	The 3 rd quarter			2Q/2021	%QoQ	9-month		
	2021	2020	%YoY			2021	2020	%YoY
1) Revenue from vehicles	189.09	163.00	16.0%	174.26	8.5%	572.94	548.04	4.5%
2) Transportation fee income	26.80	26.06	2.8%	22.51	19.0%	70.76	78.30	(9.6%)
3) Revenue from other auctions	4.84	3.05	58.7%	4.58	5.7%	15.02	24.43	(38.5%)
รวม	220.70	192.11	14.9%	201.35	9.6%	658.72	650.76	1.2%

Cost of services

The cost of services in the 3rd quarter of 2021 is equal to 106.67 million Baht increased by 8.0% compared with the 3rd quarter of 2020 mostly caused by vehicle moving expenses from upcountry for arranging auctions as appropriate during lockdown measure. There are increased moving costs from the after-sales moving service that has more customers. 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. In addition, there are car insurance premiums were increased from the previous year.

For the 9-month of 2021, the Company had a cost of services in the amount of 316.14 million Baht increased by 1.0% from the same quarter of the previous year as a result of vehicle moving expenses and the depreciation of a right of use asset fee was increased and the expenses related to security at all branches while the company could be saved some cost of auction management as a result of increasing the efficiency of work and refraining arrange off-site auction activities.

Gross profit

The Gross profit in the 3rd quarter of 2021 is equal to 114.03 million Baht increased by 22.22% compared with the 3rd quarter of 2020 which was directly affected by the increase of success rate and the increase of services fee. In the 9-month of 2021, the Company had a gross profit in the amount of 342.58 million Baht increased by 1.4% compared with the same period of the previous year.

For the 9-month of 2021, the gross profit margin decreased at 52.0% less than the same period of 2020 which was 51.9% as above reasons.

Sales, service and administrative expenses

The expenses of sales, services, and administrative in the 3rd quarter of 2021 were 32.77 million Baht decreased by 4.68 million Baht or 12.5% compared with the 3rd quarter of 2020 as a result of the company has controlled to reduce expenses in accordance with the situation and arranged a 100% online auction during lockdown measures. In addition, the Company has reduced PR expenses by focusing on target customers communicating including work from home for some employees can help to reduce utility and overtime costs. The company continues to focus on developing work systems to reduce working processes to be flexible and efficient.

For the 9-month of 2021, the Company had the expenses of sales, services, and administrative in the amount of 107.11 million Baht decreased by 6.6% compared with the same period of the previous year as above mentioned. Despite the increased costs regard to protecting the spread of the Covid-19 virus, it did not affect the cost of administration.

Finance cost

The financial cost in the 3rd quarter of 2021 was 5.74 million Baht increased by 0.28 million Baht or 5.1% compared with the same quarter of the previous year due to the Company has still prepared to the leased area expanding to support for the vehicle volume that will be increased. For the 9-month of 2021, the Company had the financial costs in the amount of 17.40 million increased by 7.2% for the same reasons.

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 3rd quarter of 2021 was 60.14 million Baht increased by 50.6% and the net profit in the 9-month of 2021 were 174.58 million Baht increased by 7.4% compared with the same period of the previous year due to the increase of operation fees and the reduction in online auction costs as above mentioned.

Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

Statement of Financial Position	30 September 2021	31 December 2020	%YoY
Total Assets	1,901.12	1,778.41	6.90%
Total Liabilities	1,440.26	1,272.14	13.22%
Owner's Equity	460.86	506.27	(8.97%)
Unappropriated Retained Earnings	125.61	171.02	(26.55%)
ROA (%)	18.48	23.85	
ROE (%)	53.23	44.54	
D/E (time(s))	3.13	2.51	

The total assets as of 30 September 2021 were 1,901.12 million Baht increased by 122.69 million Baht from 31 December 2020. The total liabilities were 1,440.26 million Baht increased by 168.12 million Baht compared with balance as of 31 December 2020 as a result of the additional area lease. 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 460.86 million Baht decreased by 45.41 million Baht from 31 December 2020 due to there is dividend payment in May 2021 in the amount of 126.49 million Baht and interim dividend payment in September 2021 in the amount of 93.49 million Baht.

Cash Flows Statement

(Unit: Million Baht)

Cash Flows Statement	9-month			
	2021	2020	Difference	%YoY
Net Cash flows from Operating Activities	429.83	378.96	50.87	13.42%
Net Cash flows (used) in Investing Activities	(144.33)	(16.31)	(160.64)	(984.92%)
Net Cash flows (used) in Financing Activities	(276.45)	(286.78)	10.34	(3.61%)
Cash Increase (Decrease)	9.06	108.49	(99.43)	(91.65%)
Beginning Cash	193.36	68.69	124.67	181.50%
Ending Cash	202.42	177.18	25.24	14.25%

For the 9-month of 2021, the Company had net cash flow from operating activities in the amount of 429.83 million Baht from the Company's net profit and working capital movement. Net cash flow used from investing activities was 144.33 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 9-month of 2021 and interim dividend payment from the net profit for the performance of January to June 2021.

Business trends

As the lockdown measures relaxation for some part and the relaxation of government activities including to open up the country faster than estimated are supporting factors that the consumer confidence index is expected to increase slightly. The vehicle volume trend is flowing into the auction business is better than in the previous period. This matter is resulting in the success rate increased according to the higher average price level. In addition, the flood situation and high fuel prices negatively impacted the economy, expected that the debtor's ability to repay will decrease, which is a factor supporting the increase of accumulated non-performing loans (NPL) quality. Therefore, it is considered as a positive factor for the Company which is expected that the vehicle volume will tend to increase. The company's area has ready to support the vehicle volume that will be entered the auction process continuously and able to arrange an auction onsite together with online efficiently.

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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