



บริษัท สหการประมูล จำกัด (มหาชน) Union Auction Public Company Limited

518/28 Soi Ramkhamhaeng 39 (Thepleela 1) Wangthonglang Bangkok 10310 Tel. 02-033-6555
518/28 ซ.รามคำแหง 39 (เทพลีลา 1) แขวงจตุจักร เขตจตุจักร กรุงเทพฯ 10310 โทร. 02-033-6555

Registration No. 0107555000341

AUCT-OP 012/2022

11 August 2022

Subject: Management Discussion and Analysis for the 2nd quarter of 2022, ended 30 June 2022

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 2022 ended 30 June 2022. 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 2022

(Unit: Million Baht)

Statement of Comprehensive Income	The 2 nd quarter			1Q/2022	%QoQ	6-month		
	2022	2021	%YoY			2022	2021	%YoY
Revenue from services	202.84	201.35	0.7%	207.28	(2.1%)	410.11	438.01	(6.4%)
Other revenues	1.32	0.79	67.1%	0.83	59.0%	2.15	1.28	68.6%
Total revenues	204.16	202.14	1.0%	208.11	(1.9%)	412.26	439.29	(6.2%)
Cost of services	(104.25)	(102.95)	(1.3%)	(109.34)	4.7%	(213.59)	(209.47)	(2.0%)
Gross profit	98.59	98.40	0.2%	97.94	0.7%	196.52	228.54	(14.0%)
Gross profit margin (%)	48.6%	48.9%	(0.3%)	47.3%	1.4%	47.9%	52.2%	(4.3%)
Sales, service and administrative expenses	(37.09)	(36.19)	(2.5%)	(36.39)	(1.9%)	(73.48)	(74.34)	1.2%
Profit before financial cost and income tax	62.83	63.02	(0.3%)	62.37	0.7%	125.20	155.48	(19.5%)
Financial Cost	(6.36)	(5.82)	(9.3%)	(5.71)	(11.4%)	(12.07)	(11.66)	(3.5%)
Income tax	(11.82)	(11.75)	(0.6%)	(11.45)	(3.2%)	(23.27)	(29.36)	20.7%
Net profit	44.65	45.45	(1.8%)	45.21	(1.2%)	89.86	114.45	(21.5%)
Net profit margin (%)	21.9%	22.5%	(0.6%)	21.7%	0.1%	21.8%	26.1%	(4.3%)

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 2022 were 204.16 million Baht increased by 2.02 million Baht or 1.0% compared with the 2nd quarter of 2021. After the relaxation of various government measures make businesses have been able to more agile operates together with the measures to help debtors of financial institutions have gradually ended. In addition, the Company also arranges auction activities with partners periodically and gradually opens the auction yard in each branch. Therefore, the total revenue in the 2nd quarter of 2022 is higher than the 2nd quarter of 2021.

For the first 6-month of 2022, the Company had revenue from services in the amount of 410.11 million Baht decreased by 27.9% or 6.4% compared with the same quarter of 2021. The mostly cause was a decrease in the volume of seized and the success rate of vehicles in the 1st quarter of 2022, resulting in an overall auction revenue was decreased in the first 6-month of 2022.

Revenue from services is consists of:

(Unit: Million Baht)

Revenue from services	The 2 nd quarter			1Q/2021	%QoQ	6-month		
	2022	2021	%YoY			2022	2021	% YoY
1) Revenue from vehicles	172.56	174.26	(1.0%)	178.03	(3.1%)	350.59	384.20	(8.7%)
2) Revenue from transportation fees and additional services	30.28	27.10	11.7%	29.25	3.5%	59.53	53.82	10.6%
Total	202.84	201.35	0.7%	207.28	(2.1%)	410.11	438.01	(6.4%)

Cost of services

The cost of services in the 2nd quarter of 2022 is equal to 104.25 million Baht increased by 1.30 million Baht or 1.3% compared with the 2nd quarter of 2021 due to a modification of the lease area in the head office for the appropriateness and to accommodate the volume of seized vehicles that will flow into the auction process after ending moratorium and country opening. Meanwhile, some of the higher service costs were a result of rising oil prices which is in accordance with the conditions of each service provider.

For the first 6-month of 2022, the cost of services is equal to 213.59 million Baht increased 2.0% compared with the same period of 2021. The main cause was the depreciation of rights to use the area as the above mentioned, the rising moving after-sales costs from more growth services, and higher fuel prices. In addition, the Company has the cost of organized radio frequencies auction to the NBTC in February 2022.

Gross profit

The gross profit in the 2nd quarter of 2022 is equal to 98.59 million Baht increased by 0.19 million Baht or 0.2% compared with the 2nd quarter of 2021. The main cause was an increase in service costs in a smaller proportion than an increase in revenues from auctions resulting in the gross profit margin decreasing by 0.3% compared to the same quarter of the previous year.

For the first 6-month of 2022, the gross profit is equal to 196.52 million Baht or 14.0% and the gross profit margin were 47.9% decreased by 4.3% compared with the same period of 2021, due to the success of vehicle volumes in the first 3-month of 2022 had decreased from the same quarter of the previous year while most of the service costs are fixed costs.

Sales, service and administrative expenses

The expenses of sales, services, and administrative in the 2nd quarter of 2022 is equal to 37.09 million Baht increased by 0.9 million Baht compared with the 2nd quarter of 2021. It was caused by increased promotional expenses according the increased success rate of vehicle volumes in the 2nd quarter of 2022.

For the first 6-month of 2022, the expenses of sales, services, and administrative is equal to 73.48 million Baht decreased by 1.2% compared with the same period of the previous year due to the Company continually controls and reduces expenses in accordance with the situation.

Finance cost

The financial cost in the 2nd quarter of 2022 is equal to 6.36 million Baht increased by 0.54 million Baht or 9.3% compared with the 2nd quarter of 2021 and the financial cost in the first 6-month of 2022 is equal to 12.07 million Baht increased by 3.5% compared with the same period of the previous year due to a modification of the lease area in the head office.

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 2022 was 44.65 million Baht decreased by 0.80 million Baht or 1.8% compared with the 2nd quarter of 2021. The net profit in the first 6-month of 2022 is equal to 89.86 million Baht of 21.5% decreased from the same quarter of the previous year. The mostly cause were a decrease in the success rate of vehicles in the 1st quarter of 2022 and a lease of additional area in the head office to accommodate the volume of seized vehicles after ending moratorium including the higher cost of moving vehicles due to rising fuel prices.as above mentioned.

Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

Statement of Financial Position	30 June 2022	31 December 2021	%YoY
Total Assets	1,835.11	1,825.55	0.52%
Total Liabilities	1,359.92	1,286.23	5.73%
Owner's Equity	475.19	539.32	(11.89%)
Unappropriated Retained Earnings	139.94	204.07	(31.43%)
ROA (%)	17.33	19.15	
ROE (%)	47.88	48.99	
D/E (time(s))	2.86	2.38	

The total assets as of 30 June 2022 were 1,835.11 million Baht increased by 9.56 million Baht and the total liabilities were 1,359.92 million Baht increased by 73.69 million Baht compared with the balance as of 31 December 2021. The main cause is an increased lease resulting in a higher number of the right of use assets.

The total shareholders' equity is equal to 475.19 million Baht decreased by 64.13 million Baht from 31 December 2021 due to the dividend payment on 6 May 2022 in the amount of 153.99 million Baht. This matter is resulted in the return on assets ratio (ROA) and the return on equity ratio (ROE) were decreased while the debt to equity ratio (D/E) were increased.

Cash Flows Statement

(Unit: Million Baht)

Cash Flows Statement	For the 6-month period			
	2022	2021	Difference	%YoY
Net Cash Flows from Operating Activities	129.05	200.27	(71.22)	(35.56%)
Net Cash Flows (used) in Investing Activities	32.38	(102.79)	135.17	(131.50%)
Net Cash Flows (used) in Financing Activities	(190.86)	(158.06)	(32.80)	20.75%
Cash Increase (Decrease)	(29.43)	(60.59)	31.16	(51.43%)
Beginning Cash	167.50	193.36	(25.86)	(13.37%)
Ending Cash	138.07	132.77	5.30	3.99%

For the year 2022, the Company had net cash flow from operating activities in the amount of 129.05 million Baht decreased by 71.22 million Baht and net cash flow used from investing activities were 32.38 million Baht increased by 135.17 million Baht from the year 2021 due to the Company has short-term investments in the form of fixed deposits with banks. The net cash flow used in financing activities increased from the payment of land rent under the lease agreement. The remaining ending cash equal to 138.07 million Baht increased by 3.99% from the same period of 2021. However, the Company has still a stable financial position and high liquidity as well as having sufficient access to a variety of funding sources

Business trends

The relaxation of various government measures makes businesses have been able to more agile operates, together with more foreign tourists entering the country, it makes consumers see the economic improvement condition and have confidence that the economy is recovering. This is a positive factor driving the consumer confidence index in June 2022 is higher and be the first increase in six months. For the 2nd quarter of 2022, the new vehicle sales increase by 9.5% compared with the 2nd quarter of 2021 even though the consumer confidence index is still at a lower level than usual. This matter shows that the car demand is still at a good level which is a positive sign for the automobile business. The concerns about oil prices, the electronics component shortage, and rising raw material prices are still negative factors affecting the automobile business but on the other hand, this is an additional factor to increase the demand for used cars and resulted in the used car prices have been increased in early 2022. After the end of the debt moratorium from measures to help debtors who were affected by the Covid situation at the early year, the direction of cars entering the auction business began to

increase continuously. The Company is confident in the preparedness and sufficiency of the car storage facility that can be accommodated a large volume of vehicles as well as ensuring the efficiency of fast auction management and supporting the needs of both buyers and sellers.

Please be informed accordingly.

Yours sincerely,

=Varunyoo Sila=

(Mr. Varunyoo Sila)

Director and Chief Executive Officer

Authorized signatory

Company Secretary/ Investor Relations

E-mail: secretary@auct.co.th/ investor@auct.co.th