



# บริษัท สหกรณ์ประมูล จำกัด (มหาชน) Union Auction Public Company Limited

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Registration No. 0107555000341

AUCT-OP 012/2023

12 May 2023

Subject: Management Discussion and Analysis for the 1<sup>st</sup> quarter of 2023, ended 31 March 2023

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 1<sup>st</sup> quarter of 2023 ended 31 March 2023. 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 1<sup>st</sup> quarter of 2023

(Unit: Million Baht)

Statement of Comprehensive Income	The 1 <sup>st</sup> quarter of			4Q/2022	%QoQ
	2023	2022	%YoY		
Revenue from services	307.38	207.28	48.3%	287.53	6.9%
Other revenues	1.06	0.83	27.7%	2.64	(59.9%)
<b>Total revenues</b>	<b>308.44</b>	<b>208.11</b>	<b>48.2%</b>	<b>290.17</b>	<b>6.3%</b>
Cost of services	145.30	109.34	32.9%	134.39	8.1%
Gross profit	162.08	97.93	65.5%	153.14	5.8%
<b>Gross profit margin (%)</b>	<b>52.7%</b>	<b>47.2%</b>	<b>5.5%</b>	<b>53.3%</b>	<b>(0.6%)</b>
Sales, service and administrative expenses	37.28	36.39	2.4%	31.30	19.1%
Profit before financial cost and income tax	125.86	62.37	101.8%	124.48	1.1%
Financial Cost	6.10	5.71	6.8%	6.15	(0.8%)
Income tax	24.07	11.45	110.2%	23.80	1.1%
<b>Net profit</b>	<b>95.69</b>	<b>45.21</b>	<b>111.6%</b>	<b>94.52</b>	<b>1.2%</b>
<b>Net profit margin (%)</b>	<b>31.0%</b>	<b>21.7%</b>	<b>9.3%</b>	<b>32.6%</b>	<b>(1.6%)</b>

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

**Revenue from services** is consists of:

(Unit: Million Baht)

Revenue from services	The 1 <sup>st</sup> quarter of			Q4/2022	%QoQ
	2023	2022	%YoY		
1) Revenue from auctions	240.04	165.50	45.0%	240.97	(0.4%)
2) Revenue from transportation / additional services	67.34	41.78	61.2%	46.56	44.6%
<b>Total</b>	<b>307.38</b>	<b>207.28</b>	<b>48.3%</b>	<b>287.53</b>	<b>(6.9%)</b>

The Company's revenue from services for the 1<sup>st</sup> quarter of 2023 were 307.38 million Baht increased by 100.10 million Baht or 48.3% compared with the 1<sup>st</sup> quarter of 2022 due to the volume of vehicles auctioned increasing. This matter is from the measures to help debtors of financial institutions ended resulting in the increased volume of vehicles entering the auction yard. Together with the Company raised operating fees for cars to 10,000 Baht since August 2022, and Big Bike fees to 3,000 Baht since November 2022 including the revenue from transportation services after the auction to customers also increased.

#### **Cost of services**

The cost of services in the 1<sup>st</sup> quarter of 2023 is equal to 145.30 million Baht increased by 35.96 million Baht or 32.9% compared with the 1<sup>st</sup> quarter of 2022. Mainly from the auction cost that varies with the volume of ended auctioning vehicles such as transportation cost.

#### **Gross profit**

The gross profit in the 1<sup>st</sup> quarter of 2023 is equal to 162.08 million Baht increased by 64.15 million Baht or 65.5% compared with the 1<sup>st</sup> quarter of 2022 according to the increased in the revenue from auctions. The gross profit margin increased by 5.5% compared with the 1<sup>st</sup> quarter of 2022 due to some service costs are fixed costs.

#### **Sales, service and administrative expenses**

The expenses of sales, services, and administrative in the 1<sup>st</sup> quarter of 2023 are equal to 37.28 million Baht nearby the 1<sup>st</sup> quarter of 2022.

#### **Finance cost**

The financial cost in the 1<sup>st</sup> quarter of 2023 is equal to 6.10 million Baht increased by 0.39 million Baht or 6.8% compared with the 1<sup>st</sup> quarter of 2022. It decreased by 0.05 million Baht or 0.8% from the 4<sup>th</sup> quarter of 2022.

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 1<sup>st</sup> quarter of 2023 was 95.69 million Baht increased by 50.48 million Baht or 111.6% compared with the 1<sup>st</sup> quarter of 2022. It increased by 1.17 million Baht or 1.2% from the 4<sup>th</sup> quarter of 2022.

## Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

Statement of Financial Position	31 March 2023	31 December 2022	% ▲
Total Assets	1,947.80	1,806.48	7.8%
Total Liabilities	1,298.03	1,252.40	3.6%
Owner's Equity	649.77	554.08	17.3%
Unappropriated Retained Earnings	314.52	218.83	43.7%
ROA (%)	20.36	18.80	
ROE (%)	48.89	45.96	
D/E (time(s))	2.00	2.26	

The total assets as of 31 March 2023 were 1,947.80 million Baht increased by 141.32 million Baht. The most cause was an increase in cash and cash equivalents from the increase in car payments and other current financial assets.

The total liabilities were 1,298.03 million Baht increased by 45.63 million Baht compared with the balance as of 31 December 2022. The main cause is a trade account payable and other payables that are waiting for payment within 4 - 7 days and the increased corporate income tax payable.

The total shareholders' equity is equal to 649.77 million Baht increased by 95.69 million Baht from the balance as of 31 December 2022 according to the 1<sup>st</sup> quarter of 2023 increase in net profit.

## Cash Flows Statement

(Unit: Million Baht)

Cash Flows Statement	For the 3 months period			
	2023	2022	Difference	%YoY
Net Cash Flows from Operating Activities	182.38	100.86	81.52	80.8%
Net Cash Flows (used) in Investing Activities	(82.55)	(56.50)	(26.04)	(46.1%)
Net Cash Flows (used) in Financing Activities	(24.35)	(18.35)	(6.00)	(32.7%)
<b>Cash Increase (Decrease)</b>	75.49	26.00	49.48	190.3%
Beginning Cash	98.37	167.50	(69.13)	(41.3%)
<b>Ending Cash</b>	173.86	193.50	(19.65)	(10.2%)

In the 1<sup>st</sup> quarter of 2023, the Company had net cash flow from operating activities in the amount of 182.38 million Baht increased by 81.52 million Baht and net cash flow used from investing activities were 82.55 million Baht increased by 26.04 million Baht compared with the 1<sup>st</sup> quarter of 2022. This was mainly from renovating the area of the head office to increase the service quality and support the increasing vehicle volumes. The net cash flow used in financing activities increased from the payment of land rent and the interest under the lease agreement. The remaining ending cash equal to 173.86 million Baht. 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**

In March 2023, the consumer confidence index continues to improve after consumers feel the economy is beginning to be better. It can be seen from tourism that has clearly recovered both the tourism of Thai people and foreign tourists especially Chinese tourists, who travel in Thailand more and more, which is a factor that improves consumer confidence. Although car loan growth slowed according to a 6.1 percent drop in new car sales compared to the 1<sup>st</sup> quarter of 2022. However, the overall projection of loan expansion and new car sales in 2023 is still positive direction. The signs of Non-Performing Debt (NPL) of debt quality of car loans have an increasing growth rate after the end of debt moratorium and debt restructuring measures which results in more seized cars flowing into the auction business. The company continues to expand its auction house to the region and adding a car storage facility (warehouse) to accommodate the increasing volume of vehicles.

Please be informed accordingly.

Yours sincerely,

*=Varunyoo Sila=*

(Mr. Varunyoo Sila)

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Authorized signatory

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