



บริษัท สหกรณ์ประมูล 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) แขวงวังทองหลาง เขตวังทองหลาง กรุงเทพฯ 10310 โทร. 02-033-6555

Registration No. 0107555000341

AUCT-OP 017/2023

10 November 2023

Subject: Management Discussion and Analysis for the 3rd quarter of 2023, ending 30 September 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 3rd quarter of 2023 ending 30 September 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 3rd quarter of 2023

(Unit: Million Baht)

| Statement of Comprehensive Income | The 3 rd quarter | | | 2Q/2023 | %QoQ | 9-month | | |
|---|-----------------------------|---------------|--------------|---------------|--------------|---------------|---------------|--------------|
| | 2023 | 2022 | %YoY | | | 2023 | 2022 | %YoY |
| Revenue from services | 326.93 | 249.44 | 31.1% | 268.62 | 21.7% | 902.93 | 659.55 | 36.9% |
| Other revenues | 1.70 | 1.31 | 29.8% | 2.06 | (17.5%) | 4.82 | 3.47 | 38.9% |
| Total revenues | 328.63 | 250.75 | 31.1% | 270.68 | 21.4% | 907.75 | 663.02 | 36.9% |
| Cost of services | (162.80) | (124.03) | 31.3% | (140.06) | 16.2% | (448.16) | (337.62) | 32.7% |
| Gross profit | 164.13 | 125.41 | 30.9% | 128.56 | 27.7% | 454.77 | 321.93 | 41.3% |
| Gross profit margin (%) | 50.2% | 50.3% | (0.1%) | 47.9% | 2.3% | 50.4% | 48.8% | 1.6% |
| Service and administrative expenses | (42.50) | (34.96) | 21.6% | (42.81) | (0.7%) | (122.59) | (108.44) | 13.1% |
| Profit before financial cost and income tax | 123.33 | 91.76 | 34.4% | 87.81 | 40.5% | 337.00 | 216.95 | 55.3% |
| Financial Cost | (6.05) | (6.30) | (4.0%) | (6.06) | (0.2%) | (18.21) | (18.37) | (0.9%) |
| Income tax | (23.42) | (18.59) | 26.0% | (16.54) | 41.6% | (64.02) | (41.86) | 52.9% |
| Net profit | 93.87 | 66.86 | 40.4% | 65.21 | 43.9% | 254.77 | 156.72 | 62.6% |
| Net profit margin (%) | 28.6% | 26.7% | 1.9% | 24.1% | 4.5% | 28.1% | 23.6% | 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.

Revenue from services consists of:

(Unit: Million Baht)

| Revenue from services | The 3 rd quarter | | | 2Q/2023 | %QoQ | 9-month | | |
|--|-----------------------------|---------------|--------------|---------------|--------------|---------------|---------------|--------------|
| | 2023 | 2022 | %YoY | | | 2023 | 2022 | % YoY |
| 1) Revenue from auctions | 269.78 | 212.90 | 26.7% | 222.02 | 21.5% | 731.85 | 550.96 | 32.8% |
| 2) Revenue from transportation and additional services | 57.15 | 36.54 | 56.4% | 46.60 | 22.6% | 171.09 | 108.59 | 57.6% |
| Total | 326.93 | 249.44 | 31.1% | 268.62 | 21.7% | 902.94 | 659.55 | 36.9% |

The Company's revenue from services for the 3rd quarter of 2023 was 326.93 million Baht increased by 77.49 million Baht or 31.1% compared with the 3rd quarter of 2022. In the 3rd quarter of 2023, revenue from auctions was 269.78 million Baht or 82.5% of revenue from services increased from the same period of the previous year by 56.88 million Baht or 26.7% due to the increase in the volume of vehicles entering the auction yard and the volume of vehicles auction ending including the raised operating fees for cars to 10,000 Baht since August 2022. Revenue from transportation and additional services for the 3rd quarter of 2023 was 57.15 million Baht increased by 20.61 million Baht or 56.4% compared with the 3rd quarter of 2022. Most of the increase in revenue is from transportation expenses both pre-sales and post-sales comply with the increase in the volume of vehicles auction ending.

The Company's revenue from services for the 9-month of 2023 was 902.93 million Baht increased by 243.38 million Baht or 36.9% compared with the same period of 2022. For the 9-month of 2023, revenue from auctions was 731.85 million Baht or 81.1% of revenue from services increased from the same period of the previous year by 180.89 million Baht or 32.8%. Revenue from transportation and additional services for the 9-month of 2023 was 171.09 million Baht increased by 62.5 million Baht or 57.6% for the same reason.

Cost of services

The cost of services in the 3rd quarter of 2023 is equal to 162.80 million Baht increased by 38.77 million Baht or 31.3% compared with the 3rd quarter of 2022. Mainly from the auction cost that varies the volume of vehicles auction ending such as transportation costs and auction expenses.

For the 9-month of 2023, the cost of services is equal to 448.16 million Baht increased by 110.54 million Baht or 32.7% compared with the same period of 2022.

Gross profit

The gross profit in the 3rd quarter of 2023 is equal to 164.13 million Baht increased by 38.72 million Baht or 30.9% compared with the 3rd quarter of 2022 according to the increase in the revenue from services. The gross profit margin decreased by 0.1% compared with the 3rd quarter of 2022 due to service costs varying according to the volume of vehicles received and the volume of vehicles auction ending.

The Company's gross profit for the 9-month of 2023 is equal to 454.77 million Baht increased by 132.84 million Baht or 41.3% compared with the same period in 2022, and the gross profit margin was 50.4% higher than the same period in 2022 which was 48.8%.

Service and administrative expenses

The expenses of services and administrative in the 3rd quarter of 2023 are equal to 42.50 million Baht increased by 7.54 million Baht or 21.6% compared with the 3rd quarter of 2022.

For the 9-month of 2023, the expenses of services and administrative are equal to 122.59 million Baht increased by 14.14 million Baht or 13.1% compared with the same period of the previous year.

Finance cost

The financial cost in the 3rd quarter of 2023 is equal to 6.05 million Baht decreased by 0.25 million Baht or 4.0% compared with the 3rd quarter of 2022. For the 9-month of 2023, the financial cost is equal to 18.21 million Baht decreased by 0.9% compared with the same period in 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 3rd quarter of 2023 was 93.87 million Baht increased by 27.01 million Baht or 40.4% compared with the 3rd quarter of 2022.

For the 9-month of 2023, the net profit is equal to 254.77 million Baht increased by 98.04 million Baht or 62.6% compared with the same period of the previous year as a result of the increase in revenue from services.

Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

| Statement of Financial Position | 30 September 2023 | 31 December 2022 | % ▲ |
|--|--------------------------|-------------------------|------------|
| Total Assets | 1,938.82 | 1,806.48 | 7.3% |
| Total Liabilities | 1,440.71 | 1,252.40 | 15.0% |
| Owner's Equity | 498.10 | 554.08 | (10.1%) |
| Unappropriated Retained Earnings | 162.86 | 218.83 | (25.6%) |
| ROA (%) | 25.05 | 18.80 | |
| ROE (%) | 72.95 | 45.96 | |
| D/E (time(s)) | 2.89 | 2.26 | |
| Adjusted D/E - Exclude lease liabilities (time(s)) | 1.22 | 0.72 | |

The total assets as of 30 September 2023 were 1,938.82 million Baht increased by 132.34 million Baht or 7.3% compared with the balance as of 31 December 2022. The most cause was an increase in cash and cash equivalents from the increase in receiving car debt payments waiting for repayment of trade account payables and other payables. Meanwhile, the other current financial assets decreased due to the dividend payment which was paid in 2023.

The total liabilities were 1,440.71 million Baht increased by 188.31 million Baht or 15.0% compared with the balance as of 31 December 2022. The main cause was a trade account payable and other payables that are waiting for payment within 4 - 7 days and the corporate income tax payable. The Company does not have any loans from financial institutions.

The total shareholders' equity is equal to 498.10 million Baht decreased by 55.97 million Baht or 10.1% compared with the balance as of 31 December 2022 due to the 2023 dividend payment in the amount of 310.75 million Baht which was paid in May and September 2023.

Cash Flows Statement

(Unit: Million Baht)

| Cash Flows Statement | For the 9-month period | | | |
|---|-------------------------------|----------------|-------------------|---------------|
| | 2023 | 2022 | Difference | %YoY |
| Net Cash Flows from Operating Activities | 560.98 | 184.05 | 376.93 | 204.8% |
| Net Cash Flows (used) in Investing Activities | 102.27 | 40.00 | 62.27 | 155.7% |
| Net Cash Flows (used) in Financing Activities | (389.39) | (302.63) | (86.76) | 28.7% |
| Cash Increase (Decrease) | 273.86 | (78.58) | 195.28 | 248.5% |
| Beginning Cash | 98.37 | 167.50 | (69.13) | (41.3%) |
| Ending Cash | 372.23 | 88.92 | 283.31 | 318.6% |

For the 9-month of 2023, the Company had net cash flow from operating activities in the amount of 560.98 million Baht increased by 376.93 million Baht and net cash flow used from investing activities were 102.27 million Baht increased by 62.27 million Baht compared with the same period of the previous year. It was caused by the net cash received from other current financial assets increased by 122.49 million Baht, meanwhile, the company invested to develop an information technology system and improve the area of the head office, branches, and warehouses, increasing by 67.58 million Baht to develop 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 was 372.23 million Baht. However, the Company has a stable financial position and high liquidity, does not require any loans from financial institutions, as well as having sufficient access to a variety of funding sources.

Business trends

As consumers trust that the Thai economy is in the recovery direction, there are the supporting factors from the tourism sector with visa-free scheme for tourists from various countries and the government's economic stimulus policy including political clarity, resulting in the Consumer Confidence Index has continued to increase for the 10th consecutive month (since December 2022). Although the rate of credit expansion was slowed down according to new car sales in the 3rd quarter of 2023 at the rate of 12.4% compared with the previous quarter as well as the strictness of loans by financial institutions, personal loans continue to expand including non-performing loans (NPL) of car loans continue to expand. This matter is an encouraging factor that makes more vehicles flow into the auction business which is in line with the Company's warehouse expansion plan to support the volume of vehicles and expand the auction to the region to distribute products quickly. However, the Bank of Thailand is considering announcing guidelines on responsible lending which is expected to be effective in 2024. The hire purchase lending business might adjust to the aforementioned measures somewhat. The Company will closely monitor the results of that measure further.

Company Secretary/ Investor Relations

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