

Registration No. 0107555000341

AUCT-OP 006/2021

25 February 2021

Subject: Management Discussion and Analysis for the 2020 Operating Results, ended 31 December 2020

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 year 2020, which ended 31 December 2020. They were audited 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 4th quarter of 2020 and the year 2020

The financial statements of the 4th quarter of 2020 and the year 2020 are shown in accordance with the new financial reporting standards as follows:

(Unit: Million Baht)

Statement of Comprehensive Income	The 4 th quarter			Q3/2020	Change %QoQ	2020	2019	Change %YoY
	2020	2019	%YoY					
Service revenue	213.58	225.37	(5.2%)	192.11	11.2%	864.34	803.42	7.6%
Other revenues	0.82	4.31	(81.0%)	0.83	(1.7%)	4.75	9.17	(48.2%)
Total revenues	214.40	229.68	(6.7%)	192.94	11.1%	869.09	812.58	7.0%
Cost of Service	(98.63)	(102.24)	3.5%	(98.81)	0.2%	(411.70)	(378.01)	(8.9%)
Gross profit	114.95	123.13	(6.6%)	93.30	23.2%	452.64	425.41	6.4%
Gross profit margin (%)	53.8%	54.6%	(0.8%)	48.6%	5.3%	52.4%	53.0%	(0.6%)
Sales and administrative expenses	(29.89)	(34.39)	13.1%	(37.46)	20.2%	(144.49)	(141.20)	(2.3%)
Profit from operating activities	85.89	93.06	(7.7%)	56.68	51.5%	312.89	293.38	6.7%
Financial Cost	(5.44)	0.00	(100.0%)	(5.46)	0.4%	(21.66)	0.00	(100.0%)
Income tax	(15.11)	(19.02)	20.6%	(11.29)	(33.9%)	(63.26)	(59.14)	(7.0%)
Net profit	65.34	74.04	(11.8%)	39.93	63.6%	227.97	234.24	(2.7%)

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 4th quarter of 2020 was 214.40 million Baht lower than the 4th quarter of 2019 at 6.7%, as a result of the impact from the debt suspension measures during the Covid-19 outbreak. In December 2020, there is the new wave of the Covid-19 outbreak which was impact to vehicle volumes into the auction.

The 2020 total revenues are equal to 869.09 million Baht increased by 56.51 or 7.0% compared with the year 2019 due to the Company had revenue from the increased vehicle sales and 5G auction of National Broadcasting and Telecommunication Commission (NBTC) which record in revenue from other auctions.

Revenue from services is consists of:

(Unit: Million Baht)

Revenue from services	Quarter 4			Quarter	Changing	2020	2019	% YoY
	2020	2019	% QoQ	3/2020	% QoQ			
1) Revenue from Vehicle	185.93	198.66	(6.6%)	163.00	14.7%	733.97	703.32	19.6%
2) Relocation Fee Income	21.29	22.95	(7.3%)	26.06	(18.3%)	99.58	86.24	15.5%
3) Revenue from Other Auctions	6.36	3.77	68.7%	3.05	108.4%	30.79	13.87	122.0%
Total	213.58	225.38	(5.2%)	192.11	11.2%	864.34	803.42	7.6%

Gross profit

The Gross profit in the 4th quarter of 2020 is equal to 114.95 million Baht decreased by 6.6 compared with the 4th quarter of 2019 which was a direct result of the decrease of vehicle volumes into the auction.

However, the 2020 Gross profit was 452.64 million Baht increased by 6.4% due to the 2020 overall success rate auction has been increased. In addition, there was an increase in operation fee since the middle of August 2020 including also controls the moving costs and auction-related expenses.

Costs of services

The cost of services in the 4th quarter of 2020 is equal to 98.63 million Baht decreased by 3.5 from in 4th quarter of 2019. The 2020 cost of services is equal to 411.70 million Baht increased by 8.9 from the year 2019 due to the event cost of 5G auction and the moving cost of the vehicles entering the auction is huge especially in Head office and Rangsit branch. The increased employee costs were the result of increasing employees to support business growth and increasing workload. The increase in the cost of

services including the leasehold rights not eligible for depreciation from warehouse expansion and added branches; Phang Nga, Lampang and Sisaket, and branch relocation: Rayong, Khon Kaen and Udon Thani.

Services and Administrative Expenses

The services and administrative expenses in the 4th quarter of 2020 was 29.89 million Baht decreased from 4.5 million Baht in the 4th quarter of 2019 or 13.1% due to the company has controlled the costs for suiting the situation.

For the 2020 services and administrative expenses are equal to 144.49 million Baht increased by 2.3% compared with the year 2019. Most of the expenses are employee expenses for supporting the expansion of the market and public relations through social media.

Finance costs

The financial costs in the 4th quarter of 2020 were 5.44 million Baht and 21.66 million Baht for the year 2020 from the implementation of TFRS 16: Lease Agreements since 1 January 2020 which was the discounted interest from the calculation of the lease liabilities under the lease agreement at the present value without actual interest payments.

Net Profit

The net profit in the 4th quarter of 2020 was 65.34 million Baht decreased by 11.8% from the 4th quarter of 2019. While the net profit for the year 2020 was 227.97 million Baht decreased by 2.7% compared with the year 2019. The decrease of net profit margin results from the finance costs as aforementioned. If the net profit has not included the financial costs, the net profit margin of 2020 will be 28.6% compared with 28.8% which slightly decreased from the previous year.

Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

Statement of Financial Position	31 December 2020	31 December 2019	%YoY
Total Assets	1,778.41	845.40	110.4%
Total Liabilities	1,272.14	328.12	287.7%
Owner's Equity	506.27	517.28	(2.1%)
Unappropriated Retained Earnings	171.02	182.03	(6.0%)
ROA (%)	23.85	37.00	
ROE (%)	44.54	47.19	
D/E (time(s))	2.51	0.63	

The total assets as of 31 December 2020 were 1,778.41 million Baht increased by 933.01 million Baht from 31 December 2019. The total liabilities were 1,272.14 million Baht increased by 944.02 million Baht as a result of the implementation of TFRS 16, which impacted the assets and liabilities in the statement of financial position, affected by the recognition of the right-of-use assets and lease liabilities.

The total shareholders' equity is equal to 506.27 million Baht decreased by 11.01 million Baht from 31 December 2019 due to the allocation and payment of dividend for the year 2019 and the interim of dividend payment for the year 2020 in the amount of 192.46 million Baht and 236.48 million Baht (0.43 and 0.35 Baht per share), respectively.

Cash Flows Statement

(Unit: Million Baht)

Cash Flows Statement	2020	2019	Difference	%YoY
Net Cash flows from Operating Activities	534.07	301.02	233.05	77.4%
Net Cash flows (used) in Investing Activities	(109.35)	(151.01)	41.66	(27.6%)
Net Cash flows (used) in Financing Activities	(300.05)	(192.46)	(107.59)	55.9%
Cash Increase (Decrease)	124.67	(42.46)	167.13	(393.6%)
Beginning Cash	68.69	111.15	(42.46)	(38.2%)
Ending Cash	193.36	68.69	124.67	181.5%

In 2020, the Company had net cash flow from operating activities in the amount of 534.07 million Baht and net cash flow used from investing activities were 109.35 million Baht. Most of them are cash received for short-term investments by fixed deposits, cash paid for the right of use assets, and cash paid for investment in property, buildings and equipment according to the business development plan of head office, Rangsit branch and warehouse in upcountry. The most net cash flow used in financing activities is the result of dividend payment. However, the change in accounting standard have not any impact on cash flow. The cash flow and cash equivalents as of 31 December 2020 equal to 193.36 million Baht increased by 181.5% compared with the previous year.

Business trends

The new wave of the Covid-19 outbreak, which was spread more widely and faster than the first outbreak, although the violence was not the same as the first outbreak, it was affected the ability to pay debts of retail debtors. The Bank of Thailand has issued a renewed measure to help debtors who have been affected by this crisis. This measure had little impact on the volume of vehicles that into the auction at the first period. It was be expected and will be beneficial in the long-term for increasing the vehicle volumes into

the auction. From the rising household debt, car loans, new cars sales in the 4th quarter of 2020 which more than the 3rd quarter of 2020 and the same period of 2019, are represented to the customer needs of vehicles still have purchasing power, which expected that the sales are better trend than the previous year.

Please be informed accordingly.

Yours sincerely,

(Mr. Varunyoo Sila)

Director and Managing Director

Authorized signatory