



President
Stock Exchange of Thailand

24 February 2022

Dear Sir,

Explanation and Analysis of Financial Statements for the Year Ended 31 December 2021

We enclose herewith the consolidated financial statements of Thai Rung Union Car Public Company Limited (“the Company”) for the year ended 31 December 2021, duly reviewed by the Company’s auditors and approved by the Company’s Board of Directors, for onward distribution to investors.

General overview of the Thai automotive industry

| Units | Q4 | | | Whole year | | |
|-------------------|---------|---------|--------|------------|-----------|--------|
| | 2021 | 2020 | Change | 2021 | 2020 | Change |
| Vehicles produced | 473,759 | 464,687 | 2% | 1,685,705 | 1,427,074 | 18% |
| Domestic sales | 227,188 | 257,381 | (12%) | 759,119 | 792,146 | (4%) |
| Export sales | 281,713 | 214,385 | 31% | 959,194 | 735,842 | 30% |

In the fourth quarter of 2021 vehicle production totalled 473,759 units, up by 2% on the same quarter of the previous year. Domestic sales for the quarter, at 227,188 units, were down by 12%, while export sales increased by 31% to 281,713. As for cumulative figures for the whole year 2021, total production at 1,685,705 units was up by 18% on the previous year and exceeding the target of 1.6 million units set by the Federation of Thai Industries, with domestic sales down by 4% but export sales, at 959,194 units, up by 30% relative to 2020.

For 2022 the Federation of Thai Industries estimates total production at 1.8 million units, representing a 7% increase on 2021, of which one million units for export and 0.8 million sales in the domestic market, although developments with new strains of COVID-19 both at home and abroad will need to be monitored and could affect economic recovery, and the same applies to the shortages of certain parts and chips, which could temporarily slow production of some models.

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Company results

Management has the following comments on the Company's results for the year ended 31 December 2021 compared with the previous year (ended 31 December 2020), and the financial position at 31 December 2021 compared with that at 31 December 2020. These comments are intended to be read in conjunction with the consolidated financial statements.

Consolidated Income Statement for the year ended 31 December 2021

| THB millions | 2021 | 2022 | Change | |
|---|-------|-------|--------|--------|
| Item | | | | |
| Operating revenues | 1,979 | 1,530 | 449 | 29% |
| Other income | 40 | 54 | (13) | (25%) |
| 1.1 Total revenues | 2,019 | 1,584 | 436 | 28% |
| 1.2 Cost of sales & services | 1,675 | 1,409 | 265 | 19% |
| 1.3 Selling & administrative expenses | 257 | 251 | 7 | 3% |
| 1.4 Share in profit/(loss) of associates (joint ventures) | 21 | (8) | 28 | 364% |
| Profit/(loss) before tax | 108 | (85) | 193 | 226% |
| Income tax income (expense) | (28) | (5) | (22) | (410%) |
| 1.5 Profit/(loss) for the year | 80 | (91) | 170 | 188% |

| Attribution of profit/(loss) | | | | |
|---------------------------------|-----|------|-----|------|
| To owners of the parent company | 78 | (91) | 170 | 186% |
| To non-controlling interests | 1.3 | 0.7 | 0.6 | 90% |

1. Overview of Results for the Year

The Company's business is production and distribution in the automotive industry. Its consolidated results for 2021, compared with those for 2020, were as follows:

1.1 Consolidated Revenues

Total consolidated revenues for 2021, not including share in profit/(loss) of associates, amounted to Bt.2,019 million, representing an increase of Bt.436 million or 28% on the previous year in line with the Thai automotive industry as a whole, due to recovery in the economy as restrictive measures related to COVID-19 were eased and the roll-out of vaccines intensified.

1.2 Cost of sales and service

Consolidated cost of sales and service for 2021 was Bt.1,675 million. As a proportion of sales and service revenue for the year it was 85%, compared with the 92% of 2020, a reduction of seven percentage points due to the fact that revenues increased while the cost of sales increased by proportionally less thanks to the improved product mix and the permanent measures in place to increase efficiency and control production costs.

1.3 Selling and administrative expenses

Consolidated selling and administrative expenses for 2021 amounted to Bt.257 million, Bt.6 million or 3% up on the previous year thanks in line with increased sales and service revenue.

1.4 Share of profit/(loss) from investments in associates

Share of profits on investments in joint venture companies in 2021 was Bt.21 million, compared with a loss of Bt.8 million in 2020, an improvement of Bt.29 million reflecting the improvement in the economic situation.

1.5 Net profit/(loss)

The Company posted a net profit of Bt.80 million for 2021, compared with a loss of Bt.91 million attributable to owners of the parent company in 2020, basically thanks to increased sales revenues and production efficiency and cost control measures.

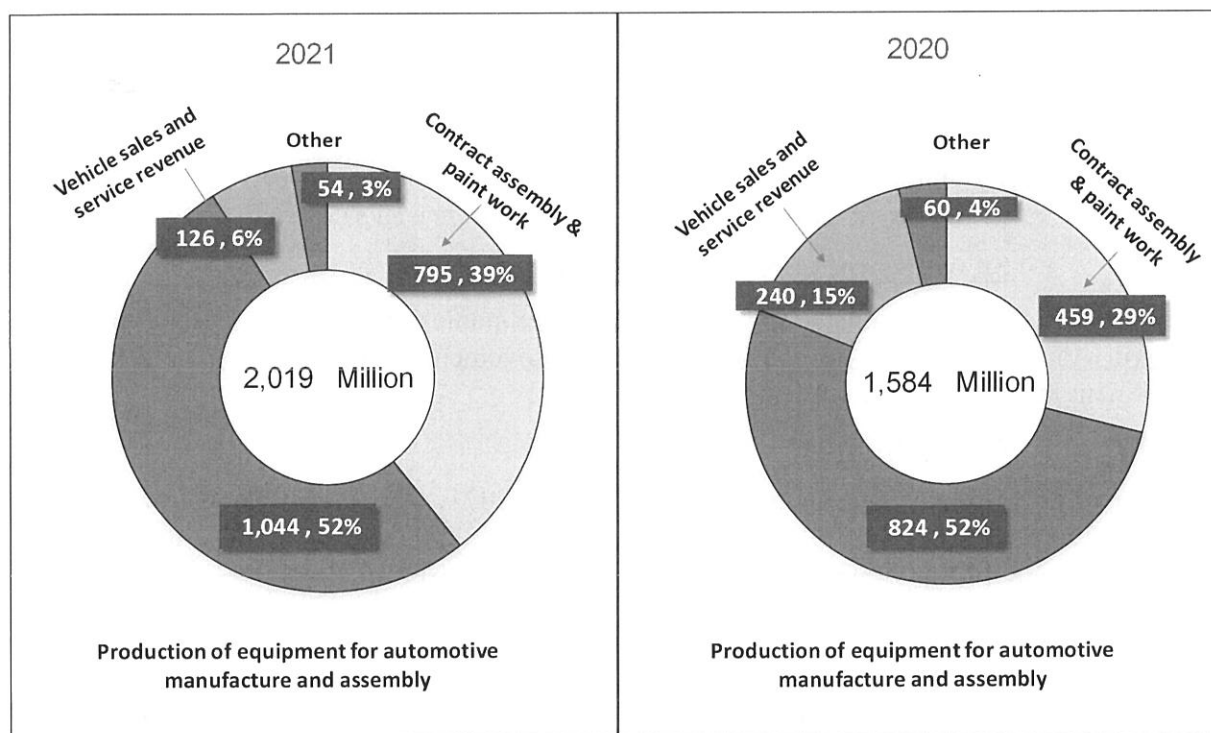
2. Analysis of Consolidated Balance Sheet at 31 December 2021 compared with 31 December 2020 (Bt. Millions)

| Consolidated Balance Sheet | | | | THB millions | |
|--|--------------------|--------------------|---------------|---------------------|--|
| Assets | 31-Dec-2021 | 31-Dec-2020 | Change | % | |
| Current assets | 1,248 | 988 | 260 | 26% | |
| Investments in associates | 482 | 463 | 19 | 4% | |
| Investment property, net | 162 | 162 | (0) | (0%) | |
| Property, plant & equipment, net | 1,834 | 1,897 | (63) | (3%) | |
| Right-of-use assets-net | 16 | 47 | (31) | (66%) | |
| Other non-current assets, net | 108 | 129 | (21.1) | (16%) | |
| Total Assets | 3,850 | 3,687 | 163 | 4% | |
| Liabilities | 31-Dec-2021 | 31-Dec-2020 | Change | % | |
| Current liabilities | 421 | 326 | 95 | 29% | |
| Non-current liabilities | 83 | 80 | 2 | 3% | |
| Total Liabilities | 503 | 406 | 97 | 24% | |
| Equity | 31-Dec-2021 | 31-Dec-2020 | Change | % | |
| Attributable to owners of the parent company | 3,290 | 3,225 | 65 | 2% | |
| Non-controlling interests | 57 | 56 | 1 | 2% | |
| Total Equity | 3,347 | 3,281 | 66 | 2% | |
| Total Liabilities and Equity | 3,850 | 3,687 | 163 | 4% | |

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Operating revenues by type of business

2021/2020 = +Bt.436 million or 28%



Note: Consolidated operating revenue and Other Income only (not including share of profit/(loss) of associates (joint ventures))

- Revenue from the production of vehicle manufacturing equipment (die and jig making, plus the production and sale of parts, both OEM and spare) amounted to Bt.1,044 million, representing 52% of total sales and service revenue, showing an increase of Bt.221 million or 27% on the previous year thanks to increased purchasing power of existing customers as COVID-related restrictions were eased.
- Revenue from vehicle assembly and other vehicle-related contract work was Bt.795 million, representing 39% of total sales and service revenue, Bt.335 million or 73% more than in the previous year thanks to increased orders from customers in the agricultural machinery sector and the addition of new customers as well as higher selling costs to cover the increased cost of basis raw materials.
- Revenue from sales of vehicles and from service centres was Bt.126 million, representing 6% of total sales and service revenue and Bt.114 million or 47% down on the previous year due to lower sales of special project vehicles to government departments and to other customers due to the COVID situation.
- Other sales and service income, at Bt.54 million, 3% of total sales and service revenue, was down by Bt.6 million or 10% on the previous year, due to non-recurring compensation in 2020 in respect of a customer's ceasing its business.

Total consolidated assets at 31 December 2021 and 31 December 2020 stood at Bt.3,850 million and Bt.3,687 million respectively, representing an increase of Bt.163 million or 4%, the main items being as follows:

2.1 Assets

1. **Current assets** at 31 December 2021 stood at Bt.1,248 million, up by Bt.260 million or 26% as a result of:
 - Cash and cash equivalents at 31 December 2021 stood at Bt.303 million, Bt.82 million more than at year-end 2020, reflecting collections of receivables from trade debtors and increased sales.
 - Current financial assets at 31 December 2021 stood at Bt.231 million, Bt.121 million more than at year-end 2020 due to the Company's investing in an equities mutual fund in view of the higher returns compared with the special deposit rates available from commercial banks.
 - Trade and other receivables at 31 December 2021 stood at Bt.360 million, Bt.58 million more than the 2020 year-end figure, due to the increased sales figures.
 - Current contract assets at 31 December 2021 stood at Bt.24 million, Bt.3 million down on year-end 2020 in line with amounts collected as they fell due in accordance with contractual conditions.
 - Inventories at 31 December 2021 stood at Bt.239 million, up by Bt.3 million.
2. **Investments in associates** (joint ventures) at 31 December 2021 stood at Bt.482 million, representing an increase of Bt.19 million, due to Bt.1 million in dividends received from a joint venture company and recognition of a Bt.20 million share in profits.
3. **Property, plant & equipment** at 31 December 2021 stood at Bt.1,834 million, Bt.63 million down due to the net effect of the transfer of right-of-use assets to property, plant and equipment for the corresponding carrying amounts totalling Bt.31 million at the end of the respective lease contracts as per IFRS 16 Leases, capital expenditure of Bt.29 million and Bt.123 million of scheduled depreciation for the year.
4. **Net right-of-use assets** at 31 December 2021 stood at Bt.16 million, down by Bt.31 million as a result of the transfer to property, plant and equipment referred to above, recognition of rights of use of machinery for Bt.8 million in Q1 and lease rental payments over the year as per contract of Bt.8 million.
5. **Other non-current assets, net** at 31 December 2021 stood at Bt.108 million, Bt.21 million down on year-end 2020 due to the transfer of work under development to property, plant and equipment and excise tax refunds received.

2.2 Liabilities

Total consolidated liabilities at 31 December 2021 and 31 December 2020 stood at Bt.503 million and Bt.406 million respectively, representing an increase of Bt.97 million or 24% as a result of the following:

- Trade payables increased by Bt.92 million reflecting increased orders of raw materials for production and higher prices.
- Cost of sales pending payment increased by Bt.1 million.
- Leasing liabilities fell by Bt.4 million due to recognition of Bt.9 million of lease liabilities in respect of machinery as per IFRS 16 Leases in Q1 and lease payments of Bt.13 million made in accordance with contracts over the course of the year.
- Income tax due increased by Bt.10 million as a result of profit for the year.
- Provisions for employee benefits fell by Bt.2 million as a result of pension payments of Bt.9 million and actuarial adjustments of Bt.7 million.

2.3 Equity

Consolidated equity at 31 December 2021 and 31 December 2020 stood at Bt.3,347 million and Bt.3,281 million respectively, representing an increase of Bt.66 million as a result of improved results for the year, recognition of a share in profits of associates and payment of a dividend in Q2.

3. Liquidity

The Company's consolidated cash situation for the year ended 31 December 2021 showed a net increase of Bt.82 million, with a year-end cash position of Bt.303 million as per the following details.

Thai Rung Union Car Plc

Consolidated statement of cash flows for the year ended 31 December 2021

| | <u>Million</u> |
|--|----------------|
| Cash & cash equivalents at beginning of period | 221 |
| Net cash from operating activities | 251 |
| Net cash used in investing activities | (137) |
| <u>mainly from</u> | |
| o Increase in current financial assets | (122) |
| o Capital expenditure | (23) |
| o Disposal of fixed assets | 3 |
| o Interest received | 4 |
| o Dividend received from associates (JVs) | 1 |
| Net cash used in financing activities | (32) |
| o Payment of dividend | (35) |
| o Finance lease rental payments | (13) |
| o Proceeds of issues of common shares | 16 |
| Cash & cash equivalents at end of period | <u>303</u> |

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4. Financial ratio

| Financial ratios | | 2021 | 2020 | 2019 |
|----------------------|-------|------|--------|-------|
| Net profit margin | % | 3.88 | (5.80) | 10.09 |
| Liquidity ratio | times | 2.97 | 3.03 | 2.65 |
| Return On Asset | % | 2.86 | (2.20) | 7.38 |
| Return on Equity | % | 2.41 | (2.76) | 8.01 |
| Debt to Equity Ratio | times | 0.15 | 0.13 | 0.16 |

The business is highly liquid, with current assets well in excess of current liabilities and well able to meet its commitments as they fall due.

The debt/equity ratio has increased slightly due to increased purchases of raw materials for production, but is still very low and the Company is not at risk financially.

As for the Company' profitability, the profit margin and the return on assets on 2021 both increased, reflecting increased operating revenues and successful control of costs, and return on equity also increased accordingly.

5. Auditor's Report

The auditor's have issued a qualified opinion on the Company's consolidated financial statements due to the fact that the financial year of one of the consolidated companies ends on a different date from the others as a result of which unaudited accounts of that company were used.

Trusting this meets your requirements we remain,

Yours faithfully,



Phakkawat Suwanmajo
Company Secretary

