

Ref. No. 2208/018EN

August 09, 2022

Subject: Operating Result Clarification for the Q2/22 (Ending June 30, 2022)

To: Director and Manager of the Stock Exchange of Thailand

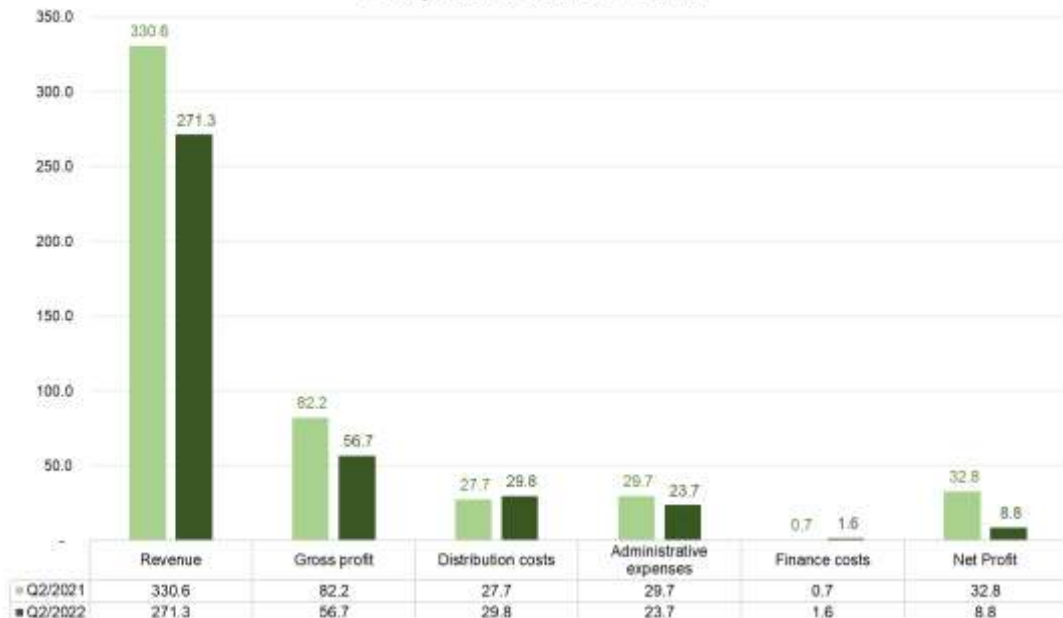
UBIS (Asia) Public Company Limited (“the Company”) would like to inform on operating results and the financial position changed more than 20 % for the Q2/22 ending June 30, 2022 of the company and its subsidiaries by having the main substance is as follows:

(Unit : Million Baht)

Significant financial information	Q2/2021	Q2/2022	Change	% Change
Revenue	330.6	271.3	(59.3)	-17.9%
Gross profit	82.2	56.7	(25.6)	-31.1%
Distribution costs	27.7	29.8	2.1	7.8%
Administrative expenses	29.7	23.7	(6.0)	-20.1%
Finance costs	0.7	1.6	0.8	110.4%
Net Profit	32.8	8.8	(24.0)	-73.2%

(Unit : Million Baht)

Comparison Q2/21 VS Q2/22

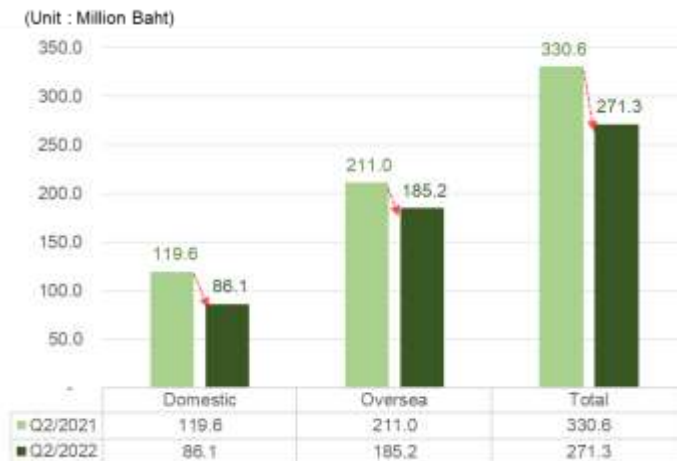


In overall, the Company and its subsidiaries had a net profit in Q2/22 of 8.8 MB which has decreased by 24.0 MB or 73.2% from Q2/21 (Net profit of Q2/21 was 32.8 MB).

The Company would like to inform the following significant changes in the Company’s and its subsidiaries’ operational results:

Revenue

Q2/22, the Company and its subsidiaries had total revenue of 271.3 MB, which has decreased from Q2/21 by 59.3 MB or 17.9%. (Divided into domestic sales decreased by 28.0% and an international sales decreased by 12.2%).



Gross profit

Q2/22, the Company and its subsidiaries generated a total gross profit of 56.7 MB, which had decreased from Q2/21 which amounting to 25.6 MB or 31.1%. In Q2/22, the gross profit is 20.9% (Gross profit in 24.9% in the Q2/21). The constant decrease was due to the continuous increase in the cost of raw materials used in the manufacturing of canned coating products.

Distribution costs

Q2/22, the Company and its subsidiaries had the distribution costs of 29.8 MB which has increased from Q2/21 in the amount 2.2 MB or 7.8% (In Q2/21 had the distribution costs of 27.7 MB). The increase of distribution costs were due to higher freight prices.

Administrative expenses

Q2/22, the Company and its subsidiaries had the administrative expenses of 23.7 MB which has decreased from Q2/21 in the amount 6.0 MB or 20.1%(In Q2/21 had the administrative expense of 29.7 MB). In comparison to the Q2/21, the decreasing of administrative expenses were due to decrease of management expenses and the consultation fees.

Finance cost

Q2/22, the Company and its subsidiaries had the financial cost 1.6 MB which increased from Q2/21 in the amount of 0.8 MB or 110.4% (In Q2/21 had a financial cost of 0.7 MB.) due to the increased of financial operation transaction.

Gain (Loss) on foreign exchange

Q2/22, the Company and its subsidiaries gain profit of 5.4 MB from the exchange rate which decreased from Q2/21 in the amount 1.7 MB or 24.0 % (Gained from exchange rate of 7.2 MB in Q2/21)

The overall financial status of the Company and its subsidiaries as of June 30, 2022 with the comparison to the financial status as of December 31, 2021 are summarized as below:

Assets

As of June 30, 2022, the Company and its subsidiaries had a total asset by 1,252.3 MB which increased from December 31, 2021 by 274.7 MB as a result of the increase in cash and cash equivalents by 184.4 MB, the increase in trade and other current receivables by 15.8 MB, the increase in inventory by 63.7 MB and the increase in other current assets by 0.9 MB. In terms of non-current assets, property, plant and equipment increase of 12.6 MB, right of use assets decreased by 2.7 MB.

Liabilities

As of June 30, 2022, the Company and its subsidiaries had a total liability of 526.3 MB which increased by 48.2 MB from December 31, 2021 due to the increased overdrafts and short-term loans of 55.8 MB, increased of trade and other current payables by 5.7 MB, the increase of borrowing of 1 year maturity of long term from financial institutions by 0.3 MB, decreased of income tax payable by 0.2 MB, decreased of lease liabilities within 1 year maturity by 0.5 MB and decreased of other current liabilities by 1.4 MB. For the part of non-current liabilities, the long-term borrowing from financial institutions decreased by 4.9 MB, the decreasing in non-current provisions for employee benefits obligations by 4.5 MB and decreased of lease liabilities by 2.1 MB.

Equity

As of June 30, 2022, the Company and its subsidiaries had total equity of 726.0 MB which increased from December 31, 2021 in amount of 226.5 MB due to the increased of issued and paid-up share capital 57.0 MB, share premium on ordinary shares 171.0 MB. Retained earnings with unappropriated increased by 0.4 MB. The other components of equity decreased by 1.9 MB.

Cash flow

Based on the results for Q2/22, the company had cash flow as following details:

- Q2/22, net cash flow use in operating activities were 67.0 MB, increased by 70.9 MB. In comparison with Q2/21 mainly from increasing of inventory.
- Q2/22, net cash flow use in investment was 20.9 MB, increased from 10.5 MB when compared with Q2/21 due to the increased of company's expenditure in investment for fixed asset.
- Q2/22, net cash flow from financing activities was 275.9 MB, increased from 254.7 MB when compared with Q2/21 due to the increased of proceeds from issue of shares and short-term borrowings from financial institutions.

The Company's strategy for the year 2022

Due to the situation of the epidemic of the new strain of COVID-19, Omicron, which has spread faster but less severe than the previous strain around the world, has begun to ease and there has been a relief in terms of travel. Including each country, there has been a campaign to increase vaccination to build immunity among many countries. As a result, the rate of consumption and consumption outside of the home began to rise. However, in the metal packaging industry, there is a tendency of falling rate because they are worried about the lock down of each country there is a huge amount of pre-ordering and stocking of canned food around the world on last year. As a result, in this year, the production of metal packaging products which is the main customers of our company tends to decline from last year including the impact of price increasing of key raw materials such as steel, oil, metal packaging coatings in production and especially for the conflict of Russia and Ukraine that was significantly affected to the crude oil prices to rise continually. However, environmental awareness campaigns are still ongoing which is the strength of metal packaging and is a positive factor for the market that has an advantage over other types of packaging because it can be recycled and used for recycling does not increase waste pollution. It is estimated that the growth of the metal packaging industry in 2022 may grow slightly by 2-3% compared with the previous year.

Under this circumstance, the metal packaging business continues to grow due to the increase in demand, both domestic and international markets. Moreover, the purchasing power in China begins to increase because China has no any policy for open country and was directly affected by COVID-19 during the period of quarter 2, then it impacts to the increased demand of using product of metal packaging industry.

In addition, the manufacturer in China has expanded production of Coated Steel Sheet and transported it back to Thailand for sale. As a result, China's client sales soared.

In part of the raw material prices have increased due to rising demand and suppliers not being able to deliver the materials. However, the situation throughout during 2021 had impact factor, is the logistic & transportation hurdles caused by the shortage of containers leading to the highest sea freight cost which requires the company to monitor the situation effectively and the cause of impact on 2022.

The company's strategy for 2022 is to grow 10 percent in sales from 2021 by considering and focusing on domestic and international customer base. As well as the expanding and developing of new product's markets with customers whom we have been jointly working with from the year 2021 to the year 2022 to meet with customers' demand. Due to the high fluctuation of the cost of raw materials, the company will have to manage the production cost and the exchange rate closely. Other than this, experts in the research and development team will aim to improve the products to meet its rules and regulations as well as improving products to meet customers' needs including looking for opportunities in the market that can bring the original product group to continue in research and development to meet the needs of customers for both packaging domestically and internationally.

Sincerely yours,

(Mr. Pruetthipong Tharaphimaan)
Authorized Person to Disclose