



UNIVENTURES

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Subject: Management Discussion and Analysis on Financial Statements for the three-month and nine-month period ending 30 June, 2023

Dear: The SET Board of Governors
The Stock Exchange of Thailand

Copy to: Secretary-General, Office of the Securities and Exchange Commission

The overall Thai economy has been volatile due to global economic slowdown from the second half of 2022 to the second half of 2023 together with pressure on the business sector, such as:

- Raising the policy interest rate to solve the inflation problem of Central Banks around the world, including the Bank of Thailand.
- Significant increases in prices for energy and production of raw materials due to the Russia-Ukrainian conflict.
- Political uncertainty impacting the economic stimulus policy.
- A reduction in the ability of the household sector to pay debts due to rising interest rates.
- A slowdown in consumer purchasing power.

These factors have affected customers' confidence and purchasing power, including the cost of business operations of UV Group. However, amid the challenges and economic risks that arise, UV Group operates its businesses according to the sustainability management framework by investing in new businesses to balance the investment structure, increase recurring income from the energy business and provide the opportunity to receive a good return from investment in the commercial refrigerator business which is expected to grow in the future. In addition, UV Group continues to maintain a prudent focus on cost and expense management, following on from the previous year.

On 26 January 2023, Univentures Public Company Limited ("the Company") obtained control over Stonehenge Inter Public Company Limited ("STI"), a listed company on the Stock Exchange of Thailand and an associate company of the Company which resulted in STI changing its status from an associate company to a subsidiary of the Company thereby consolidating the profit since 1 February 2023.

Therefore, the Company financial statements for the three-month and nine-month period ending 30 June 2023, can be summarized as follows:

Transactions	3 Month / 2023 (Million Baht)	(Restated) 3 Month / 2022 (Million Baht)
Core Revenue	3,805.9	5,505.9
Investment business	2,930.9	2,944.8
Real estate business and related business	604.9	2,085.8
Industrial business	270.1	475.3
Other income	24.4	13.4
Total Revenue	3,830.3	5,519.3
Cost of sale of goods, rendering of services and rental	(3,286.1)	(4,531.6)
Gross Profit	519.8	974.3
Distribution costs and administrative expenses	(382.1)	(499.6)
Distribution costs	(54.8)	(138.2)
Administrative expenses	(327.3)	(361.4)
Profit from operating (EBIT)	162.1	488.1
Depreciation and amortization expense	304.3	273.4
Profit before finance costs, income tax, depreciation and amortization expense (EBITDA)	466.4	761.5
Finance costs	(232.4)	(216.2)
Share of profit of associated companies	-	7.5
Income tax expense	(135.5)	(35.5)
Net profit (loss)	(205.8)	243.9
Owners of the Company	(205.5)	277.2
Non-controlling interests	(0.3)	(33.3)
Adjusted to normalized profit from operating and net profit		
Add Unrealized loss on foreign exchange	40.6	162.1
Net amortization right in power purchase agreements (Included in cost of sale of goods and rendering of services)	54.5	54.9
Cost of repair a machinery * (Included in cost of sale of goods and rendering of services)	45.9	-
Deferred tax on right of use- lease agreement of Thonglor office	141.0	-
Normalized profit from operating	303.1	705.1
Normalized net profit	76.2	460.9

Remark* In late April 2023, the machinery of the subsidiary company operating the power plant was damaged. The subsidiary rented replacement equipment to use during the repair period resulting in electricity generation being resumed as normal. In June 2023, another subsidiary company power plant moved the schedule for machinery replacement forward from December 2023 to early June 2023, since it was discovered that the equipment had been malfunctioning. Thus, the cost of repairs and related expenses from the 2 incidents is in process of claim consideration from the insurance company.

Revenue from sale of goods, rendering of services and rental

The company reported revenue from sale of goods, rendering of services and rental (“core revenue”) for the three-month period ending 30 June 2023 of THB 3,805.9 million, a decrease of THB 1,700.0 million, or 31% from the previous year as per the details below:

- Revenue from cogeneration power plants decreased by THB 319.5 million, or 12% from the previous year due to a decrease in the average gas price.
- Revenue from sale of real estate projects decreased by THB 1,605.9 million, or 79% from the previous year, resulting from reduced project transfers.
- Revenue from Zinc Oxide decreased by THB 205.2 million, or 43% from the previous year due to a decrease of the LME price (LME: London Metal Exchange).

Meanwhile, revenue recognition from project construction management and rendering of consulting service in this quarter for the full 3 months period (April – June).

Cost of sale of goods, rendering of services and rental

The Company reported the cost of sale of goods, rendering of services and rental (“core cost”) for the three-month period ending 30 June 2023 of THB 3,286.1 million, derived from cost of sale of goods and rendering of services, THB 2,965.0 million, the cost of sale of real estate, THB 306.1 million, the cost of rental and rendering of services, THB 14.6 million and the cost of management fee THB 0.4 million. The core cost increased by THB 1,245.5 million or 27% from the previous year, per details below:

- Cost of sale of goods and rendering of services decreased by THB 147.0 million, or 5% from the previous year due to cost recognition from cogeneration power plants and Zinc Oxide consistent with the decreased revenue whilst recognizing the cost of rendering service of project management and investment consultancy for the full quarter.
- Cost of sale of real estate decreased by THB 1,100.7 million, or 78% from the previous year consistent with the decreased revenue. Gross profit last year decreased from 30% to 26%.

Change in revenue and cost of sale of goods and rendering of services as describe above, resulting in the gross profit of THB 519.8 million decreased by THB 454.5 million, from the previous year the gross profit was THB 974.3 million. Gross profit last year decreased from 18% to 14%.

Distribution costs and administrative expenses

The Company reported distribution costs and administrative expenses for the three-month period ending 30 June 2023 at THB 382.1 million, decreasing by THB 117.5 million, or 24% from the previous year as per details below:

- Distribution costs decreased by THB 83.4 million, or 60% from the previous year mainly due to real estate for sale business consisting of transfer fees, special business tax, marketing expenses and commission fees. The decreased distribution cost is consistent with the decreased revenue from real estate.
- Administrative expenses decreased by THB 34.1 million, or 9% from the previous year mainly due to unrealized loss on foreign exchange from cogeneration power plants business.

Profit before finance costs, income tax, depreciation and amortization expenses

The Company reported profit before finance costs, income tax, depreciation and amortization expenses for the three-month period ending 30 June 2023 of THB 466.4 million (including unrealized loss on foreign exchange at THB 40.6 million and cost of repairing machinery of THB 45.9 million) compared to THB 761.5 million in the same period of the previous year, a decrease of THB 295.1 million.

The Company reported operating profits for the three-month period ending 30 June 2023 of THB 162.1 million compared to the operating gain of THB 488.1 million in same period of the previous year, a decrease of THB 326.0 million. Gross profit consists of distribution costs and administrative expenses decreased as described above which, if unrealized loss on foreign exchange at THB 40.6 million and amortized power purchase agreements at THB 54.5 million and cost of repairing a machinery at THB 45.9 million were excluded, the normal operating profits would be THB 303.1 million, a decrease of THB 402.0 million from the same period of the previous year which showed normal operating profits of THB 705.1 million.

Finance costs

The Company reported finance costs for the three-month period ending 30 June 2023 at THB 232.4 million, increasing by THB 16.2 million. The increased finance cost mainly was from the cogeneration power plant business. However, the Company is in the process of considering a debt restructuring to reduce finance costs.

Net profit

The Company reported a net profit for the three-month period ending 30 June, 2023 of THB 205.8 million compared to a net profit of THB 243.9 million in the same period of the previous year, a decrease of THB 449.7 million. In addition, the loss attributable to the owners of the Company at THB 205.5 million compared to a net profit of THB 277.2 million in the same period of the previous year, a decrease of THB 482.7 million resulting from a decrease in the normal net profit together with, in this quarter the Company transferred assets under construction of Thonglor office was recorded as right-of-use asset at THB 896.5 million herewith recording deferred tax from this item amounting to THB 141.0 million. After excluding unrealized loss on foreign exchange, amortized power purchase agreements, cost of repairing a machinery and gain on fair value measurement of investments in associated companies as described above, the Company had a normal net profit of THB 76.2 million compared to a normal net profit at THB 460.9 million in the same period of the previous year, a decrease of THB 384.7 million.

Transactions	9 Month / 2023 (Million Baht)	(Restated) 9 Month / 2022 (Million Baht)
Core Revenue	12,313.6	10,273.4
Investment business	9,150.4	5,931.7
Real estate business and related business	2,484.8	3,033.3
Industrial business	678.4	1,308.4
Gain on fair value measurement of investments in associated companies	642.1	-
Other income	241.7	106.5
Total Revenue	13,197.4	10,379.9
Cost of sale of goods, rendering of services and rental	(10,674.6)	(8,780.7)
Gross Profit	1,639.0	1,492.7
Distribution costs and administrative expenses	(905.3)	(894.2)
Distribution costs	(203.4)	(249.0)
Administrative expenses	(701.9)	(645.2)
Cost related to acquisition of subsidiaries	-	(74.4)
Profit from operating (EBIT)	1,617.5	630.6
Depreciation and amortization expense	870.7	611.4
Profit before finance costs, income tax, depreciation and amortization expense (EBITDA)	2,488.2	1,242.0
Finance costs	(673.6)	(456.4)
Share of profit of associated companies	15.2	22.9
Income tax expense	(252.4)	(38.1)
Net profit (loss)	706.7	159.0
Owners of the Company	500.5	236.2
Non-controlling interests	206.2	(77.2)

Adjusted to normalized profit from operating and net profit		
Add Unrealized loss (gain) on foreign exchange	(234.0)	144.9
Net amortization right in power purchase agreements (Included in cost of sale of goods and rendering of services)	163.6	115.9
Cost of repair a machinery * (Included in cost of sale of goods and rendering of services)	45.9	-
Deferred tax on right of use- lease agreement of Thonglor office	141.0	-
Cost related to acquisition of subsidiaries	-	74.4
Less Gain on fair value measurement of investments in associated companies	(642.1)	-
Less Income tax expense	128.4	-
Normalized profit from operating	950.9	965.8
Normalized net profit	309.5	494.2

Remark* In late April 2023, the machinery of the subsidiary company power plant was damaged. The subsidiary rented replacement equipment to use during the equipment maintenance resulting in the electricity generation returning to normal. In June 2023, another subsidiary company operating power plant moved the schedule for machinery forward from December 2023 to early June 2023, as it found that the equipment had been malfunctioning. The cost of repair and related expenses from these 2 incidents is in the process being considered for claim from the insurance company.

Revenue from sale of goods, rendering of services and rental

The Company reported revenue from sale of goods, rendering of services and rental (“core revenue”) for the nine-month period ending 30 June, 2023 of THB 12,313.6 million an increase of THB 2,040.2 million, or 20% from the previous year as per details below:

- Revenue from the cogeneration power plants increased by THB 2,726.0 million from the previous year due to 6 months 11 days recognized revenue in the previous year and an increase in the average gas price and Fuel Adjustment Charge and FT Surcharge.
- Revenue from project construction management and rendering of consulting service has a consolidated revenue for 5 months (February – June).
- Revenue from sale of real estate projects decreased by THB 1,024.1 million, or 36% from the previous year, resulting from reduced project transfers.
- Revenue from Zinc Oxide decreased by THB 339.1 million, or 26% from the previous year due to a decrease of the LME price (LME: London Metal Exchange).

Cost of sale of goods, rendering of services and rental

The Company reported the cost of sale of goods, rendering of services and rental (“core cost”) for the nine-month period ending 30 June, 2023 at THB 10,674.6 million, derived from cost of sale of goods and rendering of services, THB 9,371.2 million, from the cost of sale of real estate, THB 1,279.2 million, from the cost of rental and rendering of services, THB 22.9 million and from the cost of management fee, THB 1.3 million. The core cost increased by THB 1,893.9 million or 22% from the previous year, per details below:

- Cost of sale of goods and rendering of services increased by THB 2,596.6 million, or 38% due to 6 months 11 days recognized revenue in the previous year and an increase in average gas price. Along with recognized cost of rendering service of project management since February to June. Meanwhile, the cost of sales of Zinc Oxide decreased consistent with the LME price.
- Cost of sale of real estate decreased by THB 706.0 million, or 36% from the previous year consistent with the decreased revenue. Gross profit last year decreased from 30% to 29%.

Change in revenue and cost of sale of goods and rendering of services as described above, resulting in gross profit last year decreasing from 14% to 13%.

Distribution costs and administrative expenses

The Company reported distribution costs and administrative expenses for the nine-month period ending 30 June, 2023 of THB 905.3 million, increasing by THB 11.1 million, or 1% from the previous year, per details below:

- Distribution costs decreased by THB 45.6 million, or 18% from the previous year mainly due to real estate for sale business consisting of transfer fees, special business tax, marketing expenses and commission fees. The decreased distribution cost is consistent with the decreased revenue from real estate.
- Administrative expenses increased by THB 56.7 million, or 9% from the previous year mainly due to the Company recognizing 5 months (February – June) from the project management business, while unrealized loss on foreign exchange decreased from the previous year.

Profit before finance costs, income tax, depreciation and amortization expenses

The Company reported profit before finance costs, income tax, depreciation and amortization expenses for the nine-month period ending 30 June 2023 of THB 2,488.2 million (including unrealized gain on foreign exchange at THB 234.0 million, cost of repairing machinery at THB 45.9 million and gain on fair value measurement of investments in associate companies of THB 642.1 million) an increase of THB 1,246.2 million from THB 1,242.0 million in the same period of the previous year.

The Company reported operating profits for the nine-month period ending 30 June 2023 of THB 1,617.5 million compared to the operating gain of THB 630.6 million in the same period of the previous year, an increase of THB 986.9 million which, if unrealized gain on foreign exchange of THB 234.0 million, amortized power purchase agreements of THB 163.6 million, cost of repairing machinery at THB 45.9 million and gain on fair value measurement of investments in associate companies of THB 642.1 million were excluded, the normal operating profits would be THB 950.9 million compared to the same period of previous year normalized operating profits of THB 965.8 million, decreasing by THB 14.9 million.

Finance costs

The Company reported finance costs for the nine-month period ending 30 June 2023 of THB 673.6 million, increasing by THB 217.2 million. Increased financing cost mainly was from the cogeneration power plant business which the Company recognized only 6 months and 11 days. However, the Company is in the process of conducting debt restructuring to reduce finance costs.

Net profit

The Company reported a net profit for the nine-month period ending 30 June, 2023 at THB 706.7 million compared to a net profit of THB 159.0 million in the same period of the previous year, an increase of THB 547.7 million. In addition, the profit attributable to the owners of the Company was at THB 500.5 million, compared to a net profit of THB 236.2 million in the same period of the previous year, an increase of THB 264.3 million, mainly derived from rising profit from operating including deferred tax from gain on fair value measurement of investments in associate companies of THB 128.4 million and deferred tax on right of use-Lease agreement of Thonglor office at THB 141.0 million. After excluding unrealized gain on foreign exchange, amortized power purchase agreements, cost of repairing a machinery and gain on fair value measurement of investments in associated companies as described above, the Company had a normal net profit of THB 309.5 million compared to a normal net profit of THB 494.2 million in the same period of the previous year, a decrease of THB 184.7 million.

Statement of financial position

Transactions	As at 30 June 2023 (Million Baht)	(Restated) As at 30 September 2022 (Million Baht)
Current assets	17,623.7	17,438.8
Non-current assets	24,121.6	22,413.6
Total assets	41,745.3	39,852.4
Current liabilities	11,595.5	11,133.6
Non-current liabilities	15,295.9	15,166.2
Total liabilities	26,891.4	26,299.8
Equity attributable to owners of the Company	11,158.3	10,731.4
Non-controlling interests	3,695.6	2,821.2
Total equity	14,853.9	13,552.6
Total liabilities and equity	41,745.3	39,852.4

Assets

As at 30 June, 2023, the Company had total assets of THB 41,745.3 million, increasing by THB 1,892.9 million, or 5% compared to the year ending 30 September, 2022 as per the details below:

- Current assets were at THB 17,623.7 million, increasing by THB 184.9 million mainly from short-term deposits at financial institutions from the cogeneration power plant business and contract assets from STI netted with real estate development for sale being transferred to cost of sales of real estate.
- Non-current assets were at THB 24,121.6 million, increasing by 1,708.0 million mainly from goodwill from obtained STI and right-of-use asset from lease agreement of Thonglor office, which is included in property, plant and equipment.

Liabilities

As at 30 June 2023, the Company had total liabilities of THB 26,891.4 million, increased by THB 591.6 million, or 2% compared to the year ending 30 September, 2022 as per the details below:

- Current liabilities were at THB 11,595.5 million, increased by THB 461.9 million mainly from the short-term interest-bearing debt from the cogeneration power plants and other current payables from Thonglor office.
- Non-current liabilities were at THB 15,295.9 million, increased by THB 129.7 million mainly from finance lease and deferred tax liabilities on right of use - lease agreement of Thonglor office along with deferred tax liabilities in gain on fair value measurement of investment in associated companies. In addition, employee benefit obligation from STI netted with repayment of long-term loans from financial institutions.

Equity

As at 30 June, 2023, the Company had a total equity of THB 14,853.9 THB, an increase of THB 1,301.3 million or 10% compared to the year ending 30 September, 2022 from the nine-month period of operation and an increase in non-controlling interests.

Debt to equity ratio

As at 30 June 2023, the Company's debt to equity ratio was 1.81 times, decreasing by 1.94 times as at 30 September, 2022, and interest-bearing debt to equity ratio was at 1.40 times, decreasing by 1.56 times from 30 September, 2022.

Potential factors or incidents that may materially affect the future financial condition or the operating results

- The world economy tends to slow down when there is high inflation
- An increase in the policy interest rate of Central Banks around the world.
- Exchange rate fluctuations affected by the World Economic and Political situations.
- Increased energy and raw material prices arising from the Russia and Ukraine conflict.

Please be informed accordingly.

Yours sincerely,

(Mr. Khumpol Poonsonee)

President

Univentures Public Company Limited