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November 29, 2023

Subject: Management Discussion and Analysis on Financial Statements for the year ended 30 September, 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 in 2023 grew less than expected arising from pressure factors such as:

- Business sector financing costs increased consistent with the policy rate.
- Volatility in energy prices, raw materials for production and the exchange rate due to internal and external factors.
- Political uncertainty in the first half year and the economic stimulus policy after the forming of the new coalition government.
- A slowdown in investment and private consumption due to persistently high cost of living and household debt.
- Merchandise exports shrink in line with the slowdown in economy and a slowdown in trade growth from the previous year with high volatility.

These factors have affected customers' confidence and purchasing power, including the cost of business operations of UV Group. However, UV Group operates its businesses according to the sustainability management framework by investing in new businesses to balance the investment structure, and increase recurring income from the energy business. Besides increasing the efficiency and ability in production and distribution of electricity, the energy group operates and recognizes revenue from renewable energy, such as the generation of renewable electricity as well as electric vehicle charging stations in real estate projects to serve the needs of customers, and additionally, in the context of business and private sectors who are showing increased interest in transitioning to a Low-Carbon Economy. This has resulted in part from an increase in prices of energy costs due to the Russia-Ukrainian conflict. At the United Nations Framework Convention on Climate Change Conference of the Parties (COP27), Thailand aims to move towards a low-carbon society to reach a carbon neutrality goal which may lead to an enactment and enforcement of a new law relating to greenhouse gas emission for the private sector in the future.

Furthermore, the Company may consider investing in other businesses if it is a business that has potential for growth and has the opportunity to generate a suitable return on investment. In 2023, the Company obtained control over Stonehenge Inter Public Company Limited (“STI”) an associate company of the Company which resulted in STI changing its status from an associate company to a subsidiary of the Company, for which future growth is expected. Furthermore, the Company invested upgrading the Enterprise Resource Planning to ensure increased productivity, enhance the Company’s efficiency, to support the Company and enhance its strategic flexibility to be able to adapt to business situation and/ or support enterprise risk management, social, environment and emerging risks in time together with ensuring awareness of cost management and expense reduction from the previous year, ensure transparency with the Management through an appropriate and adequate internal control system.

The Company’s financial statements for the year ended 30 September 2023, can be summarized as follows:

<b>Transactions</b>	<b>2023 (Million Baht)</b>	<b>(Restated) 2022 (Million Baht)</b>
<b>Core Revenue</b>	<b>16,542.6</b>	<b>15,142.1</b>
Investment business	11,922.3	9,407.0
Real estate business and related business	3,400.7	3,935.6
Industrial business	1,219.6	1,799.5
Gain on fair value measurement of investments in associated companies	642.1	-
Gain on change in fair value of investment properties	278.0	6.4
Other income	209.6	121.5
<b>Total Revenue</b>	<b>17,672.3</b>	<b>15,270.0</b>
Cost of sale of goods, rendering of services and rental	(14,204.0)	(13,207.8)
<b>Gross Profit</b>	<b>2,338.6</b>	<b>1,934.3</b>
<b>Distribution costs and administrative expenses</b>	<b>(1,697.0)</b>	<b>(1,438.1)</b>
Distribution costs	(294.4)	(345.3)
Administrative expenses	(1,402.6)	(1,092.8)
<b>Cost related to acquisition of subsidiaries</b>	<b>-</b>	<b>(74.4)</b>
<b>Profit from operating (EBIT)</b>	<b>1,771.3</b>	<b>549.7</b>
Depreciation and amortization expense	1,154.0	888.3
<b>Profit before finance costs, income tax, depreciation and amortization expense (EBITDA)</b>	<b>2,925.3</b>	<b>1,438.0</b>
Finance costs	(915.1)	(676.0)
Share of profit of associated companies	15.2	30.4
Income tax expense	(205.6)	9.9
<b>Net profit (loss)</b>	<b>665.8</b>	<b>(86.0)</b>
<b>Owners of the Company</b>	<b>515.8</b>	<b>107.0</b>
Non-controlling interests	150.0	(193.0)

<b>Transactions</b>	<b>2023 (Million Baht)</b>	<b>(Restated) 2022 (Million Baht)</b>
<b>Adjusted to normalized profit from operating and net profit</b>		
<b>Add</b> Net amortization rights in power purchase agreements (Included in cost of sale of goods and rendering of services)	218.7	171.4
Net amortization rights in construction management agreements (Included in administrative expenses)	30.9	-
The estimated cost of repair of machinery * (Included in cost of sale of goods and rendering of services)	119.8	-
The estimated impairment of assets (Included in distribution costs and administrative expenses)	338.2	-
Cost related to acquisition of subsidiaries (one-time)	-	74.4
Unrealized loss (gain) on foreign exchange	(171.8)	333.5
The effect of deferred tax	179.9	-
<b>Less</b> Gain on fair value measurement of investments in associated companies	(642.1)	-
Gain on change in fair value of investment properties	(278.0)	-
<b>Normalized profit from operating</b>	<b>1,387.0</b>	<b>1,129.0</b>
<b>Normalized net profit</b>	<b>461.4</b>	<b>493.3</b>

**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 Company accrued the cost of repairs and related expenses of THB 119.8 million from the 2 incidents. Those incidents are 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 year ended 30 September, 2023 of THB 16,542.6 million an increase of THB 1,400.5 million, or 9% from the previous year as per details below:

- Revenue from the cogeneration power plants increased by THB 1,690.8 million from the previous year which had recognized revenue for a period of 9 months 11 days, 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 had a consolidated revenue for 8 months (February – September 2023) at THB 1,095.1 million.
- Revenue from sale of real estate projects decreased by THB 881.1 million, or 24% from the previous year, resulting from a reduction in project transfers.
- Revenue from Zinc Oxide decreased by THB 579.9 million, or 32% compared the previous year due to a reduction in quantity sold and a reduction in the selling price which is consistent with decrease in 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 year ended 30 September, 2023 at THB 14,204.0 million, derived from cost of sale of goods and rendering of services, THB 12,206.7 million, the cost of sale of real estate, THB 1,965.2 million, the cost of rental and rendering of services, THB 30.4 million and the cost of management fee THB 1.7 million. The core cost increased by THB 996.2 million or 8% from the previous year, per details below:

- Cost of sale of goods and rendering of services increased by THB 1,592.0 million, or 15% due to 9 months 11 days recognized cost from cogeneration power plants the previous year and an increase in average gas price, along with recognized cost of rendering service of project management since February to June 2023. Meanwhile, the cost of sales of Zinc Oxide decreased consistent with the LME price.
- Cost of sale of real estate decreased by THB 601.9 million, or 23% from the previous year consistent with the decreased revenue. Gross profit of 30% remained the same as the previous year.

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

### **Distribution costs and administrative expenses**

The Company reported distribution costs and administrative expenses for the year ended 30 September, 2023 of THB 1,697.0 million, increasing by THB 258.9 million, or 18% from the previous year, per details below:

- Distribution costs decreased by THB 50.9 million, or 15% 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 309.8 million, or 28% from the previous year mainly due to the Company recognizing 8 months (February – June 2023) from the project management business. Along with the estimated impairment of assets at THB 240.7 million and amortization right in construction management agreements at THB 30.9 million, 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 year ended 30 September 2023 of THB 2,925.3 million (including the estimated cost of repair of machinery at THB 119.8 million, the estimate impairment of assets at THB 338.2 million, unrealized gain on foreign exchange at THB 171.8 million, gain on fair value measurement of investments in associate companies of THB 642.1 million and gain on change in fair value of investment properties at THB 278.0 million) an increase of THB 1,487.3 million from THB 1,438.0 million in the same period of the previous year.

The Company reported operating profits for the year ended 30 September 2023 of THB 1,771.3 million compared to the operating gain of THB 549.7 million in the same period of the previous year, an increase of THB 1,221.6 million which, if amortized power purchase agreements of THB 218.7 million, amortized right in construction management agreements at THB 30.9 million and items as mentioned in the previous paragraph were excluded, the normal operating profits would be THB 1,387.0 million compared to the same period of previous year normalized operating profits of THB 1,129.0 million, increasing by THB 258.0 million.

### **Finance costs**

The Company reported finance costs for the year ended 30 September 2023 of THB 915.1 million, increasing by THB 239.1 million. Increased financing cost mainly was from the cogeneration power plant business which in the previous year, the Company recognized only 9 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 year ended 30 September, 2023 at THB 665.8 million compared to a net loss of THB 86.0 million in the same period of the previous year, an increase of THB 751.8 million. In addition, the profit attributable to the owners of the Company was at THB 515.8 million, compared to a net profit of THB 107.0 million in the same period of the previous year, an increase of THB 408.8 million, mainly derived from rising profit from operating including the effect of deferred tax of THB 179.9 million. After excluding items as described above and items as described in the paragraph on profit before finance cost, income tax, depreciation and amortization, the Company had a normal net profit of THB 461.4 million compared to a normal net profit of THB 493.3 million in the same period of the previous year, a decrease of THB 31.9 million.

## Statement of financial position

<b>Transactions</b>	<b>As at 30 September 2023 (Million Baht)</b>	<b>(Restated) As at 30 September 2022 (Million Baht)</b>
Current assets	16,846.6	17,438.8
Non-current assets	24,171.9	22,413.6
<b>Total assets</b>	<b>41,018.5</b>	<b>39,852.4</b>
Current liabilities	11,866.5	11,133.6
Non-current liabilities	14,246.1	15,166.2
<b>Total liabilities</b>	<b>26,112.6</b>	<b>26,299.8</b>
Equity attributable to owners of the Company	11,187.5	10,731.4
Non-controlling interests	3,718.4	2,821.2
<b>Total equity</b>	<b>14,905.9</b>	<b>13,552.6</b>
<b>Total liabilities and equity</b>	<b>41,018.5</b>	<b>39,852.4</b>

### **Assets**

As at 30 September, 2023, the Company had total assets of THB 41,018.5 million, increasing by THB 1,166.1 million, or 3% compared to the year ending 30 September, 2022 as per the details below:

- Current assets were at THB 16,846.6 million, decreasing by THB 592.2 million mainly from trade accounts receivable and inventories, including allowance for expected credit loss of other current receivables.
- Non-current assets were at THB 24,171.9 million, increasing by 1,758.3 million mainly from goodwill, from obtaining STI and right-of-use asset from lease agreement of Thonglor office, which is included in investment properties netted with decreased in investment in an associate company that changed its status to a subsidiary.

### **Liabilities**

As at 30 September 2023, the Company had total liabilities of THB 26,112.6 million, decreasing by THB 187.2 million, or 1% compared to the year ending 30 September, 2022 as per the details below:

- Current liabilities were at THB 11,866.5 million, increasing by THB 732.9 million mainly from the short-term loans from related parties from the cogeneration power plants and other current payables from TPLACE office at Thonglor.
- Non-current liabilities were at THB 14,246.1 million, decreasing by THB 920.1 million mainly from finance lease and deferred tax liabilities on right of use - lease agreement of TPLACE office at Thonglor 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 September, 2023, the Company had a total equity of THB 14,905.9 THB, an increase of THB 1,353.3 million or 10% compared to the year ending 30 September, 2022 from the year operation and gain on fair value measurement of investments in associated companies.

## **Debt to equity ratio**

As at 30 September 2023, the Company's debt to equity ratio was 1.75 times, decreasing by 1.94 times as at 30 September, 2022, and interest-bearing debt to equity ratio was at 1.35 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 has a tendency to slow down especially, China which is Thailand's main trading partner which has encountered an economic slowdown and crises in the real estate sector.
- The general inflation rate tends to decrease.
- The policy interest rate of Central Banks around the world including Thailand are still high.
- Exchange rate fluctuations affected by the World Economic and Political situations.
- Oil prices from Non-OPEC producing countries tends to fluctuate while Russia's oil exports tend to increase.
- The government's economic stimulus and investment policies.

Please be informed accordingly.

Yours sincerely,

(Mr. Khumpol Poonsonee)

President

Univentures Public Company Limited