

10 November 2022

Subject: Explanation of operating result in the financial statement ended 30 September 2022

To: Directors and Managers of the Stock Exchange of Thailand

With reference to the financial statement of Q2 2022/2023 period ended 30 September 2022 submitted by Eastern Polymer Group Public Company Limited (the "Company"), please be informed that:

Million Baht				
	Year 2022/23	Year 2021/22	Increase (Decrease)	
	Jul-Sep 22	Jul-Sep 21		
Revenue from sale of goods	3,250.4	2,980.2	270.2	9.1%
Cost of Good sold	2,229.5	2,066.4	163.1	7.9%
Gain (Loss) on Exchange	39.9	45.6	-5.7	-12.5%
Selling and administrative expense	732.0	557.2	174.8	31.4%
Finance costs	33.9	31.5	2.4	7.7%
Share of profit from investment in associates	76.5	61.8	14.8	23.9%
<b>Net Profit</b>	<b>384.9</b>	<b>412.8</b>	<b>-27.9</b>	<b>-6.8%</b>

The operating result of the Company for Q2 2022/2023 (1 July 2022 to 30 September 2022), the Company earned net profit of 384.9 million Baht which was 27.9 million Baht decrease or 6.8% decrease from Q2 2021/2022 (1 July 2021 to 30 September 2021) all due to the significant changes as follows:

1. Total revenue from sale of goods in the number of 3,250.4 million Baht was increased by 270.2 million Baht or 9.1% from the previous fiscal year. The sale growth rates compared to the previous fiscal year are from our 3 business categories as follows:
  - Aeroflex increased 34.2%
  - Aeroklas increased 5.7%
  - Eastern Polypack decreased 9.5%

#### **Aeroflex Group**

Aeroflex revenue from sale increased in comparison to the previous year. The revenue from sale in US increased in comparison to previous year due to demand for high quality insulation that is certified with safety standard. Moreover, the company also expand market segment in to Ultra Low Temperature Insulation and Air Ducting system Insulation while, at the same time, the manufacturing sector and private investment in US still expanded in comparison to previous year. As for Asian market such as Japan, the revenue from sale continue to increased, while domestic market also expanded as the government relaxed pandemic control measurement as private investment gradually improved.

## **Aeroklas Group**

Aeroklas Group able to deliver products for Automakers' new model which are in high demand of products such as Bedliners and sidesteps as demand for one ton pickup trucks and SUV's parts increased. Automakers are now adapted to semiconductors shortage concern and should resume their normal operation. On the other hand, the European market still experiences on-going slowdown. As for the Australian operation, the sale of automotive parts and accessories increased in comparison to previous year due to inclusion of 4 Way Suspension Products Pty. Ltd for the first quarter.

## **EPP**

The revenue from sale of EPP decreased from the same period last year due to prolonged rainy season and flood in some parts of the country that negatively impact domestic consumption. EPP adapt to the situation by using campaign and promotion to stimulate sale. On the other hand, the food plastic and packaging are still in high demand.

2. Total cost of goods sold amounting to 2,229.5 million Baht was increased by 163.1 million Baht from the same period last year or 7.9% which is lower rate than the increase in revenue. The company did source the raw material from various locations which provide appropriate price basket to the company; however procurement in some business was impacted by the fluctuation in currency.
3. Gain on Exchange is at 39.9 million Baht decreased by 5.7 million Baht when compare to previous year as Thai Baht depreciated when compare to US dollars and other currencies.
4. Selling and administrative expenses was increased by 174.8 million Baht or 31.4%. The incremental expense due to
  - Increase in logistic cost in insulation business in America and Thailand
  - Increase in wage in America and Australia
  - Increase in hiring for both new TJM stores staff and specialized expert for business expansion in Australia
  - Increase in expense from the inclusion of 4 ways suspension in Australia
  - Increase in expense related to IT development in Australia
  - Increase in expense related to due diligence and legal consultation in business acquisition
5. Financial cost was increased by 2.4 million Baht or 7.7%, due to increase in loan to support business expansion

6. Share of profit from investment in associates increase by 14.8 million Baht from insulation and automotive businesses.

For your information.

Respectfully Yours,

***Mr. Vatcharakris Nopakun***

Deputy Chief Executive Officer of Financial and Accounting

Eastern Polymer Group Public Company Limited