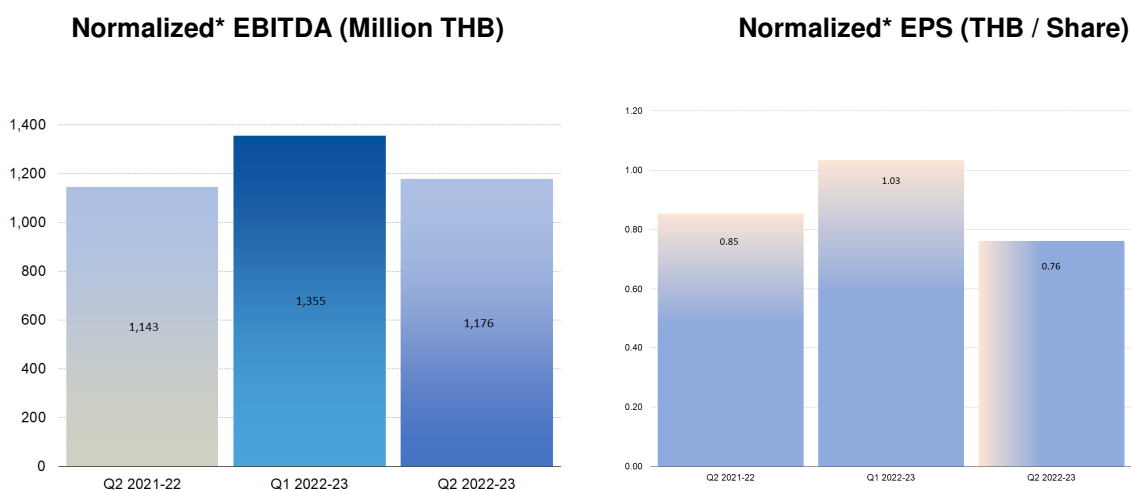


14 November, 2022

Subject: Management Discussion and Analysis for the quarter ended 30 September 2022

To: Managing Director
The Stock Exchange of Thailand

1. Financial highlights for the quarter ended 30 September 2022



**Normalized for forex and derivative gain/(loss)*

Key Financial Indicators for Q2 2022-23

Description	Unit of measure	Q2 2022-23	YoY	QoQ
Sales Volumes (Film sales)	MT	68,704	▲ 21.9%	▲ 5.6%
Sales Value	Million Baht	7,384	▲ 62.5%	▲ 5.3%
Normalized EBITDA	Million Baht	1,176	▲ 2.9%	▼ 13.2%
Normalized EBITDA margin	%	15.93%	▼ 682bps	▼ 339bps
Normalized EBITDA/ Kg#	THB/KG	17.12	▼ THB 3.1	▼ THB 3.7
Normalized PAT	Million Baht	686	▼ 10.7%	▼ 26.3%
Normalized EPS	Baht/ Share	0.76	▼ THB 0.09	▼ THB 0.27

Per Kg based on Qty of Films sales

Polyplex (Thailand) Public Company Limited and its subsidiaries

Income statement (Reviewed)

For the quarter ended 30 September 2022

	Consolidated financial statements (Unit: '000 Baht)		% Inc/(Dec)
	2022	2021	
Revenues			
Sales	7,384,186	5,025,177	46.94%
Exchange gains	323,297	38,481	
Other income	7,892	5,996	31.62%
Total revenues	7,715,375	5,069,654	52.19%
Expenses			
Cost of sales	5,808,264	3,545,299	63.83%
Selling and distribution expenses	546,072	459,914	18.73%
Administrative expenses	146,552	135,178	8.41%
Exchange Loss	-	-	
Loss on Derivatives	92,127	11,433	705.80%
Total expenses	6,593,015	4,151,824	58.80%
Profit before finance cost and income tax expense	1,122,360	917,830	22.28%
Finance Income	8,231	4,063	102.58%
Finance cost	(32,737)	(14,147)	131.41%
Profit before income tax expense	1,097,854	907,746	20.94%
Tax income/(expense)	(163,014)	(114,975)	41.78%
Reported Profit for the period	934,840	792,771	17.92%
Reported EBITDA for the period (incl. finance income)	1,407,525	1,170,334	20.27%
Profit attributable to:			
Equity holders of the Company	917,048	795,233	15.32%
Non-controlling interests of the subsidiary	17,792	(2,462)	-822.66%
	934,840	792,771	17.92%
Basic earnings per share (Reported profit basis)			
Profit attributable to equity holders of the Company	1.02	0.88	15.32%
Number of ordinary shares (Thousand Shares)	900,000	900,000	
Reported Profit attributable to Equity holders	917,048	795,233	15.32%
Add /(Less): Forex loss /(Forex Gain)	(231,170)	(27,048)	754.67%
Normalized Profit after Tax	685,878	768,185	-10.71%
Normalized EBITDA	1,176,355	1,143,286	2.89%
Basic earnings per share (Normalized profit basis)			
Profit attributable to equity holders	0.76	0.85	-10.71%
Number of ordinary shares (Thousand Shares)	900,000	900,000	

Performance Analysis (YoY)

- Overall film sales volumes have increased by 22% YoY, partly from new capacity start-up in Indonesia and also from better utilization of existing capacities. The Sales value has increased by about 62.5% YoY, due to higher volumes (including PET resins) as also the increase in average sales realization owing mainly to the sharp increase in input raw material prices.
- Due to the THB depreciation YoY (average rate for this quarter Vs corresponding quarter) against USD (about 10%) and against IDR (about 7%), there is a positive impact of currency fluctuation on the consolidation of the USA and Indonesia subsidiary earnings this quarter, partly offset by the impact of THB appreciation against Euro (about 4%) on the Turkey and Netherlands subsidiary.
- Higher sales volumes and higher contribution in some of the businesses such as PET Thin films, Blown Films as well as some downstream businesses like Silicone Coated film (Saracote) and Saralam, the additional contribution from the new BOPP film line in Indonesia has contributed to an overall improvement in normalized EBITDA. Apart from this, the contribution from sale of surplus PET resins is higher this quarter due to higher sales volumes and also at better margins and hence, contributed to the improvement in overall EBITDA YoY. This is partially offset by lower sales volumes and contribution in other businesses.
- There is an increase in Exchange gains in this Quarter. The gains are mainly unrealized on restatement of the Euro loans at, Thailand, Indonesia and USA due to weakening of Euro against the local currencies. and also due to exchange gain on operational assets (mainly receivables) at Thailand due to depreciation of THB against USD. This is partly offset by unrealized loss on restatement of USD Loans at Thailand and Indonesia due to depreciation of THB and IDR against USD.
- There is an increase in other income mainly at Turkey subsidiary due to higher Insurance Claims in this quarter.
- Increase in cost of sales is due to higher raw material prices, mainly in PTA (Increase YoY), as well as overall higher sales volumes including the new volumes from the BOPP line in Indonesia.
- Higher selling expenses were due to higher sales volumes and also higher outbound freight expenses. Even though we are seeing a gradual reduction in the freight rates this year, in comparison to corresponding quarter, the rates in this quarter were still high which contributed to higher selling expenses in this quarter. Apart from higher freight, there is an increase in Commission on export sales due to increase in unit selling prices, higher foreign travel expenses and increase in sampling expenses.
- Higher admin expenses are mainly due to general increase in admin expenses at various facilities.
- There is an increase in loss on derivatives at Thailand, due to weakening of THB against USD and at USA on the Euro Buy contracts for their Project, due to Euro weakening against USD.
- There is an increase in Finance income at the Turkey subsidiary mainly due to higher investments as well as rising global interest rates.
- Finance costs are higher due to higher debt levels at Thailand (working capital debt) and Indonesia (Term debt), including the interest on the bank loans disbursed for the BOPP project at Indonesia which was earlier capitalized to fixed assets until the Project commercial start-up in December 2021.
- The higher tax expense is mainly due to the tax provision on current quarter profits and the net impact of Deferred Tax Accounting at Thailand and the subsidiaries in USA and Indonesia.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2022

**Consolidated financial statements
(Unit: '000 Baht)**

	<u>30 September 2022</u> (Reviewed)	<u>31 March 2022</u> (Audited)	<u>% Inc/(dec)</u>
Assets			
Current assets			
Cash and cash equivalents	2,334,023	2,201,408	6.02%
Trade and other receivables	4,714,152	4,035,309	16.82%
Inventories	6,199,674	5,043,353	22.93%
Advance payments for purchases of goods	237,907	215,620	10.34%
Input tax refundable	235,237	142,658	64.90%
Other current financial assets	249,236	72,052	245.91%
Other current assets	193,630	93,184	107.79%
Total current assets	14,163,859	11,803,584	20.00%
Non-current assets			
Restricted bank deposits	23,406	22,363	4.66%
Property, plant and equipment	13,837,796	12,904,704	7.23%
Deferred tax assets	110,839	73,711	50.37%
Goodwill	3,164	3,164	
Other intangible assets	197	154	27.92%
Advance payments for purchases of land & machinery	472,649	419,732	12.61%
Other non-current financial assets	362,729	312,828	15.95%
Other non-current assets	19,460	21,641	-10.08%
Total non-current assets	14,830,240	13,758,297	7.79%
Total assets	28,994,099	25,561,881	13.43%

As at 30 September, 2022, there has been a 13.9% depreciation of THB against the USD (approx. THB 4.6/USD), 0.1% appreciation against the Euro (approx. THB 0.03/Euro) and 7.7% depreciation against IDR (approx. THB 0.18 per 1000 Rupiah) as compared to the exchange rate on 31 March 2022. As a result, the translation of the Company's subsidiaries' Statement of Financial Position has resulted in net translation gains of Baht 586.9 million.

Current assets:

- Current assets have gone up by Bt 2,360.3 million or 20.0% compared to March 2022.

- Increase in cash and cash equivalents is mainly due to cash generated from operations partly offset by cash deployed in Capex investments and for debt repayments.
- Increase in Trade Receivables is mainly due to higher sales volumes (including start-up of new capacities) and increase in selling prices (in line with raw material price increase)
- Increase in Inventories is at Thailand as well as subsidiaries is due to higher stock of finished goods, raw materials, process stocks and Stores & Spares partly due to increased size of operations.
- Increase in advance payment for purchase of goods is at Thailand as well as the subsidiaries.
- Increase in Input tax refundable is mainly due to increase in VAT refund receivable at Thailand and the Indonesia subsidiary.
- Other current financial assets represent mainly the Investments of surplus funds in Bonds and Bond funds at Turkey subsidiary and Derivative assets (MTM Gain on the Forwards contracts). Increase is mainly due to transfer of some non-current investment to current portion in this period. The MTM gain on the Bonds is also higher in this period. Apart from the increase in value of investment in Bonds, there is a higher MTM gain on forward contracts at some subsidiaries.
- Increase in Other current assets is mainly due to increase in Prepaid expenses, Advance taxes and Other receivables such as Raw Material Discount etc.

Non-current assets:

- Non-Current assets have gone up by Bt 1,071.9 million or 7.8% as compared to March 2022.
- The restricted bank deposit at the Indonesia subsidiary is in respect of letter of guarantee issued by banks to vendors.
- Increase in Property Plant & Equipment (net block) is mainly due to the Project/ Normal CAPEX at Thailand and the subsidiaries partly offset by the depreciation charged during the quarter.
- Increase in Deferred tax asset is due to Deferred Tax adjustments at Thailand and on consolidation as per relevant accounting standard.
- Increase in Advances for purchase of fixed assets is due to advances paid for ongoing projects at the subsidiaries partially offset by lower advances at Thailand.
- Decrease in other non-current assets is mainly at Thailand due to reduction in inventory of Export Incentive Tax cards.
- Non-current financial assets refer to some investment of surplus funds by the Turkey subsidiary into financial instruments (mainly Bonds) and increase is due to new investments during the period as well as higher MTM Gains on Bond restatement at period end.

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2022

Consolidated financial statements

(Unit: Baht)

	<u>30 June 2022</u> (Reviewed)	<u>31 March 2022</u> (Audited)	% Inc/(dec)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	1,583,717	1,353,000	17.05%
Trade and other payables	3,136,804	2,210,212	41.92%
Current portion of long-term loans from banks	394,912	344,779	14.54%
Current portion of lease liabilities	12,436	7,890	57.62%
Income tax payable	127,954	247,040	-48.21%
Other current financial liabilities	157,012	55,364	183.60%
Other current liabilities	546,326	768,459	-28.91%
Total current liabilities	5,959,161	4,986,744	19.50%
Non-current liabilities			
Long-term loans from banks, net of current portion	2,015,955	2,033,422	-0.86%
Lease liabilities, net of current portion	33,630	17,367	93.64%
Provision for long-term employee benefits	65,844	57,128	15.26%
Deferred tax liabilities	611,121	535,745	14.07%
Other non-current financial liabilities	19,600	9,098	115.43%
Other non-current liabilities	559	559	0.00%
Total non-current liabilities	2,746,709	2,653,319	3.52%
Total liabilities	8,705,870	7,640,063	13.95%
Shareholders' equity			
Issued & fully paid	900,000	900,000	-
Share premium	1,908,450	1,908,450	-
Retained earnings			
Appropriated - statutory reserve	96,000	96,000	-
Unappropriated	17,445,060	15,682,899	11.24%
Other components of shareholders' equity	(188,304)	(760,103)	-75.23%
Equity attributable to owners of the Company	20,161,206	17,827,246	13.09%
Non-controlling interests of the subsidiary	127,023	94,572	34.31%
Total shareholders' equity	20,288,229	17,921,818	13.20%
Total liabilities and shareholders' equity	28,994,099	25,561,881	13.43%

Total Liabilities:

- Total liabilities have gone up by Bt 1,065.8 million or 13.9% as compared to March 2022.
- Increase in short term borrowings is due to higher borrowings at Thailand as well as some borrowings made at the US subsidiary.
- Increase in trade and other payables is due to higher trade payables as well as higher payables for the purchase of assets for ongoing Capex investments/ projects.
- Increase in Long Term Loan is due to additional borrowings at the subsidiary in Thailand and net unrealized losses on the loan restatement during the period partly offset by the Loan repayments at Thailand and Indonesia subsidiary.
- Decrease in Corporate Tax Payable is mainly on account of payment of annual tax of last year upon filing of the Corporate Tax returns this year.
- Decrease in other current liabilities is mainly due to lower statutory liability provisions (mainly in WHT), reduction in advance payments from customers and lower expense provisions.
- Increase in current financial liabilities is due to increase in the MTM loss on Derivative contracts, mainly at Thailand (on forwards to sell export receivables, due to sharp weakening of THB against USD) and balance at subsidiaries in US and Turkey.
- Increase in provision for long-term employee benefits is due to higher provisions at Thailand and the subsidiaries.
- Increase in Non-current financial liabilities is due to higher MTM loss on derivative contracts at Turkey subsidiary.
- Increase in Deferred Tax Liabilities is mainly at USA and Indonesia subsidiaries.

Major changes in Shareholder Equity:

- The retained earnings have increased due to the net profits generated during the year partly offset by Dividend payout.
- The increase in other components of equity is mainly due to net exchange translation gains arising on account of translation of the balance sheet of the subsidiaries due to the depreciation of Baht.
- The increase in Non-controlling interests of subsidiaries is due to the share of profits generated during the year.

2. Status of Projects:

• Brownfield BOPET Thin film line and Offline Coater in USA

The updated Capital Cost of both the projects is USD 125 million. Long Term debt funding of USD 25 Million has been tied up with a Local US Bank and the balance is expected to be funded from internal accruals of the US subsidiary and inter-company loans from the Turkey subsidiary. The project is expected to start up in Q1 2024-25.

- All the other smaller Project CAPEX's at Thailand (including the Recycling line at Ecoblue) and Turkey subsidiary have already commenced operations.

Please be informed accordingly.

Yours sincerely,

Mr. Amit Prakash
Managing Director