



14 November 2022

Sub: Explanation on the Company's performance for the quarter ended 30 September 2022 (Additional Information)

To: President
The Stock Exchange of Thailand

In the context of review of Interim Financial statements and business outlook by the Company's Board of Directors, we would like to update as follows :

The Company is witnessing a sharp decline in the VSF demand worldwide and the same has resulted in significant decline in orders from global customers. The Company is compelled to operate only 2 lines out of 5 lines. Textile industries worldwide are operating at very low operating rates. Supply chain imbalances due to COVID-19 impact has led to very high inventory levels at all value chains of textile segment, which may take several months to come to normal levels.

Further, Russia-Ukraine conflict has resulted into significant increase of all commodity prices including prices of raw materials and chemicals like pulp, caustic soda, sulphur, steam, electric power and natural gas etc. This situation has created double whammy of impact. On one hand, we are struggling for customer orders and on the other hand, our input prices have increased substantially. We were compelled to cut down our production, capital spending and even are continuing with laying off employees under section 75 of the Labor Protection Act.

The operating unit of the Company is located in Angthong Province with VSF being our finished product. The Company has significant investment in associate companies and records equity income in its financial statements as per Thai Accounting Standards. Such equity income is largely non-cash, hence net cash flow of the Company is much lesser as compared to net profit including equity method.

The Company would like to explain its financial statements for the quarter ended 30 September 2022 comparison with for the quarter ended 30 September 2021. The details of financial statements are set out in the attached note.



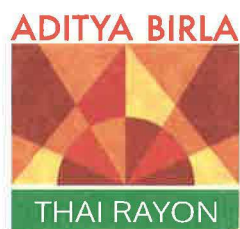
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Income Statements (Separate Financial Statements) (Unit in Million Baht)	For the quarter ended 30 September			
	2022	2021	Increase/(Decrease)	
Revenue from sales of goods	2,292	2,348	(55)	(2.4%)
Interest income	0.278	0.308	(0.03)	(9.7%)
Gains on exchange rate	27	87	(60)	(69.0%)
Dividend Income	173	81	92	114%
Other income	4	2	2	142%
Cost of sales of goods	2,059	1,880	179	9.6%
Distribution expenses	211	317	(106)	(33.4%)
Administrative expenses	42	49	(7)	(15.9%)
Profit from operating activities	185	271	(87)	(32%)
Finance cost	0.180	0.075	0.105	140%
Tax (expense) income	4	(28)	32	(116%)
Profit (loss) for the period	189	243	(55)	(22.5%)
Earnings (loss) per share (Baht)				
Basic earnings (loss) per share	0.94	1.21		
Gross profit margin	17.5%	25.3%		
Net profit margin	7.6%	9.7%		



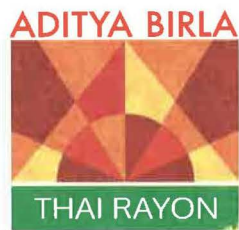
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Income Statements (equity method) (Unit in Million Baht)	For the quarter ended 30 September			
	2022	2021	Increase/(Decrease)	
Revenue from sales of goods	2,292	2,348	(55)	(2.4%)
Interest income	0.278	0.308	(0.03)	(9.7%)
Gains on exchange rate	27	87	(60)	(69.0%)
Dividend Income	24	21	3	14.4%
Other income	4	2	2	142%
Cost of sales of goods	2,059	1,880	179	9.6%
Distribution expenses	211	317	(106)	(33.4%)
Administrative expenses	42	49	(7)	(15.9%)
Profit from operating activities	35	211	(176)	(83%)
Share of profit (loss) of investments in associates	1,142	1,053	89	8.5%
Finance cost	0.180	0.075	0.105	140%
Tax (expense) income	4	(28)	32	(116%)
Profit (loss) for the period	1,181	1,236	(54)	(4.4%)
Earnings (loss) per share (Baht)				
Basic earnings (loss) per share	5.86	6.13		
Gross profit margin	12.3%	23.5%		
Net profit margin	50.3%	50.3%		

Cash Flow Summary (equity method) (Unit in Million Baht)	For the 6-month period ended 30 September (1 April – 30 September)			
	2022	2021	Increase/(Decrease)	
Operating activities	(347)	486	(833)	(171%)
Investment activities	392	(10)	402	4224%
Financing activities	(113)	(126)	(13)	(10%)
Net increase (decrease) in cash and cash equivalent	(68)	350	(418)	(119%)

Remark : The Company's fiscal year is 1 April 2022 – 31 March 2023.



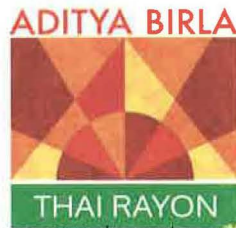
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There has been weak demand of VSF in the second quarter and the Company had to cut down production by approx. 35% in August and further 20% in September. Production volume during this quarter was down by approx. 26% as compared to same period of last year and sales volume reduced by approx. 17% as compared to same period of last year. The Company is continuing with above-mentioned production cut in the third quarter as informed to the SET on 9 Sep 2022. The Company will continue to monitor the situation closely and adjust the production based on market conditions.

1. Income statements (In which the equity method is applied) for the quarter ended 30 September 2022 compared with the quarter ended 30 September 2021

Net profit for the quarter ended 30 September 2022 was Baht 1,181 Million compared to Baht 1,236 Millions in same period of last year, decrease of Baht 54 Million or 4.4%. The significant changes are as follows:

- 1) Revenue from sales of goods decreased by 2.4% or Baht 56 Million mainly due to lower sales volume
- 2) Interest income decreased by 10% or Baht 0.03 Million mainly due to lower amount of deposits during the period as compared to same period of last year.
- 3) Gain on Exchange rate decreased by 69% or Baht 60 Million due to fluctuation of Thai Baht against US Dollar during the period.
- 4) Dividend income increased by 14.4% or Baht 3 Million due to higher dividend received during the period.
- 5) Cost of sales of goods increased by 9.6% or Baht 179 Million mainly due to higher input prices.
- 6) Distribution expenses decreased by 33.4% or Baht 106 Million mainly due to lower sales volume and decrease in sea freight rates
- 7) Share of profit of associates accounted for using equity method increased by 8.5% or Baht 89 Million due to better performance from some associated companies.
- 8) Finance cost increased by 140% or Baht 0.1 Million due to some short-term borrowings during the period.
- 9) Tax expense reduced by 116% or Baht 32 Million mainly due to lower taxable income during the period as compared to same period of last year.
- 10) Exchange differences on translating financial statements through other comprehensive income decreased by 62% or Baht 119 Million due to fluctuation of Thai Baht against foreign currencies.
- 11) Gain on investment in equity instruments designated at fair value through other comprehensive income increased by 73% or Baht 437 Million mainly due to change in market price.



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- 12) Gross profit margin for the quarter ended 30 September 2022 was at 12.3% compared to 23.5% of same period of last year mainly due to lower sales volume and higher input material prices whereas net profit margin was 50.3% compared to 50.3% of same period of last year mainly due to better performance of associate offset by lower sales volume and higher input material prices

As per reasons mentioned above, basic earnings per share for the quarter ended 30 September 2022 is Baht 5.86 as compared to Baht 6.13 of same period of last year.

2. Statements of financial position as of 30 September 2022 in comparison with as of 31 March 2022

As of 30 September 2022, total assets increased by 5.0% or Baht 1,687 Million, total liabilities decreased by 12.8% or Baht 432 Million and shareholders' equity increased by 7.0% or Baht 2,119 Million compared to 31 March 2022. The significant changes are as below:

A. ASSETS

- 1) Cash and cash equivalents decreased by 23% or Baht 68 Million mainly due to lower cash profit.
- 2) Current financial assets decreased by 77% or Baht 248 Million mainly due to maturity of deposits.
- 3) Trade and other current receivables decreased by 1% or Baht 23 Million mainly due to lower sales revenue.
- 4) Inventories increased by 7% or Baht 153 Million mainly due to lower consumption during lower production.
- 5) Other current assets decreased by 2% or Baht 6 Million mainly due to lower advance to suppliers.
- 6) Other non-current assets decreased by 10% or Baht 0.3 Million due to maturity of few trade deposits during the period.

B. LIABILITIES AND SHAREHOLDERS' EQUITY

- 1) Trade and other current payables decreased by 20% or Baht 511 Million mainly due to lower purchases and payments against earlier dues.
- 2) Current income tax payable increased by 161% or Baht 21 Million due to higher taxable income during the period as compared to 2nd half of the previous year.
- 3) Other current liabilities increased by 30% or Baht 11 Million mainly due to revaluation of forward contracts.
- 4) Deferred tax liabilities increased by 7% or Baht 40 Million due to change in the market price of equity instruments.



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Please be informed accordingly.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Santosh", written in a cursive style.



Santosh Pati Tripathi

Vice President (Finance and Commercial)



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