

10 February 2023

Subject: Explanation of operating result in the financial statement ended 31 December 2022

To: Directors and Managers of the Stock Exchange of Thailand

With reference to the financial statement of Q3 2022/2023 period ended 31 December 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)	
	Oct-Dec 22	Oct-Dec 21		
Revenue from sale of goods	3,005.9	2,944.5	61.4	2.1%
Cost of Good sold	1,968.7	2,020.5	-51.8	-2.6%
Gain (Loss) on Exchange	-114.0	-5.9	-108.1	-1832.5%
Selling and administrative expense	718.1	633.3	84.8	13.4%
Finance costs	19.9	12.1	7.9	65.2%
Share of profit from investment in associat	59.9	83.7	-23.7	-28.4%
Net Profit	212.8	402.0	-189.2	-47.1%

The operating result of the Company for Q3 2022/2023 (1 October 2022 to 31 December 2022), the Company earned net profit of 212.8 million Baht which was 189.2 million Baht decrease or 47.1 % decrease from Q3 2021/2022 (1 October 2021 to 31 December 2021) all due to the significant changes as follows:

- Total revenue from sale of goods in the number of 3,005.9 million Baht was increased by 61.4 million Baht or 2.1% 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 8.4%
 - Aeroklas increased 5.7%
 - Eastern Polypack decreased 11.2%

Aeroflex Group

Aeroflex revenue from sale increased in comparison to the previous year despite the fluctuation of the currency during the quarter. 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 private investment gradually improved.

Aeroklas Group

As the situation of Global semiconductor shortage is now gradually easing, Automotive industries can manufacture and deliver new car model into the market which is resulted in increase in demand of products such as Bedliners and sidesteps from Aeroklas Group. In addition, Aeroklas Group experienced recovery in demand of Automotive parts.

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., however Australian Operation was impacted by major flood in various location across Australia and the fluctuation of currency exchange.

EPP

The revenue from sale of EPP decreased from the same period last year due to reduction in food packaging order while the demand of drinking cup started to increase.

Further, EPP adapt to the situation by using campaign and promotion to stimulate sale. The company is undergoing strategy transformation to improve both Product and Production process.

2. Total cost of goods sold amounting to 1,968.7 million Baht was decreased by 51.8 million Baht from the same period last year or 2.6% 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.
3. Loss on Exchange is at 114.0 million Baht increased by 108.1 million Baht when compare to previous year which can be broken down into unrealized loss value 118.9 million Baht and realized gain value 4.8 million Baht as Thai Baht rapidly appreciate against US dollars and Australian dollars. The company has intra-company loan in AUD to subsidiary in Australia for business acquisition.
4. Selling and administrative expenses were increased by 84.8 million Baht or 13.4%. The incremental expense due to
 - Increase in logistic and warehouse rental cost in insulation business in America.
 - Increase in wage in America and Australia
 - Increase in expense from the inclusion of 4 ways suspension in Australia

- Increase in hiring for both new TJM stores staff and specialized expert for business expansion in Australia
 - Increase in PR expense in Australia
 - Increase in expense related to IT development in Australia
5. Financial cost was increased by 7.9 million Baht or 65.2%, due to increase in loan to support business expansion and acquisition. The increased in loan was offset by gain in exchange rate from foreign currency loan value 14.6 million Baht
 6. Share of profit from investment in associates decreased by 23.7 million Baht from automotive businesses which impacted by Loss sharing from company's new Joint Venture in South Africa that still in the initial stage of operation.
 7. The company reserved the Expected Credit Loss value 20.2 million Baht in this quarter, majorly from the delay in project expansion in company's new Joint Venture in South Africa.

For your information.

Respectfully Yours,

Mr. Vatcharakris Nopakun

Deputy Chief Executive Officer of Financial and Accounting

Eastern Polymer Group Public Company Limited