

26 May 2023

Subject: Explanation of operating result in the financial statement ended 31 March 2023

To: Directors and Managers of the Stock Exchange of Thailand

With reference to the financial statement of FY 2022/2023 period ended 31 March 2023 submitted by Eastern Polymer Group Public Company Limited (the "Company"), please be informed that:

Million Baht				
	Year 2022/23	Year 2021/22	Increase (Decrease)	
	Apr 22 -Mar 23	Apr 21 -Mar 22		
Revenue from sale of goods	12,083.6	11,739.6	344.0	2.9%
Cost of Good sold	8,114.2	8,015.7	98.5	1.2%
Gain (Loss) on Exchange	-101.1	67.3	-168.4	-250.1%
Selling and administrative expense	2,872.0	2,339.4	532.6	22.8%
Finance costs	101.5	80.9	20.6	25.5%
Share of profit from investment in associat	242.8	226.2	16.6	7.4%
Net Profit	1,081.6	1,602.4	-520.8	-32.5%

The operating result of the Company for FY 2022/2023 (1 April 2022 to 31 March 2023), the Company earned net profit of 1,081.6 million Baht which was 520.8 million Baht decrease or 32.5 % decrease from FY 2021/2022 (1 April 2021 to 31 March 2022), all due to the significant changes as follows:

- Total revenue from sale of goods in the number of 12,083.6 million Baht was increased by 344.0 million Baht or 2.9% 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 14.2%
 - Aeroklas increased 1.7%
 - Eastern Polypack decreased 7.2%

Aeroflex Group

Aeroflex revenue from sale increased in comparison to the previous year. The continuous growth in sales in the United States is due to the high demand for high-quality insulation products. Additionally, the company is able to adjust prices according to the changing market conditions, in addition to market expansion into Ultra Low Temperature Insulation and Air Ducting system which are well received by the customers. The sale in Asia, especially Japan also improved over the year, while domestic revenue increased in accordance to private investment. However, the company has been affected by the volatility of foreign exchange rates, which adjusts rapidly.

Aeroklas Group

Aeroklas Revenue from sale increased from previous year as situation of global semiconductor shortage subside allow Automakers to resume their production. Aeroklas focus on producing lightweight automotive parts and accessories, which are in high demand in the automotive industry. These components play a crucial role in energy efficiency and are compatible with the new car models which result in higher number of orders for the company. During the year The Company has been impacted by the rapid fluctuations in foreign exchange rates and the economic slowdown in Europe.

As for the Australian operation, the sale of automotive parts and accessories increased in comparison to previous year due to acquisition of 4 Way Suspension Products Pty. Ltd, Although the company received impact from major flood in Australia, high inflation and the delay in delivering automobiles to the market in Australia during the year

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, especially in drinking cup. The company is undergoing strategy transformation to improve both Product and Production process in response to customers' demand.

2. Total cost of goods sold amounting to 8,114.2 million Baht was increased by 98.5 million Baht from last year or 1.2% 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 101.1 million Baht in comparison to previous year which had the gain on exchange at 67.3 million Baht. The loss on exchange can be broken down into unrealized loss value 98.6 million Baht and realized loss value 2.4 million Baht as Thai Baht rapidly appreciate against US dollars and Australian dollars. The company has intra-group loan in AUD to subsidiary in Australia for business acquisition.
4. Selling and administrative expenses were increased by 532.6 million Baht or 22.8%. 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. (In the 4th quarter of year 2022/2023, the expenses have included amortization of intangible assets of 4 ways suspension.)
 - 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 20.6 million Baht or 25.5%, due to increase in loan to support business expansion and acquisition which result in increased in interest charged by 72.3 million Baht. The increased in interest charged was offset by gain in exchange rate from foreign currency loan value 51.7 million Baht
 6. Share of profit from investment in associates increased by 16.6 million Baht from expansion in automotive businesses despite impact 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 58.3 million Baht in this year, 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