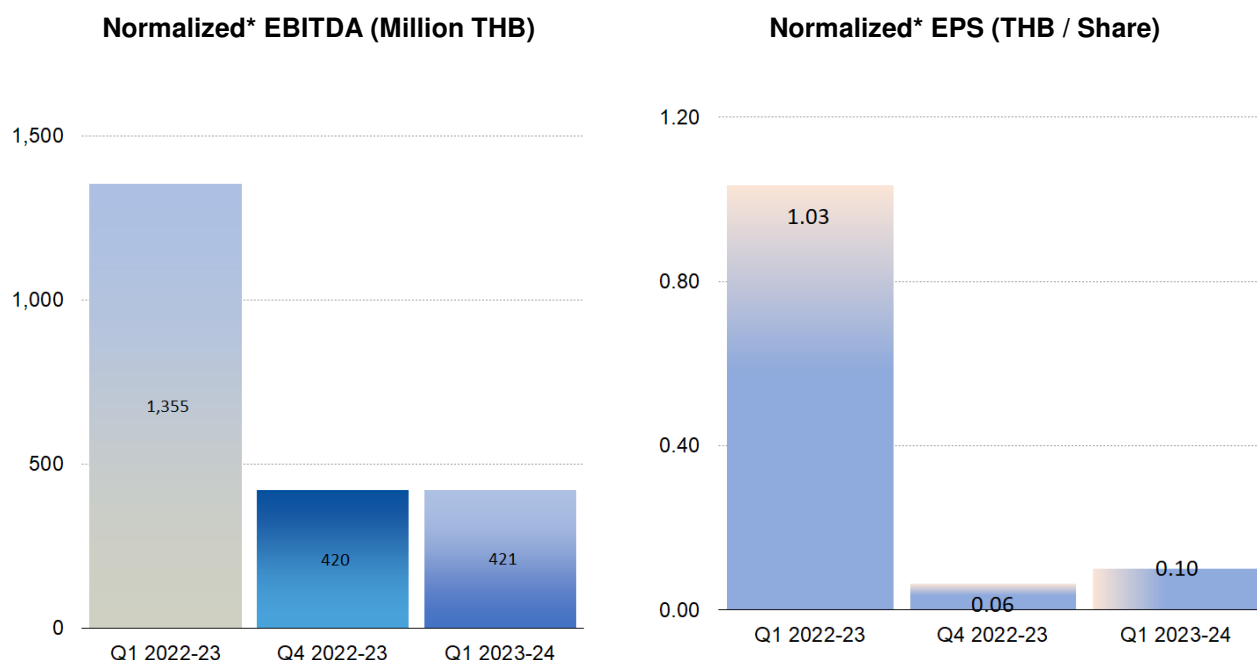


10 August, 2023

Subject: Management Discussion and Analysis for the quarter ended 30 June, 2023

To: Managing Director
The Stock Exchange of Thailand

1. Financial highlights for the quarter ended 30 June, 2023



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

Key Financial Indicators for Q1 2023-24

Description	Unit of measure	Q1 2023-24	YoY	QoQ
Sales Volumes (Film sales)	MT	59,886	▼ 7.9%	▼ 11.3%
Sales Value	Million Baht	4,998	▼ 28.7%	▼ 7.8%
Normalized EBITDA	Million Baht	421	▼ 68.9%	▲ 0.3%
Normalized EBITDA margin	%	8.43%	▼ 1089bps	▲ 68bps
Normalized EBITDA/ Kg#	THB/KG	7.04	▼ THB 13.8	▲ THB 0.81
Normalized PAT	Million Baht	91	▼ 90.2%	▲ 56.1%
Normalized EPS	Baht/ Share	0.10	▼ THB 0.93	▲ THB 0.04

Per Kg based on Qty of Films sales

Polyplex (Thailand) Public Company Limited and its subsidiaries			
Income statement (Unaudited but reviewed)			
For the quarter ended 30 June 2023			
	Consolidated financial statements (Unit: '000Baht)		% Inc/(Dec)
	2023	2022	
Revenues			
Sales	4,997,950	7,013,457	-28.74%
Exchange gains	-	268,493	-100.00%
Gain on derivatives			
Other income	4,895	25,059	-80.47%
Total revenues	5,002,845	7,307,009	-31.53%
Expenses			
Cost of sales	4,479,877	5,160,121	-13.18%
Selling and distribution expenses	226,227	656,714	-65.55%
Administrative expenses	170,711	143,970	18.57%
Exchange Loss	151,476	-	#DIV/0!
Loss on Derivatives	27,581	45,451	-39.32%
Total expenses	5,055,872	6,006,256	-15.82%
Profit/ (Loss) before finance cost and income tax expense	(53,027)	1,300,753	-104.08%
Finance Income	11,691	4,554	156.72%
Finance cost	(46,949)	(28,208)	66.44%
Profit /(Loss) before income tax expense	(88,285)	1,277,099	-106.91%
Tax income/(expense)	13,301	(109,220)	-112.18%
Reported Profit/ (Loss) for the period	(74,984)	1,167,879	-106.42%
Reported EBITDA for the period (incl. finance income)	242,372	1,578,092	-84.64%
Profit / (Loss) attributable to:			
Equity holders of the Company	(87,855)	1,153,220	-107.62%
Non-controlling interests of the subsidiary	12,871	14,659	-12.20%
	(74,984)	1,167,879	-106.42%
Basic earnings per share (Reported profit/(loss) basis)			
Profit/(loss) attributable to equity holders of the Company	(0.10)	1.28	-107.62%
Number of ordinary shares (Thousand Shares)	900,000	900,000	
Reported Profit / (Loss) attributable to Equity holders	(87,855)	1,153,220	-107.62%
Add /(Less): Forex loss /(Forex Gain)	179,057	(223,042)	-180.28%
Normalized Profit after Tax	91,202	930,178	-90.20%
Normalized EBITDA	421,429	1,355,050	-68.90%
Basic earnings per share (Normalized profit basis)			
Profit attributable to equity holders	0.10	1.03	-90.20%
Number of ordinary shares (Thousand Shares)	900,000	900,000	

Performance Analysis (YoY)

- Some of the key factors impacting our performance in this quarter are:
 - Margins in base films continued to remain under pressure due to overcapacity caused by the new capacities added in China and India and other macro and micro environment factors like increasing interest rates, inflationary pressure, lower disposable incomes, continued destocking etc.
 - Product trials of some specialty films at Thailand and Indonesia resulted in lower productivity and sales volumes.
 - Global economic slowdown has weakened the overall demand for downstream coated films like Silicone Coated films which has impacted volumes and contribution from these businesses at Thailand.
- Overall film sales volumes have decreased by 11% YoY, mainly due to lower volumes in Thailand.
- There is a drop in the contribution YoY from PET film business due to significantly lower margins (Thin as well as Thick) and lower volumes in Thin PET, resulting from adverse market conditions as explained above.
- Contribution from the Silicone Coated film and Blown film has been lower mainly due to lower sales volumes.
- Contribution from sale of surplus PET resin capacity is lower in this quarter compared to corresponding quarter due to lower volumes.
- There is a decrease in other income mainly at Turkey subsidiary due to no insurance claim income in this period.
- Decrease in cost of sales is due to overall lower sales volumes as well as a drop in raw material prices YoY, in both PTA & MEG.
- Lower selling expenses is mainly due to normalizing of global freight rates.
- Higher admin expenses are mainly due to general increase in admin expenses at various facilities.
- There is an Exchange loss in this Quarter as against an Exchange gain in the corresponding quarter. The losses are mainly unrealized on restatement of the inter-co loans at Thailand, Indonesia and USA due to weakening of the local currencies against Euro currency.
- There is a reduction in losses on derivatives due to the mark-to-market (MTM) impact on the outstanding forward contracts at Thailand and the subsidiaries.
- 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 interest rates.
- There is a Tax income in this quarter mainly due to 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 June 2023

	Consolidated financial statements		
	(Unit: '000 Baht)		
	<u>30 June 2023</u>	<u>31 March 2023</u>	<u>% Inc/(dec)</u>
	(Reviewed)	(Audited)	
Assets			
Current assets			
Cash and cash equivalents	2,095,137	2,346,977	-10.73%
Trade and other receivables	3,324,574	3,462,409	-3.98%
Inventories	4,959,783	4,893,010	1.36%
Advance payments for purchases of goods	245,859	313,698	-21.63%
Input tax refundable	123,418	118,471	4.18%
Other current financial assets	293,057	194,372	50.77%
Other current assets	213,270	262,917	-18.88%
Total current assets	11,255,098	11,591,854	-2.91%
Non-current assets			
Restricted bank deposits	403	625	-35.52%
Property, plant and equipment	13,330,533	12,992,191	2.60%
Deferred tax assets	67,894	66,757	1.70%
Goodwill	3,164	3,164	0.00%
Other intangible assets	388	361	7.48%
Advance payments for purchases of land & machinery	501,678	416,044	20.58%
Other non-current financial assets	306,353	524,030	-41.54%
Other non-current assets	164,531	127,259	29.29%
Total non-current assets	14,374,944	14,130,431	1.73%
Total assets	25,630,042	25,722,285	-0.36%

As at 30 June, 2023, there has been a 4.2% depreciation of THB against the USD (approx. THB 1.5/USD), 3.8% depreciation against the Euro (approx. THB 1.5/Euro) and 3.8% depreciation against IDR (approx. THB 0.1 per 1000 Rupiah) as compared to the exchange rate on 31 March 2023. As a result, the translation of the Company's subsidiaries' Statement of Financial Position has resulted in net translation gain of Baht 754 million.

Current assets:

- Current assets have reduced by THB 336.7 million or 2.9% compared to March 2023.
- Decrease in cash and cash equivalents is mainly due to cash deployed for the prepayment of Euro term loan by Indonesia subsidiary.
- Decrease in Trade Receivables is mainly due to lower volumes and also lower selling prices.
- Increase in Inventories is mainly due to higher stock of raw materials, Packing material and Stores & Spares.
- Decrease in advance payment for purchase of goods is mainly at Indonesia subsidiary partly offset by higher advances paid by Turkey subsidiary.
- Increase in Input tax refundable is mainly due to increase in VAT refund receivable at Indonesia.
- 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, partly offset by lower MTM gain on forward contracts.
- Decrease in Other current assets are mainly on account of reduction in Insurance Claim receivable due to settlement of a claim at US subsidiary. This is partly offset by increase in Prepaid expenses, Advance taxes and raw material discount receivable.

Non-current assets:

- Non-Current assets have gone up by THB 244.5 million or 1.7% as compared to March 2023.
- 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 as per relevant accounting standard.
- Increase in Advances for purchase of fixed assets is mainly relating to advances paid for the US ongoing Project.
- Increase in other non-current assets is mainly at Indonesia due to increase in Advance Tax refundable
- Non-current financial assets refer to investment of surplus funds by the Turkey subsidiary into financial instruments (mainly Bonds) and decrease is due to transfer of investments to current portion and also due to withdrawal of some investments to prepay the Euro loan by Indonesia subsidiary.

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2023

Consolidated financial statements
(Unit: '000 Baht)

	31 March 2023 (Audited)	31 March 2022 (Audited)	% Inc/(dec)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	1,064,000	1,194,153	-10.90%
Trade and other payables	2,258,221	2,166,482	4.23%
Current portion of long-term loans from banks	277,961	412,015	-32.54%
Current portion of lease liabilities	17,225	12,775	34.83%
Income tax payable	60,862	51,109	19.08%
Other current financial liabilities	57,450	36,729	56.42%
Other current liabilities	389,462	460,164	-15.36%
Total current liabilities	4,125,181	4,333,427	-4.81%
Non-current liabilities			
Long-term loans from banks, net of current portion	991,842	1,547,874	-35.92%
Lease liabilities, net of current portion	27,891	36,906	-24.43%
Provision for long-term employee benefits	101,144	75,849	33.35%
Deferred tax liabilities	443,193	453,335	-2.24%
Other non-current financial liabilities	6,427	6,058	6.09%
Other non-current liabilities	-	559	-100.00%
Total non-current liabilities	1,570,497	2,120,581	-25.94%
Total liabilities	5,695,678	6,454,008	-11.75%
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	16,824,666	16,934,374	-0.65%
Other components of shareholders' equity	29,012	(733,912)	-103.95%
Equity attributable to owners of the Company	19,758,128	19,104,912	3.42%
Non-controlling interests of the subsidiary	176,236	163,365	7.88%
Total shareholders' equity	19,934,364	19,268,277	3.46%
Total liabilities and shareholders' equity	25,630,042	25,722,285	-0.36%

Total Liabilities:

- Total liabilities have decreased by THB 758.3 million or 11.7% as compared to March 2023.
- Decrease in short term borrowings is mainly due to reduction in borrowings at Thailand and US subsidiary.
- Increase in trade and other payables is due to higher trade payables at Turkey and US subsidiaries as well as higher payables for the purchase of assets for ongoing Capex investments/ project at USA.
- Decrease in Long Term Loan is due to Loan repayments by Indonesia and Thailand subsidiary, including prepayment of the Euro Loan of approx. 19.6 million Euro, by the Indonesia entity and unrealized gains on the loan restatement during the quarter.
- Increase in Corporate Tax Payable is mainly at the Turkey subsidiary.
- Decrease in other current liabilities is mainly due to lower expense provisions and reduction in advance payments from customers
- Increase in current financial liabilities is due to higher MTM loss on Derivative contracts.
- Increase in provision for long-term employee benefits is due to higher provision at the Turkey subsidiary.
- Decrease in Deferred Tax Liabilities is mainly at the Indonesia subsidiary.

Major changes in Shareholder Equity:

- The retained earnings have decreased due to the net losses generated during the quarter.
- 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 against Euro, USD and IDR.
- The increase in Non-controlling interests of subsidiaries is due to the share of profits generated during the quarter.

2. Status of Projects:

Brownfield BOPET Thin film line and Offline Coater in USA

The Capital Cost of both the projects is USD 128 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 Q2 2024-25.

Please be informed accordingly.

Yours sincerely,

Mr. Amit Prakash
Managing Director