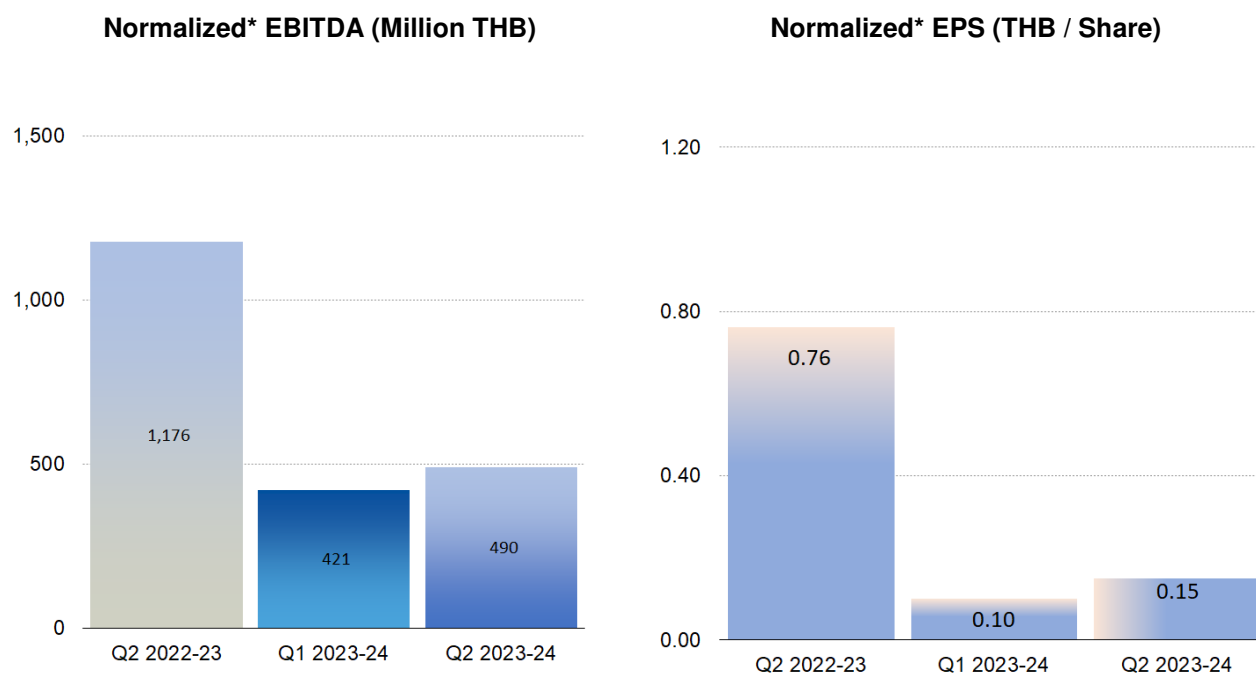


6 November, 2023

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

To: Managing Director
The Stock Exchange of Thailand

1. **Financial highlights for the quarter ended 30 September, 2023**



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

Key Financial Indicators for Q2 2023-24

Description	Unit of measure	Q2 2023-24	YoY	QoQ
Sales Volumes (Film sales)	MT	62,992	▼ 8.3%	▲ 5.2%
Sales Value	Million Baht	5,106	▼ 30.9%	▲ 2.2%
Normalized EBITDA	Million Baht	490	▼ 58.3%	▲ 16.4%
Normalized EBITDA margin	%	9.60%	▼ 633bps	▲ 117bps
Normalized EBITDA/ Kg#	THB/KG	7.78	▼ THB 9.3	▲ THB 0.75
Normalized PAT	Million Baht	135	▼ 80.3%	▲ 48.0%
Normalized EPS	Baht/ Share	0.15	▼ THB 0.61	▲ THB 0.05

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 September 2023			
	Consolidated financial statements (Unit: '000Baht)		% Inc/(Dec)
	2023	2022	
Revenues			
Sales	5,105,774	7,384,186	-30.86%
Exchange gains	39,298	323,297	-87.84%
Other income	7,994	7,892	1.29%
Total revenues	5,153,066	7,715,375	-33.21%
Expenses			
Cost of sales	4,509,768	5,808,264	-22.36%
Selling and distribution expenses	247,676	546,072	-54.64%
Administrative expenses	154,461	146,552	5.40%
Loss on Derivatives	28,474	92,127	-69.09%
Total expenses	4,940,379	6,593,015	-25.07%
Profit/ (Loss) before finance cost and income tax expense	212,687	1,122,360	-81.05%
Finance Income	11,447	8,231	39.07%
Finance cost	(39,521)	(32,737)	20.72%
Profit /(Loss) before income tax expense	184,613	1,097,854	-83.18%
Tax income/(expense)	(24,560)	(163,014)	-84.93%
Reported Profit/ (Loss) for the period	160,053	934,840	-82.88%
Reported EBITDA for the period (incl. finance income)	501,194	1,407,525	-64.39%
Profit / (Loss) attributable to:			
Equity holders of the Company	145,833	917,048	-84.10%
Non-controlling interests of the subsidiary	14,220	17,792	-20.08%
	160,053	934,840	-82.88%
Basic earnings per share (Reported profit/(loss) basis)			
Profit/(loss) attributable to equity holders of the Company	0.16	1.02	-84.10%
Number of ordinary shares (Thousand Shares)	900,000	900,000	
Reported Profit / (Loss) attributable to Equity holders	145,833	917,048	-84.10%
Add /(Less): Forex loss /(Forex Gain)	(10,824)	(231,170)	-95.32%
Normalized Profit after Tax	135,009	685,878	-80.32%
Normalized EBITDA	490,370	1,176,355	-58.31%
Basic earnings per share (Normalized profit basis)			
Profit attributable to equity holders	0.15	0.76	-80.32%
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:
 - Improvement in demand, specially in Asia, leading to improvement in performance over immediately preceding quarter
 - Margins continue 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.
 - Global economic slowdown continues to impact 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 8% YoY, due to lower volumes in base film as well as downstream businesses.
- There is a drop in the contribution YoY from PET film business due to significantly lower margins, mainly in Thin and lower volumes in Thin and Thick 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 on YoY basis due to lower volumes as well as lower margins.
- 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 a reduction in Exchange gain in current quarter as compared to the corresponding quarter mainly due to lower unrealized gains on restatement of loans at Thailand and USA, and unrealized losses on loans at the Indonesia subsidiary due to fluctuation of local currencies against USD and Euro.
- 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 rising global interest rates.
- There is a reduction in Tax expense in this quarter mainly due to lower profits and also 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 2023			
Consolidated financial statements			
(Unit: '000 Baht)			
	<u>30 September 2023</u>	<u>31 March 2023</u>	<u>% Inc/(dec)</u>
	(Reviewed)	(Audited)	
Assets			
Current assets			
Cash and cash equivalents	2,038,747	2,346,977	-13.13%
Trade and other receivables	3,347,241	3,462,409	-3.33%
Inventories	4,743,671	4,893,010	-3.05%
Advance payments for purchases of goods	246,719	313,698	-21.35%
Input tax refundable	103,503	118,471	-12.63%
Other current financial assets	478,921	194,372	146.39%
Other current assets	206,916	262,917	-21.30%
Total current assets	11,165,718	11,591,854	-3.68%
Non-current assets			
Restricted bank deposits	428	625	-31.52%
Property, plant and equipment	13,507,414	12,992,191	3.97%
Deferred tax assets	64,014	66,757	-4.11%
Goodwill	3,164	3,164	0.00%
Other intangible assets	337	361	-6.65%
Advance payments for purchases of land & machinery	672,506	416,044	61.64%
Other non-current financial assets	67,924	524,030	-87.04%
Other non-current assets	167,790	127,259	31.85%
Total non-current assets	14,483,577	14,130,431	2.50%
Total assets	25,649,295	25,722,285	-0.28%

As at 30 September, 2023, there has been a 7.2% depreciation of THB against the USD (approx. THB 2.5/USD), 4.0% depreciation against the Euro (approx. THB 1.5/Euro) and 3.6% 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 833 million.

Current assets:

- Current assets have reduced by THB 426.1 million or 3.7% 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.
- Decrease in Inventories is mainly due to lower stock of raw materials, Packing material and goods-in-transit.
- Decrease in advance payment for purchase of goods is mainly at Indonesia subsidiary partly offset by higher advances paid at Thailand and 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 353.1 million or 2.5% 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 year.
- Decrease 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 September 2023			
Consolidated financial statements			
(Unit: '000 Baht)			
	30 September 2023	31 March 2023	% Inc/(dec)
	(Reviewed)	(Audited)	
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	1,191,000	1,194,153	-0.26%
Trade and other payables	2,124,610	2,166,482	-1.93%
Current portion of long-term loans from banks	286,139	412,015	-30.55%
Current portion of lease liabilities	26,439	12,775	106.96%
Income tax payable	6,166	51,109	-87.94%
Other current financial liabilities	90,752	36,729	147.09%
Other current liabilities	435,133	460,164	-5.44%
Total current liabilities	4,160,239	4,333,427	-4.00%
Non-current liabilities			
Long-term loans from banks, net of current portion	948,713	1,547,874	-38.71%
Lease liabilities, net of current portion	70,845	36,906	91.96%
Provision for long-term employee benefits	100,470	75,849	32.46%
Deferred tax liabilities	433,818	453,335	-4.31%
Other non-current financial liabilities	-	6,058	-100.00%
Other non-current liabilities	601	559	7.51%
Total non-current liabilities	1,554,447	2,120,581	-26.70%
Total liabilities	5,714,686	6,454,008	-11.46%
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	16,729,142	16,934,374	-1.21%
Other components of shareholders' equity	110,561	(733,912)	-115.06%
Equity attributable to owners of the Company	19,744,153	19,104,912	3.35%
Non-controlling interests of the subsidiary	190,456	163,365	16.58%
Total shareholders' equity	19,934,609	19,268,277	3.46%
Total liabilities and shareholders' equity	25,649,295	25,722,285	-0.28%

Total Liabilities:

- Total liabilities have decreased by THB 173.1 million or 4.0% as compared to March 2023.
- Decrease in short term borrowings is mainly due to reduction in borrowings at the US subsidiary partly offset by higher borrowings at Thailand.
- Decrease in trade and other payables is due to lower trade payables partly offset by higher payables for the purchase of assets for ongoing 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, partly offset by unrealized losses on the loan restatement during the year.
- Decrease in Corporate Tax Payable is mainly at the Turkey subsidiary due to payment of taxes upon filing of the Tax return.
- 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 mainly 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 final Dividend of FY 2022-23 paid in August 2023, partly offset by Net profits generated during the year.
- 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 year.

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