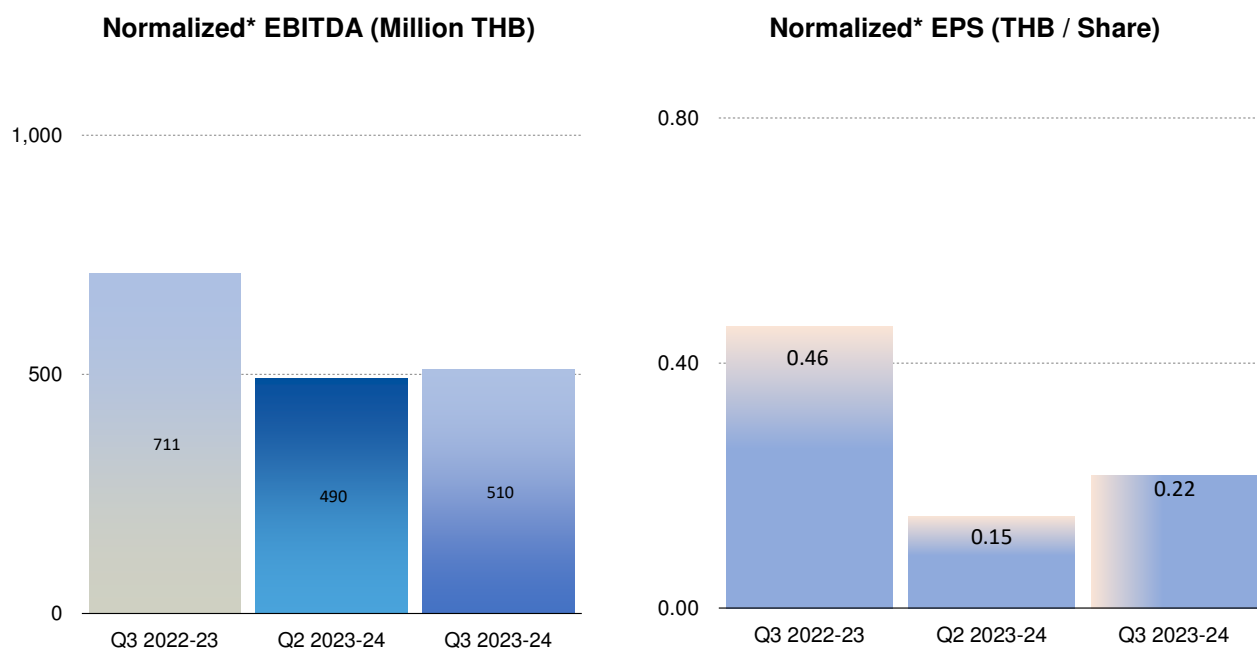


13 February, 2024

Subject: Management Discussion and Analysis for the quarter ended 31 December, 2023

To: Managing Director
The Stock Exchange of Thailand

1. Financial highlights for the quarter ended 31 December, 2023



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

Key Financial Indicators for Q3 2023-24

Description	Unit of measure	Q3 2023-24	YoY	QoQ
Sales Volumes (Film sales)	MT	61,527	▼ 10.7%	▼ 2.3%
Sales Value	Million Baht	5,029	▼ 22.9%	▼ 1.5%
Normalized EBITDA	Million Baht	510	▼ 28.2%	▲ 4.0%
Normalized EBITDA margin	%	10.14%	▼ 75bps	▲ 54bps
Normalized EBITDA/ Kg#	THB/KG	8.29	▼ THB 2.0	▲ THB 0.51
Normalized PAT	Million Baht	195	▼ 53.2%	▲ 44.5%
Normalized EPS	Baht/ Share	0.22	▼ THB 0.24	▲ THB 0.07

Per Kg based on Qty of Films sales

Polyplex (Thailand) Public Company Limited and its subsidiaries			
Income statement (Audited)			
For the quarter ended 31 December 2023			
	Consolidated financial statements (Unit: '000Baht)		% Inc/(Dec)
	2023	2022	
Revenues			
Sales	5,028,841	6,524,781	-22.93%
Gain on derivatives	113,022	194,047	-41.76%
Other income	12,906	35,714	-63.86%
Total revenues	5,154,769	6,754,542	-23.68%
Expenses			
Cost of sales	4,443,607	5,608,588	-20.77%
Selling and distribution expenses	220,905	355,353	-37.84%
Administrative expenses	164,415	170,031	-3.30%
Exchange Loss	232,422	654,584	-64.49%
Total expenses	5,061,349	6,788,556	-25.44%
Profit/ (Loss) before finance cost and income tax expense	93,420	(34,014)	374.65%
Finance Income	14,036	8,772	60.01%
Finance cost	(41,129)	(43,714)	-5.91%
Profit /(Loss) before income tax expense	66,327	(68,956)	196.19%
Tax income/(expense)	25,434	57,216	-55.55%
Reported Profit/ (Loss) for the period	91,761	(11,740)	881.61%
Reported EBITDA for the period (incl. finance income)	390,714	250,303	56.10%
Profit / (Loss) attributable to:			
Equity holders of the Company	75,657	(43,510)	-273.88%
Non-controlling interests of the subsidiary	16,104	31,770	-49.31%
	91,761	(11,740)	-881.61%
Basic earnings per share (Reported profit/(loss) basis)			
Profit/(loss) attributable to equity holders of the Company	0.08	(0.05)	-273.88%
Number of ordinary shares (Thousand Shares)	900,000	900,000	
Reported Profit / (Loss) attributable to Equity holders	75,657	(43,510)	-273.88%
Add /(Less): Forex loss /(Forex Gain)	119,400	460,537	-74.07%
Normalized Profit after Tax	195,057	417,027	-53.23%
Normalized EBITDA	510,114	710,840	-28.24%
Basic earnings per share (Normalized profit basis)			
Profit attributable to equity holders	0.22	0.46	-53.23%
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 and USA.
- Overall film sales volumes have decreased by 11% 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 film, partly offset by improved margins in PET Thick film and also due to lower volumes in Thin PET as well as Thick PET, resulting from adverse market conditions as explained above. Volume of Silicone Coated films and PET resin was also lower.
- Decrease in cost of sales is mainly due to overall lower sales volumes and partly due to a drop in some of the raw material prices YoY.
- Lower selling expenses is mainly due to normalizing of global freight rates.
- Lower admin expenses are mainly due savings in warehouse management and handling, partly offset by increase in some other heads.
- There is a reduction in Exchange losses in current quarter as compared to the corresponding quarter mainly due to lower unrealized losses on restatement of loans at Indonesia and USA and higher unrealized gains on loans at Thailand, as a result of fluctuation of local currencies against USD and Euro.
- There is a reduction in gains 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 lower due to term loan repayments (including prepayments at Indonesia/ Thailand subsidiary) and lower level of working capital borrowings.
- 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 31 December 2023			
Consolidated financial statements			
(Unit: '000 Baht)			
	31 December 2023	31 March 2023	% Inc/(dec)
	(Reviewed)	(Audited)	
Assets			
Current assets			
Cash and cash equivalents	1,490,419	2,346,977	-36.50%
Trade and other receivables	3,168,879	3,462,409	-8.48%
Inventories	4,748,757	4,893,010	-2.95%
Advance payments for purchases of goods	215,651	313,698	-31.26%
Input tax refundable	108,350	118,471	-8.54%
Other current financial assets	483,396	194,372	148.70%
Other current assets	298,855	262,917	13.67%
Total current assets	10,514,307	11,591,854	-9.30%
Non-current assets			
Restricted bank deposits	397	625	-36.48%
Property, plant and equipment	13,611,079	12,992,191	4.76%
Deferred tax assets	95,470	66,757	43.01%
Goodwill	3,164	3,164	0.00%
Other intangible assets	225	361	-37.67%
Advance payments for purchases of land & machinery	391,031	416,044	-6.01%
Other non-current financial assets	112,366	524,030	-78.56%
Other non-current assets	158,453	127,259	24.51%
Total non-current assets	14,372,185	14,130,431	1.71%
Total assets	24,886,492	25,722,285	-3.25%

As at 31 December, 2023, there has been a 0.4% depreciation of THB against the USD (approx. THB 0.13/USD), 2.3% depreciation against the Euro (approx. THB 0.86/Euro) and 2.6% appreciation 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 238 million.

Current assets:

- Current assets have reduced by THB 1,077.5 million or 9.3% 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.
- Decrease in Input tax refundable is mainly due to decrease in VAT refund receivable at Thailand and Indonesia subsidiary.
- 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 and higher MTM gain on forward contracts.
- Increase in Other current assets are mainly on account of increase in Prepaid expenses, Advance taxes and raw material discount receivable partly offset by reduction in Export incentive and other receivables.

Non-current assets:

- Non-Current assets have gone up by THB 241.8 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 year.
- Increase in Deferred tax asset is due to Deferred Tax adjustments as per relevant accounting standard.
- Decrease in Advances for purchase of fixed assets is mainly due to delivery of some machinery against the US ongoing Project.
- Increase in other non-current assets is mainly at Indonesia due to increase in Input 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 31 December 2023			
Consolidated financial statements			
(Unit: '000 Baht)			
	<u>31 March 2023</u> (Audited)	<u>31 March 2022</u> (Audited)	<u>% Inc/(dec)</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	1,048,000	1,194,153	-12.24%
Trade and other payables	2,121,889	2,166,482	-2.06%
Current portion of long-term loans from banks	273,781	412,015	-33.55%
Current portion of lease liabilities	25,741	12,775	101.50%
Income tax payable	9,144	51,109	-82.11%
Other current financial liabilities	5,728	36,729	-84.40%
Other current liabilities	406,211	460,164	-11.72%
Total current liabilities	3,890,494	4,333,427	-10.22%
Non-current liabilities			
Long-term loans from banks, net of current portion	1,068,557	1,547,874	-30.97%
Lease liabilities, net of current portion	63,837	36,906	72.97%
Provision for long-term employee benefits	105,268	75,849	38.79%
Deferred tax liabilities	372,253	453,335	-17.89%
Other non-current financial liabilities	-	6,058	-100.00%
Other non-current liabilities	606	559	8.41%
Total non-current liabilities	1,610,521	2,120,581	-24.05%
Total liabilities	5,501,015	6,454,008	-14.77%
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	16,751,066	16,934,374	-1.08%
Other components of shareholders' equity	(476,599)	(733,912)	-35.06%
Equity attributable to owners of the Company	19,178,917	19,104,912	0.39%
Non-controlling interests of the subsidiary	206,560	163,365	26.44%
Total shareholders' equity	19,385,477	19,268,277	0.61%
Total liabilities and shareholders' equity	24,886,492	25,722,285	-3.25%

Total Liabilities:

- Total liabilities have decreased by THB 953 million or 14.8% as compared to March 2023.
- Decrease in short term borrowings is mainly due to reduction in borrowings at the US subsidiary and at the Company, partly offset by higher borrowings at Ecoblue.
- Decrease in trade and other payables is due to lower payables for the purchase of assets (mainly at US subsidiary, relating to ongoing project) and also due to lower trade payables at the subsidiaries, partly offset by higher payables at Thailand.
- Decrease in Long Term Loan is due to Loan repayments (including some prepayments) by Indonesia and Thailand subsidiary and unrealized gains on the loan restatement during the year. This is partly offset by new loans borrowed by the US subsidiary for the ongoing Project.
- 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 at Thailand and subsidiaries and also lower advance payments from customers, partly offset by higher statutory liabilities.
- Decrease in current financial liabilities is due to lower 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 and US subsidiaries.

Major changes in Shareholder Equity:

- The retained earnings have decreased due to the final Dividend of FY 2022-23 paid in August 2023 and Interim Dividend for H1 2023-24 paid in December 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 130 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 Film line project is expected to start up in Q2 2024-25 and the Offline Coater in Q3 2024-25.

Please be informed accordingly.

Yours sincerely,

Mr. Amit Prakash
Managing Director