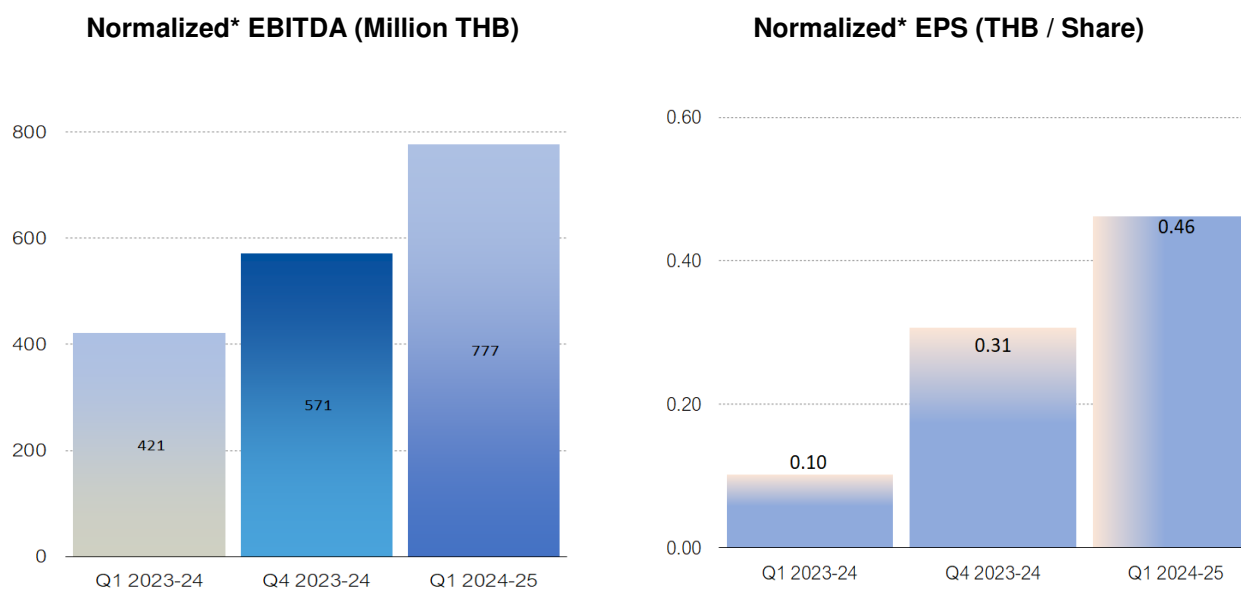


13 August, 2024

Subject: Management Discussion and Analysis for the quarter ended 30 June, 2024

To: Managing Director  
The Stock Exchange of Thailand

**1. Financial highlights for the quarter ended 30 June, 2024**



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

**Key Financial Indicators for Q1 2024-25**

Description	Unit of measure	Q1 2024-25	YoY	QoQ
Sales Volumes (Film sales)	MT	63,860	▲ 6.6%	▼ 5.3%
Sales Value	Million Baht	5,804	▲ 16.1%	▲ 1.2%
Normalized EBITDA	Million Baht	777	▲ 84.3%	▲ 36.1%
Normalized EBITDA margin	%	13.38%	▲ 495bps	▲ 343bps
Normalized EBITDA/ Kg#	THB/KG	12.16	▲ THB 5.12	▲ THB 3.70
Normalized PAT	Million Baht	416	▲ 355.7%	▲ 50.9%
Normalized EPS	Baht/ Share	0.46	▲ THB 0.36	▲ THB 0.16

# Per Kg based on Qty of Films sales

<b>Polyplex (Thailand) Public Company Limited and its subsidiaries</b>			
<b>Income statement (Reviewed)</b>			
<b>For the quarter ended 30 June 2024</b>			
	<b>Consolidated financial statements (Unit: '000 Baht)</b>		<b>% Inc/(Dec)</b>
	<u>2024</u>	<u>2023</u>	
<b>Revenues</b>			
Sales	5,804,265	4,997,950	16.13%
Gains on derivatives	41,159	-	
Other income	17,344	4,895	254.32%
<b>Total revenues</b>	<b>5,862,768</b>	<b>5,002,845</b>	<b>17.19%</b>
<b>Expenses</b>			
Cost of sales	4,903,930	4,479,877	9.47%
Selling and distribution expenses	251,209	226,227	11.04%
Administrative expenses	163,065	170,711	-4.48%
Exchange Loss	107,480	151,476	-29.04%
Loss on Derivatives	-	27,581	-100.00%
<b>Total expenses</b>	<b>5,425,684</b>	<b>5,055,872</b>	<b>7.31%</b>
<b>Profit/ (Loss) before finance cost and income tax expense</b>	<b>437,084</b>	<b>(53,027)</b>	<b>924.27%</b>
Finance Income	12,294	11,691	5.16%
Finance cost	(48,541)	(46,949)	3.39%
<b>Profit /(Loss) before income tax expense</b>	<b>400,837</b>	<b>(88,285)</b>	<b>554.03%</b>
Tax income/(expense)	(30,767)	13,301	-331.31%
<b>Reported Profit/ (Loss) for the period</b>	<b>370,070</b>	<b>(74,984)</b>	<b>593.53%</b>
<b>Reported EBITDA for the period ( incl. finance income)</b>	<b>710,289</b>	<b>242,372</b>	<b>193.06%</b>
<b>Profit / (Loss) attributable to:</b>			
Equity holders of the Company	349,279	(87,855)	-497.56%
Non-controlling interests of the subsidiary	20,791	12,871	61.53%
	<b>370,070</b>	<b>(74,984)</b>	<b>-593.53%</b>
<b>Basic earnings per share (Reported profit/(loss) basis)</b>			
Profit/(loss) attributable to equity holders of the Company	0.39	(0.10)	-497.56%
Number of ordinary shares ( Thousand Shares)	<b>900,000</b>	<b>900,000</b>	
<b>Reported Profit / (Loss) attributable to Equity holders</b>	<b>349,279</b>	<b>(87,855)</b>	<b>-497.56%</b>
<b>Add /(Less): Forex loss /(Forex Gain) - including derivatives</b>	<b>66,321</b>	<b>179,057</b>	<b>-62.96%</b>
<b>Normalized Profit after Tax</b>	<b>415,600</b>	<b>91,202</b>	<b>355.69%</b>
<b>Normalized EBITDA</b>	<b>776,610</b>	<b>421,429</b>	<b>84.28%</b>
<b>Basic earnings per share ( Normalized profit basis)</b>			
Profit attributable to equity holders	0.46	0.10	355.69%
Number of ordinary shares (Thousand Shares)	<b>900,000</b>	<b>900,000</b>	

## **Performance Analysis (YoY)**

- Some of the key factors impacting our performance in this quarter are:
  - Demand of base films saw an improvement as the industry started to witness an easing of the pressure from the continued destocking and the overcapacity caused by the new capacities additions. This resulted in higher sales volume and improved sales mix for the company
  - Improved contribution from specialty sales portfolio due to higher volumes as well as improved realization
  - Supply chain issues resulting in customer preference for local sourcing
- Overall film sales volumes have increased by 6.6% YoY, mainly due to a gradual recovery of demand after the de-stocking impact seen in last few quarters. On a QoQ basis, there is a drop in volumes by about 5.4%, which is mainly due to product mix, new product trials of specialty films, planned / unplanned shutdowns, line uptime due to some minor issues.
- There is an increase in the contribution YoY from base films PET (Thin+ Thick)/ BOPP/ Blown film businesses due to improved sales mix in most of the businesses and higher volumes in some of the businesses (Mainly thin PET and BOPP).
- Contribution from the downstream businesses such as Silicone Coated film, Thermal Lamination Film and Offline Coater has been higher due to higher sales volumes.
- Contribution from sale of surplus PET resin capacity is lower in this quarter compared to corresponding quarter mainly due to lower volumes.
- There is an increase in other income mainly at the US subsidiary due to profit on disposal of asset.
- Increase in cost of sales is mainly due to overall higher sales volumes, change in product mix and also due to increase in conversion costs.
- Higher selling expenses is mainly due to higher freight rates globally, partly offset by lower selling expenses at Thailand due change in delivery terms for a key customer from DAP to FOB resulting in a significant drop in freight expenses.
- Lower Admin expenses are mainly due to lower warehousing and other general admin expenses at various facilities.
- There is a reduction in Exchange loss in this Quarter. The exchange losses are mainly unrealized on restatement of the foreign currency loans at Thailand and the Indonesia subsidiary due to depreciation of local currencies against USD and Euro. This is partly offset by unrealized gains at the US subsidiary on the restatement of the inter-co Euro loans, due to strengthening of USD against Euro currency.
- There is a gain on derivatives this quarter due to the mark-to-market (MTM) impact on the outstanding forward contracts at Thailand and the subsidiaries.
- Finance costs are higher due to higher interest rates.
- There is a Tax expense in this quarter mainly due to the tax provision on the income generated during the quarter and the net impact of Deferred Tax Accounting at Thailand and the subsidiaries in USA and Indonesia.

## **ANALYSIS OF STATEMENT OF FINANCIAL POSITION**

<b>Polyplex (Thailand) Public Company Limited and its subsidiaries</b>			
<b>Statement of financial position</b>			
<b>As at 30 June 2024</b>			
<b>Consolidated financial statements</b>			
<b>(Unit: '000 Baht)</b>			
	<u>30 June 2024</u>	<u>31 March 2024</u>	<u>% Inc/(dec)</u>
	(Reviewed)	(Audited)	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,565,101	1,623,314	-3.59%
Trade and other receivables	3,741,189	3,661,146	2.19%
Inventories	5,437,332	5,101,773	6.58%
Advance payments for purchases of goods	353,018	330,054	6.96%
Input tax refundable	182,255	124,489	46.40%
Other current financial assets	326,605	362,859	-9.99%
Other current assets	341,961	331,266	3.23%
<b>Total current assets</b>	<b>11,947,461</b>	<b>11,534,901</b>	<b>3.58%</b>
<b>Non-current assets</b>			
Restricted bank deposits	368	395	-6.84%
Property, plant and equipment	14,518,295	14,550,217	-0.22%
Deferred tax assets	172,078	165,918	3.71%
Goodwill	3,164	3,164	0.00%
Other intangible assets	89	124	-28.23%
Advance payments for purchases of land & machinery	458,505	292,995	56.49%
Other non-current financial assets	169,825	227,349	-25.30%
Other non-current assets	73,948	65,705	12.55%
<b>Total non-current assets</b>	<b>15,396,272</b>	<b>15,305,867</b>	<b>0.59%</b>
<b>Total assets</b>	<b>27,343,733</b>	<b>26,840,768</b>	<b>1.87%</b>

As at 30 June, 2024, there has been a 1.1% depreciation of THB against the USD (approx. THB 0.4/USD), 0.3% depreciation against the Euro (approx. THB 0.12/Euro) and 2.6% appreciation against IDR (approx. THB 0.002 per 1000 Rupiah) as compared to the exchange rate on 31 March 2024. As a result, the translation of the Company's subsidiaries' Statement of Financial Position has resulted in net translation gain of Baht 15 million.

**Current assets:**

- Current assets have increased by THB 412.6 million or 3.6% compared to March 2024.
- Decrease in cash and cash equivalents is mainly due to cash deployed for the project at the US subsidiary.
- Increase in Trade Receivables is mainly due to higher overdue as at end of June'24.
- Increase in Inventories is mainly due to higher stock of raw materials, Finished goods and Stores & Spares.
- Increase in advance payment for purchase of goods is mainly at Thailand partly offset by lower advances paid at Turkey & Indonesia subsidiary.
- Increase in Input tax refundable is mainly due to increase in VAT refund receivable at Thailand and at 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). Decrease is mainly in Bond investments due to deployment of funds in the US project.
- Increase in Other current assets are mainly on account of increase in Prepaid expenses, and Advance taxes, partly offset by reduction in raw material discount and other receivables.

**Non-current assets:**

- Non-Current assets have gone up by THB 90.4 million or 0.6% as compared to March 2024.
- 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 deployment of funds in the US project.

<b>Polyplex (Thailand) Public Company Limited and its subsidiaries</b>			
<b>Statement of financial position (continued)</b>			
<b>As at 30 June 2024</b>			
<b>Consolidated financial statements</b>			
<b>(Unit: Baht)</b>			
	<u>30 June 2024</u> (Reviewed)	<u>31 March 2024</u> (Audited)	<b>% Inc/(dec)</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from banks	831,000	833,000	-0.24%
Trade and other payables	2,854,390	2,720,889	4.91%
Current portion of long-term loans from banks	342,026	315,696	8.34%
Current portion of lease liabilities	29,843	26,183	13.98%
Income tax payable	24,237	5,049	380.04%
Other current financial liabilities	18,413	50,410	-63.47%
Other current liabilities	411,282	435,335	-5.53%
<b>Total current liabilities</b>	<b>4,511,191</b>	<b>4,386,562</b>	<b>2.84%</b>
<b>Non-current liabilities</b>			
Long-term loans from banks, net of current portion	1,561,033	1,548,428	0.81%
Lease liabilities, net of current portion	58,379	59,234	-1.44%
Provision for long-term employee benefits	113,348	105,234	7.71%
Deferred tax liabilities	366,837	376,960	-2.69%
Other non-current liabilities	616	611	0.82%
<b>Total non-current liabilities</b>	<b>2,100,213</b>	<b>2,090,467</b>	<b>0.47%</b>
<b>Total liabilities</b>	<b>6,611,404</b>	<b>6,477,029</b>	<b>2.07%</b>
<b>Shareholders' equity</b>			
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	17,260,210	16,915,877	2.04%
Other components of shareholders' equity	336,014	320,674	4.78%
Equity attributable to owners of the Company	20,500,674	20,141,001	1.79%
Non-controlling interests of the subsidiary	231,655	222,738	4.00%
<b>Total shareholders' equity</b>	<b>20,732,329</b>	<b>20,363,739</b>	<b>1.81%</b>
<b>Total liabilities and shareholders' equity</b>	<b>27,343,733</b>	<b>26,840,768</b>	<b>1.87%</b>

### **Total Liabilities:**

- Total liabilities have decreased by THB 134.4 million or 2.1% as compared to March 2024.
- Decrease in short term borrowings is mainly due to lower borrowings on a standalone basis due to repayments from cash generated during the quarter. This is partly offset by higher borrowings at the subsidiary in Thailand.
- Increase in trade and other payables is due to higher trade payables at Thailand and Turkey subsidiary as well as higher payables for the purchase of assets for ongoing Capex investments.
- Increase in Long Term Loan is due to unrealized losses on the loan restatement during the quarter, due to the depreciation of local currency against USD/ Euro currencies. This is partly offset by Loan repayments during the quarter by Indonesia and Thailand subsidiary.
- Increase in Corporate Tax Payable is mainly at the Turkey subsidiary.
- Decrease in other current liabilities is mainly due to lower expense provisions.
- Decrease in current financial liabilities is due to lower MTM loss on Derivative contracts.
- Increase in provision for long-term employee benefits is due to higher provision at the Turkey and Indonesia subsidiary.
- Decrease in Deferred Tax Liabilities is mainly at the US subsidiary.

### **Major changes in Shareholder Equity:**

- The retained earnings have increased due to the net profits 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 and USD partly offset by appreciation of Baht against 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 132 million and about USD 90 Million has been spent on the Project until June end. Long Term debt funding of USD 25 Million has been entirely disbursed as at June'24. The balance Project cost is expected to be funded from internal accruals of the US subsidiary and inter-company loans from the Turkey subsidiary. The current scheduled start-up date for commercial operations of Film line and Offline Coater is in Q4 of FY 2024-25.

Please be informed accordingly.

Yours sincerely,

Mr. Amit Prakash  
Managing Director