

10 November 2023

Subject: Explanation of operating result in the financial statement ended 30 September 2023

To: Directors and Managers of the Stock Exchange of Thailand

With reference to the financial statement of Q2 2023/2024 period ended 30 September 2023 submitted by Eastern Polymer Group Public Company Limited (the "Company"), please be informed that:

Million Baht				
	Q2 Year 2023/24	Q2 Year 2022/23	Increase (Decrease)	
	Jul 23 - Sep 23	Jul 22 - Sep 22		
Revenue from sale of goods	3,299.3	3,250.4	48.9	1.5%
Cost of Good sold	2,219.9	2,229.5	-9.6	-0.4%
Gain (Loss) on Exchange	23.5	39.9	-16.4	-41.2%
Selling and administrative expense	743.3	732.0	11.3	1.5%
Finance costs	54.2	33.9	20.3	60.0%
Share of profit from investment in associates	170.2	76.5	93.7	122.4%
Net Profit	434.3	384.9	49.4	12.8%

The operating result of the Company for Q2 2023/2024 (1 July 2023 to 30 September 2023), the Company earned net profit of 434.3 million Baht which was 49.4 million Baht increase or 12.8 % increase from Q2 2022/2023 (1 July 2022 to 30 September 2022), all due to the significant changes as follows:

1. Total revenue from sale of goods in the number of 3,299.3 million Baht was increased by 48.9 million Baht or 1.5% 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 0.3%
 - Aeroklas increased 2.8%
 - Eastern Polypack decreased 0.02%

Aeroflex Group

Aeroflex revenue from sale has increased compared to the same period of the previous year, even though sales in the United States continue to grow steadily due to the demand for premium-grade products and new product models for the Ultra Low Temperature Insulation and Air Ducting System industry, which have been well-received by customers. Sales in the domestic market have also improved due to private sector investments. However, sales in the ASEAN region have declined compared to the same period of the previous year, primarily because of delayed private sector investments.

Aeroklas Group

Aeroklas Revenue from sale has increased compared to the previous year, even though Aeroklas has received continuous orders from the automotive industry, including an increase in the export of pickup truck canopies. However, the business in Australia has experienced a decline in sales compared to the same period of the previous year. This is due to the continued impact of inflation and rising interest rate and a highly competitive market environment.

Nevertheless, Aeroklas is focusing on producing lightweight automotive components and accessories, which are in demand in the automotive industry as they contribute to energy savings. This strategy continues to drive sales for the business in Australia.

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. The cost of goods sold was 2,219.9 million Baht, a decrease of 9.6 million Baht from the same period last year, representing a 0.4 percent decrease. This is despite an increase in sales, particularly in the insulation business. The company has sourced raw materials from various production sources to maintain an average cost, considering the reasonable prices of raw materials.
3. Profit on Exchange is at 23.5 million Baht in comparison to previous year which had the gain on exchange at 39.9 million Baht. The Profit on exchange can be broken down into realized gain value 34.0 million Baht and unrealized loss value 10.5 million Baht. In this quarter, the movement of the Thai Baht compared to the US Dollar and the Australian Dollar continues in a direction favourable to the company.
4. Selling and administrative expenses were increased by 11.3 million Baht or 1.5%. The company has experienced an increase in Selling and administrative expenses in Australia, amounting to 26.6 million Baht. However, transportation costs for the insulation business have decreased by 33.7 million Baht.
5. Financial cost was increased by 20.3 million Baht or 60.0%. This is a result of increased interest rates, the utilization of foreign currency-denominated loans, and the increased borrowing of funds due to business expansion, amounting to 24.5 million Baht. Meanwhile, the loss from exchange rates related to foreign currency-denominated loans has decreased by 4.2 million Baht.

6. The share of profit from investment in associate amounted to 170.2 million Baht, marking the highest quarterly rate for the company. This represents an increase of 93.7 million Baht, attributed to the growth of the insulation business and the automotive business, both domestically and internationally.
7. The company has set aside a provision for expected credit losses, which increased by 38.0 million Baht in this quarter. The majority of this increase is attributed to joint ventures in Sub-Saharan Africa, where there has been a delay in expanding new projects.

For your information.

Respectfully Yours,

Mr. Vatcharakris Nopakun

Deputy Chief Executive Officer of Financial and Accounting

Eastern Polymer Group Public Company Limited