

11 August 2022

Subject: Explanation of operating result in the financial statement ended 30 June 2022

To: Directors and Managers of the Stock Exchange of Thailand

With reference to the financial statement of Q1 2022/2023 period ended 30 June 2022 submitted by Eastern Polymer Group Public Company Limited (the "Company"), please be informed that:

Million Baht				
	Year 2022/23	Year 2021/22	Increase (Decrease)	
	Apr-Jun 22	Apr-Jun 21		
Revenue from sale of goods	2,843.4	2,934.1	-90.7	-3.1%
Cost of Good sold	1,909.5	1,972.6	-63.1	-3.2%
Gain (Loss) on Exchange	14.7	20.2	-5.5	-27.3%
Selling and administrative expense	675.4	568.2	107.3	18.9%
Finance costs	17.6	17.2	0.4	2.0%
Share of profit from investment in associates	23.2	45.8	-22.6	-49.4%
<b>Net Profit</b>	<b>230.6</b>	<b>449.5</b>	<b>-218.9</b>	<b>-48.7%</b>

The operating result of the Company for Q1 2022/2023 (1 April 2022 to 30 June 2022), the Company earned net profit of 230.6 million Baht which was 218.9 million Baht decreased or 48.7% decreased from Q1 2021/2022 (1 April 2021 to 30 June 2021) all due to the significant changes as follows:

1. Total revenue from sale of goods in the number of 2,843.4 million Baht was decreased by 90.7 million Baht or 3.1% 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 7.7%
  - Aeroklas decreased 11.1%
  - Eastern Polypack increased 1.2%

#### **Aeroflex Group**

Aeroflex revenue from sale increased in comparison to the previous year. The revenue from sale in US increased in comparison to previous year due to demand for high quality insulation that is certified with safety standard. Moreover, the company also expand market segment in to Ultra Low Temperature Insulation and Air Ducting system Insulation while, at the same time, the manufacturing sector and private investment in US still expanded in comparison to previous year. As for Asian market such as Japan, the revenue from sale continue to increased, while domestic market also expanded as the government relaxed pandemic control measurement despite slow recovery in private investment.

### **Aeroklas Group**

Aeroklas revenue from sale decreased from the same period last year due the shortage of the Semi-conductor and increased in raw material price which negatively impact Global Automotive industries supply chain. Aeroklas also experienced negative impact as the shortage of the semi-conductor delays new car delivery. In addition the across continent logistic process and contraction of European market demand from weakening economy are concerned during the quarter.

As for the Australian operation, the sale of automotive parts and accessories decrease in comparison to previous year due to major flood in Australia that impact sale during April 2022, in addition to the shortage of the semi-conductor delays new car delivery in Australia.

### **EPP**

The revenue from sale of EPP increased from the same period last year due to relaxation of government pandemic control, in drinking cup segment as people resume their outside activities. Also the demand of food packaging segment that is in high demand in response to trend of consumption in the “new normal” that increase demand of delivery service and take away.

2. Total cost of goods sold amounting to 1,909.5 million Baht was decreased by 63.1 million Baht from the same period last year or 3.2% which is similar to contraction in revenue despite the impact from petrochemical price increase during the year. The company engages the situation by accumulated larger than normal petrochemical stock prior to selling price adjustment. The company did source the raw material from various locations which provide appropriate price basket to the company.
3. Gain on Exchange is at 14.7 million Baht decreased by 5.5 million Baht when compare to previous year as Thai Baht depreciated when compare to US dollars and other currencies.
4. Selling and administrative expenses was increased by 107.3 million Baht or 18.9%. The incremental expense due to
  - Increase in logistic cost in Aeroflex Group
  - Increase in wage in America and Australia
  - Increase in hiring for Both new TJM stores staff and specialized expert for business expansion in Australia
  - Increase in expense related to IT development in Australia
  - Increase in expense related to due diligence in business acquisition
5. Financial cost was increased by 0.4 million Baht or 2.0%, due to increase in loan to support business expansion

6. Share of profit from investment in associates decrease by 22.6 million Baht from due to the impact of Global semi-conductor shortage that negatively impact Automotive sector and Zero Covid Policy measurement in China
7. The company booked the expected credit loss (ECL) by 28.8 MB from the automotive parts and accessories business due to delayed project from the Joint Venture.

For your information.

Respectfully Yours,

***Mr. Vatcharakris Nopakun***

Deputy Chief Executive Officer of Financial and Accounting

Eastern Polymer Group Public Company Limited