



THAI PLASPAC PUBLIC COMPANY LIMITED (“TPAC”)

**Management Discussion and Analysis for the
2nd Quarter ending June 30th, 2022**

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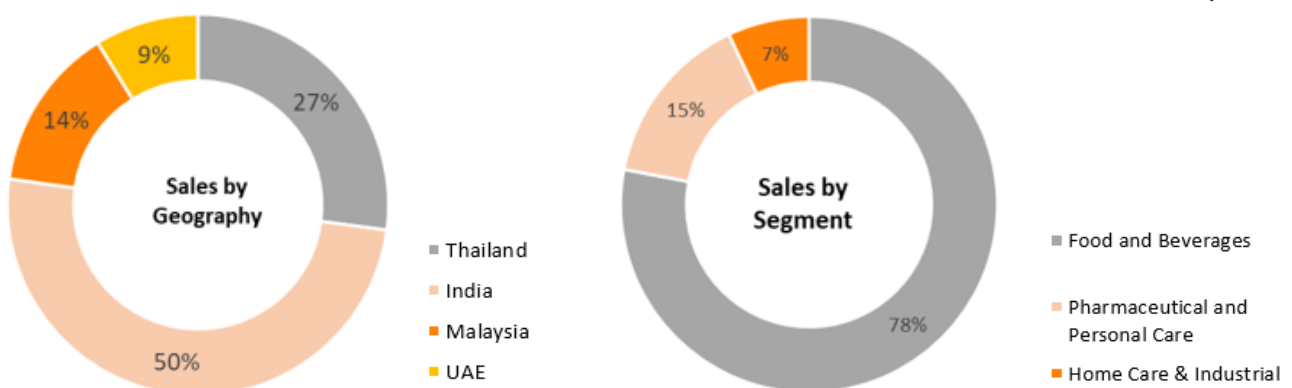
TPAC Overview

Thai Plaspac Public Company Limited (“TPAC”) is a packaging solutions specialist, focused on the design and manufacture of recyclable plastic packaging for the consumer and pharmaceutical segments.

<p>Diversified over 1,500 customers</p> <p>Unique structured with Agile and nimble supply</p> <p>Highly diversified Customer base</p>	<p>Design Led Solutions</p>	<p>Market Leader</p> <p>Leadership position across all our niche markets</p> <p>Rigid Food, Pharmaceutical packaging in Thailand, UAE & India</p> <p>Rigid In-Mould Labelled (‘IML’) Food packaging in Malaysia</p>	<p>100% emerging market exposure</p> <p>17 Production sites (Including 2 under construction)</p> <ul style="list-style-type: none"> • 4 in Thailand • 2 in UAE • 8 in India + 2 under construction • 1 in Malaysia 	<p>Focused on 100% recyclable or recycled polymers</p> <p>PET / rPET</p> <p>PP / rPP</p> <p>HDPE / rHDPE</p>
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Geographic and Industry Segmentation

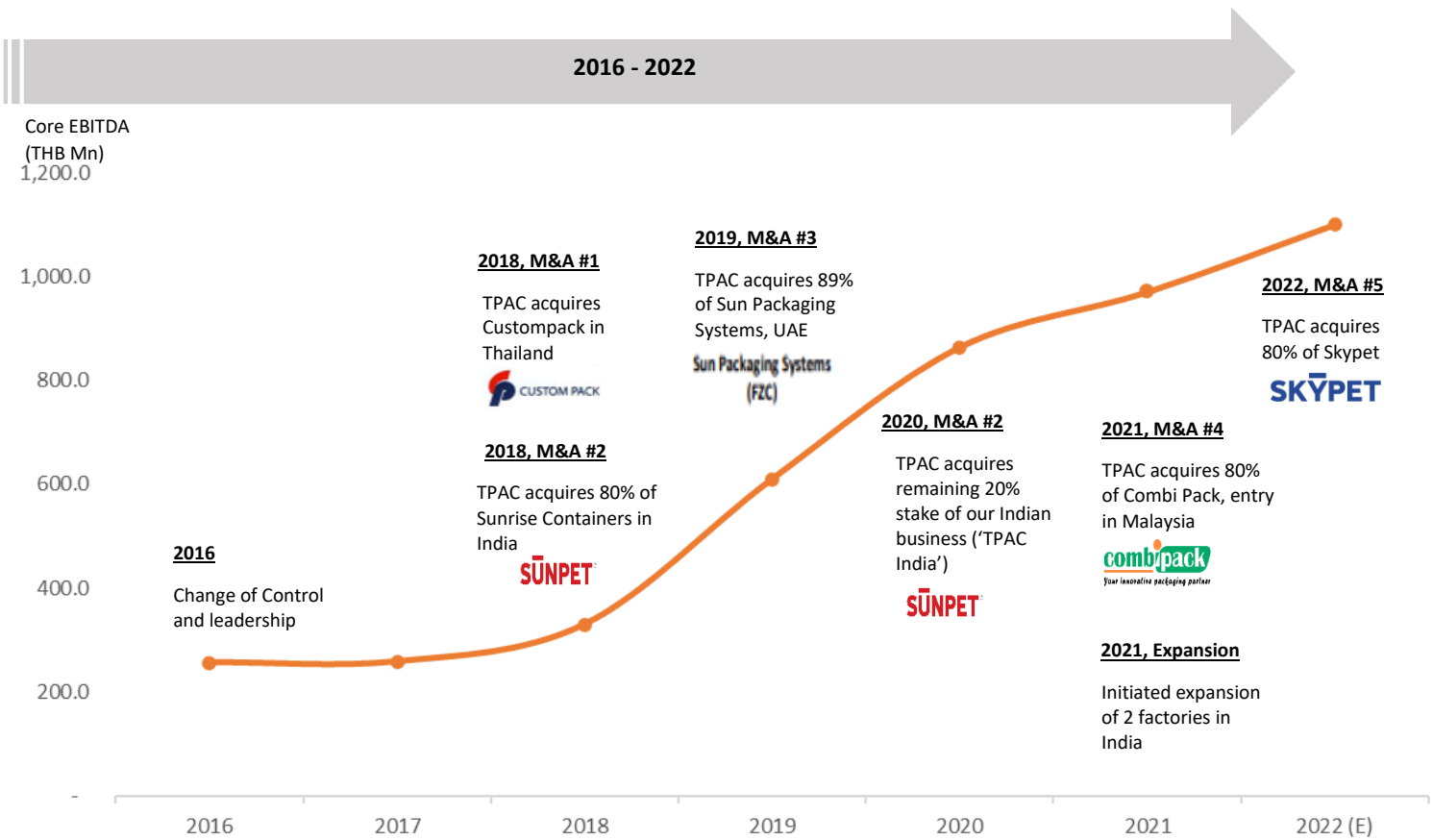
Basis Q'2 22 data



TPAC’s production facilities are certified with world class hygiene controls with more than 90% of TPACs portfolio catering to segments where stringent hygiene standards are a requisite (Food & Beverage, Pharmaceuticals & Personal Care). The remainder of our portfolio comprises of the home care & industrial segment.

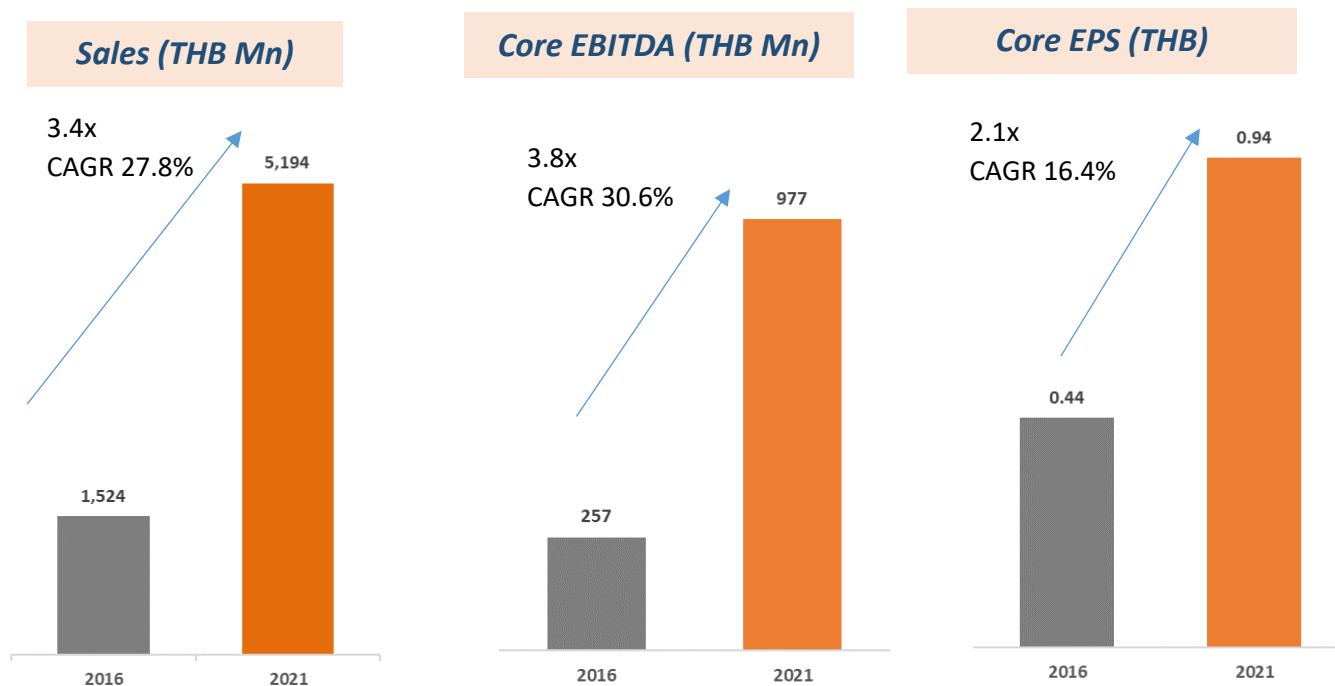
Increase in revenue share from India business and Food & Beverage segment in Q2'22 v. Q1'22 is primarily on account of consolidation of Skypet business in India w.e.f. 01st Apr 2022. Skypet portfolio is centred on the beverages segment.

35 years legacy provided a robust foundation to new sponsors and management to turbo charge TPAC



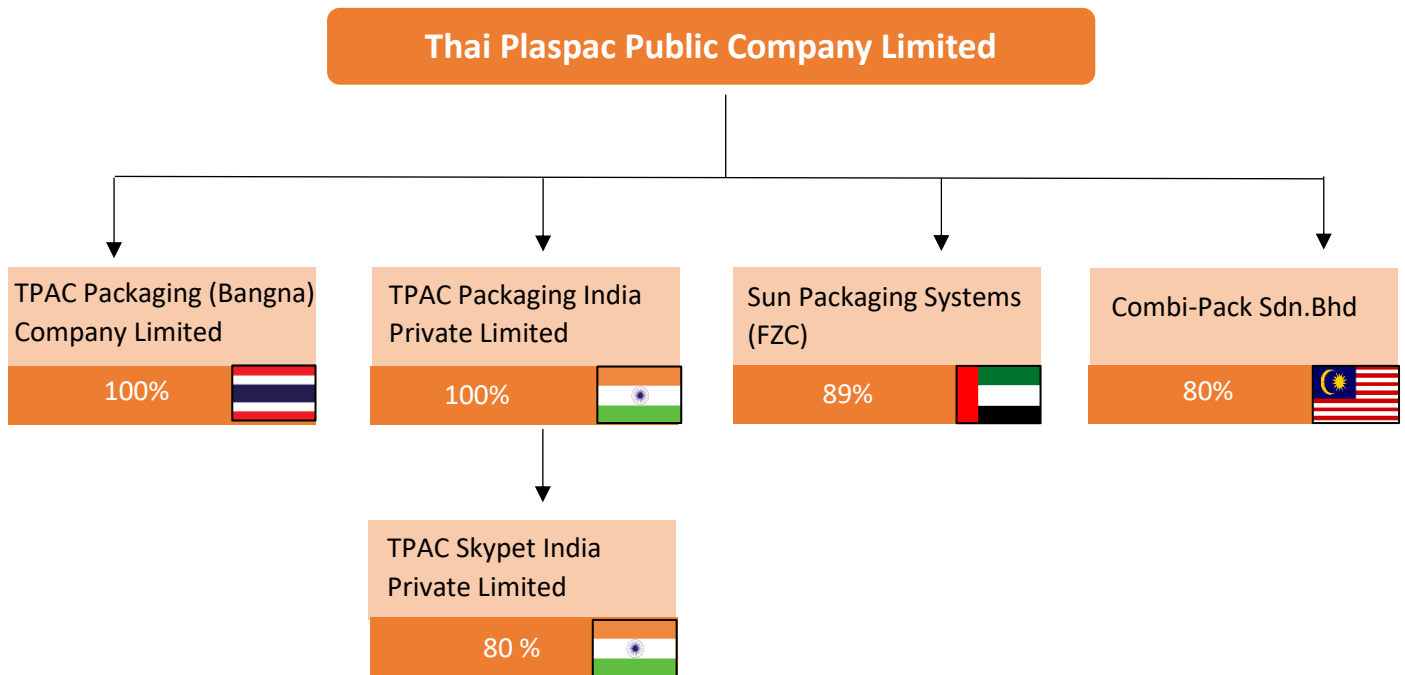
- TPAC began operations in 1983 from its headquarters based out of Bangkok, Thailand.
- For ~4 decades TPAC has been a packaging partner to some of the world’s leading brands and entrepreneurs. TPAC’s specialty focus is food & pharmaceutical recyclable rigid plastic packaging.
- In ‘16, under new leadership (post a change of control at the shareholder level), a bolder vision was outlined for TPAC.
- The company has since transformed itself into a global company with 17 manufacturing sites across 4 countries.
- From ‘17 to ‘20 we experienced consecutive upgrades to our CG rating and we are now at a 4-star (Very Good) rating.

TPAC performance over the last 5 years is driven by a focussed strategy and execution discipline



- Over the last 5 years, TPAC’s sales have grown 3.4x times which has been a mix of both organic and inorganic growth. Sales CAGR has been ~ 28% between FY16 to FY21.
- In line with sales, Core EBITDA has also increased 3.8x times with a CAGR of ~ 31% between FY16 to FY21.
- Core EPS increased 2.1x times with a CAGR of ~ 16% between FY16 to FY21.

TPAC Existing Corporate Structure



- Thai Plaspac Public Company Limited, is the parent holding company of the Group and is publicly listed on the Stock Exchange of Thailand.
- TPAC currently has 4 direct subsidiaries (as presented in the above table). While the subsidiaries located in Thailand and India are 100% owned, the subsidiaries located in UAE and in Malaysia are minority held by partners, who were erstwhile founders of these companies.
- TPAC Packaging India Private Limited has incorporated a subsidiary named TPAC Skypet India Private Limited, as an acquisition vehicle for acquiring business of Skypet Polymers w.e.f. 01 April 2022. Currently TPAC holds 80% and erstwhile founder holds balance 20%.
- TPAC Consolidated numbers consist of earnings from all the above subsidiaries which are consolidated into Thai Plaspac Public Company Limited.

Executive summary

Financial & Business performance for the 2nd quarter ended 30th June 2022

(THB Mn)

Core Financials of Consolidation Business

	Quarterly					Financial Years		
	Q2'22	Q1'22	%Δ	Q2'21	%Δ ¹	FY21	FY20	%Δ
Consolidated Sales ²	1,790	1,620	11%	1,138	57%	5,194	3,983	30%
EBITDA	227	260	-13%	186	22%	952	862	10%
Core EBITDA³	235	263	-11%	194	21%	977	864	13%
Core EBIT ³	110	151	-27%	104	6%	549	543	1%
Core Net Profit ³	55	99	-44%	62	-11%	329	354	-7%
Core Net Profit after Tax and NCI ³	52	91	-43%	57	-10%	307	323	-5%
EPS	0.14	0.27	-48%	0.16	-10%	0.47	0.99	-53%
Core EPS³	0.16	0.28	-43%	0.18	-10%	0.94	0.99	-5%
Core ROE ⁴	10%	17%	-7%	12%	-2%	15%	17%	-2%
Debt to Equity (times) ⁵	1.40	1.36	0.03	1.53	-0.13	1.28	0.96	0.32
Net Debt to Equity (times) ⁶	1.32	1.11	0.21	1.34	-0.02	1.12	0.86	0.26

1. YoY: Q2'22 vs Q2'21, 2. Revenue growth may not present a clear picture of actual sales growth, as our sales prices are a function of underlying feedstock (polymer) prices due to pass through pricing mechanism., 3. Core excludes 1-time expenses primarily related to M&A costs. 4. Core ROE (FY) = FY Core Profit attributable to equity / FY Avg. Equity excluded NCI, Core ROE (Qn) = Qn Core Profit attributable to equity (annualized) / Qn Equity excluded NCI, 5. Debt to Equity = IBD / Equity, 6. Net Debt to Equity = (IBD - Cash) / Equity.

- Revenue for this quarter increased by 57% over the same period last year and increased by 11% compared to previous quarter, driven by growth in volumes and Skypet consolidation
- Core EBITDA (Baht 235m) increased by 21% compared to same period last year and decreased by 11% w.r.t to previous quarter, largely attributable to drop in performance in Thailand and Malaysia business.
- Core earnings per share for Q2 was at Baht 0.16 per share vs Baht 0.28 per share in previous quarter (43% decrease), owing to lower EBITDA and increased expense in D&A (~ 12 TBH mn) and Interest cost (~ 9 TBH mn) primarily on account of consolidation of Skypet business.
- The Net Debt to Equity is at 1.32x, which remains within our comfort levels.

Key Strategic Initiatives and Business Highlights across TPAC Group

- **Capacity Expansion:** We are currently in the last phase of expansion of our two plants in India, the details of which are as follows.
 - **World Class Pharmaceutical plant in West of India (greenfield project):** ~22,000 sq meter state of art building with clean room facility of ~5,500 sq meter is ~ 80% complete and is expected to be completed by beginning of Q4'22. This facility will cater to food, Pharmaceutical & medical devices verticals.
 - **Second new plant in North of India (greenfield project):** ~ 10,000 sq meter state of art building with clean room facility is ~ 95% complete till date and is expected to be completed by end Q3'22. The state- of the art plant would cater to customers in food and the pharmaceutical segment.

Both these 2 plants have experienced some delays with respect to initial timelines primarily due to intense rainfall and shortage in availability of building raw material on account of supplier strike.

- **Acquisition and Partnerships:**

Business of Skypet Polymers is fully consolidated w.e.f 01st Apr 2022. Our focus in Q2'22, was on driving key integration activities and most of the business processes of Skypet are now aligned with existing processes followed by TPAC. The performance of Skypet during Q2'22 was in line with our expectations and prospects for this business is quite promising with the growing demand in food and beverages, and we expect to deliver a strong first year ROCE on this investment.

- **Digitization Project:** TPAC's focus and priority is now on building a robust digital infrastructure over the next 12-18 month, with multiple initiatives being taken across the group.
 - TPAC plans to roll out a group wide CRM system, as we continue to synergize on our customer relationships across the geographies. The implementation will be carried out in phases with initial launch in UAE, India and Malaysia. This initiative is in line with our impetus on building a strong sales engine and becoming a world class customer centric organization.
 - In parallel, we have also embarked on an ERP transformation journey for our India business, with one of the leading consultants, who will help us in evaluation of best technology platforms and process optimization.

- **Sustainability:**

TPAC considers sustainability as a huge opportunity in times ahead. With TPAC's 100 % packaging focus on recyclable polymers and resins, there are numerous ongoing and under development projects being led by TPAC such as production using recycled resins, weight optimisation projects, conversion from recyclable unfriendly polymers to recyclable polymers, Monolayer conversion projects and projects relating to reusability of cups and containers. In this journey, we are closely partnering with our global MNC customers with many such initiatives aligned to their stated sustainability goals.

Financial performance

A) Consolidated Income Statement

(THB Mn)

	Q2'22	Q1'22	% Δ	Q2'22	Q2'21	%Δ	FY'21	FY'20	%Δ
Sales	1,790	1,620	11%	1,790	1,138	57%	5,194	3,983	30%
Cost of sales	1,538	1,349	14%	1,538	926	66%	4,190	3,025	38%
Gross Profit	252	271	-7%	252	212	19%	1,004	957	5%
Gross Profit Margin %	14.1%	16.7%	-3%	14.1%	18.7%	-5%	19.3%	24.0%	-5%
SG&A	183	151	21%	183	125	46%	535	473	13%
Other income	33	28	20%	33	9	285%	55	57	-3%
EBITDA	227	260	-13%	227	186	22%	952	862	10%
EBITDA Margin %	12.45%	15.8%	-3%	12.5%	16.2%	-4%	18.1%	21.4%	-3%
Core EBITDA	235	263	-11%	235	194	21%	977	864	13%
Core EBITDA Margin %	12.9%	16.0%	-3%	12.9%	16.9%	-4%	18.6%	21.4%	-3%
Depreciation and amortization	125	113	11%	125	90	39%	428	321	33%
EBIT	102	147	-31%	102	96	7%	524	541	-3%
Core EBIT	110	151	-27%	110	104	6%	549	543	1%
Core EBIT Margin %	6.1%	9.1%	-3%	6.1%	9.1%	-3%	10.4%	13.4%	-3%
Finance costs	43	34	26%	43	30	44%	137	105	30%
Profit Before Tax	60	113	-47%	60	66	-10%	387	436	-11%
Core Profit Before Tax	68	117	-42%	68	75	-9%	411	437	-6%
Core Profit Before Tax Margin %	3.7%	7.1%	-3%	3.7%	6.5%	-3%	7.8%	10.8%	-3%
Income tax expense	11	17	-38%	11	11	-1%	212	83	155%
Net Profit	49	96	-49%	49	55	-12%	175	353	-50%
Net Profit Margin %	2.7%	5.8%	-3%	2.7%	4.8%	-2%	3.3%	8.7%	-5%
Core Net Profit	55	99	-44%	55	62	-11%	329	354	-7%
Core Net Profit Margin %	3.0%	6.0%	-3%	3.0%	5.4%	-2%	6.3%	8.8%	-3%
Net Profit after Tax and NCI	46	88	-48%	46	51	-10%	153	322	-53%
Net Profit after Tax and NCI Margin %	2.5%	5.4%	-3%	2.5%	4.4%	-2%	2.9%	8.0%	-5%
Core Net Profit after Tax and NCI	52	91	-43%	52	57	-10%	307	323	-5%
Core Net Profit after Tax and NCI Margin %	2.8%	5.5%	-3%	2.8%	5.0%	-2%	5.8%	8.0%	-2%

Non-Recurring income/(expenses) (THB Million)	Q2'22	Q1'22	Q2'22	Q2'21	FY'21	FY'20
Overseas M&A Related Expenses	(8)	(3)	(8)	(2)	(6)	-
Thailand M&A Related Expenses	(0)	(1)	(0)	(7)	(18)	(1)
Deferred tax - pursuant to disallowance of amortization of goodwill on acquisition	-	-	-	-	(133)	-
Total	(8)	(3)	(8)	(8)	(158)	(1)

Thailand Business

Overall with the reopening of economy and the tourism sector, we expect the packaging sector is likely to expand, leading to increase in demand for goods and services. However, growing headline inflation may have some dampening affect on the consumption in the near term.

Sales volumes in Q2'22 remained stable as compared to same period last year and declined by ~ 9% vs the previous quarter. Our thailand business volumes in Q2'22 were also affected by the ramping down of our gum and candy packaging line who's end market is mainly that of Shanghai. The sporadic lockdowns in Shanghai have dented the movement of people in the city and their consumption. TPAC does expect a recovery of this line in Q3 with the opening up of Shanghai.

Aside from Thailand business slowdown in volumes, there has also been an increase in variable cost and resin price affecting the margin. Management has been actively engaging with the customers in order to pass-on these

price increase and margins are expected to improve in the coming quarter with some resin prices showing a downward trend.

India Business

Business acquisition of Skypet Polymers: Skypet financials are now consolidated with TPAC India business w.e.f 01st Apr 2022. Skypet business for the quarter Q2'22 has shown a promising trend with TPAC being able to gain from the expected synergies.

India Sales volume (excluding Skypet) showed a strong jump from Q2'22 v. Q2'21 on the backdrop of subdued volumes in Q2'21, which were lower than normalised levels due to Covid 19 which had impacted sales for the month of May 21 and Jun 21. Sales volume remained stable for Q2'22 as compared to previous quarter. Core EBITDA and Core EBIT as a percentage to sales during the last 2 quarters remained stable

TPAC India are running with high levels of efficiency supported by strong utilization rates (85%+) in Q2'22. Our managements intimacy with customers and robust systems have also supported the swift pass through of underlying raw material market rate escalations.

UAE Business

Sales quantity declined by 6% in Q2'22 v. Q1'22. Such decline is led by factory not being operational for 8-9 days during Q2'22 on account of Eid festival and other matters. Sales quantity increased by 8.4% during Q2'22 v. Q2'21. Management is expecting the sales quantity to pick up in the coming quarters after September 2022, with summer vacations ending and schools reopening. Also, new SKU's are being launched, which should support in pick of volumes. Core EBITDA/unit has been consistent for last 2 Qtrs.

Malaysia Business

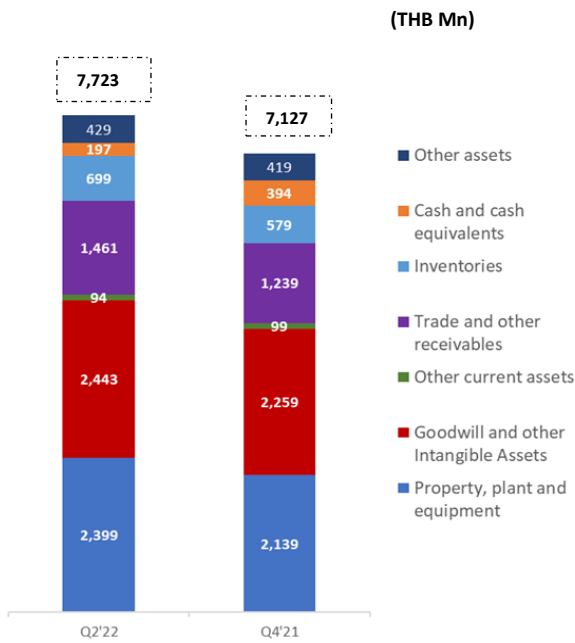
Combi-Pack acquisition was effective from 01st June 2021. Hence, only one month was consolidated during Q2'21 v. 3 months in case of Q2'22 and hence the quarters are not comparable.

Sales quantity declined by 4% in Q2'22 v. Q1'22. There has been a decline in Core EBITDA during Q2'22 primarily on account of impact of higher material cost and increase in minimum wage from RM1,200 to RM1,500 per month which has become effective from 1 May 2022. We are confident of margins to witness an increase in the coming quarters. There are new customer engagements that are ongoing to expand in newer technologies and expanding the product portfolio.

Across TPAC group and its geographies, management have been actively and very transparently engaging with our customers in explaining the price increase. Overall, there is a good level of understanding, trust and acceptance on the justification of these cost escalations that we are all faced with, and we should be seeing the reversal of our margins to normalised levels in subsequent quarters.

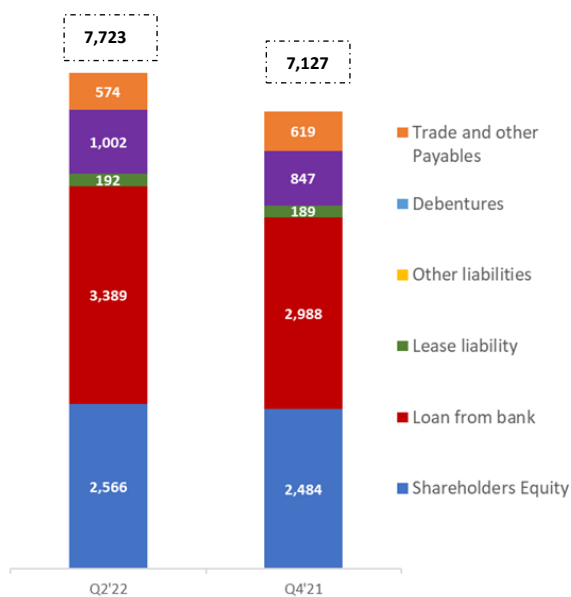
B) **Consolidated Balance Sheet**

ASSETS



- Overall assets of the company stand at ~ THB 7,723 mn as at end of Q2'22 vs THB 7,127 mn at the end of last year.
- Tangible and intangible assets comprise 63% of the total assets at Q2'22
- Increase in assets is on account consolidation of assets pertaining to Skypet polymers w.e.f 01st Apr 2022, routine investment into Capex and working capital.

LIABILITIES



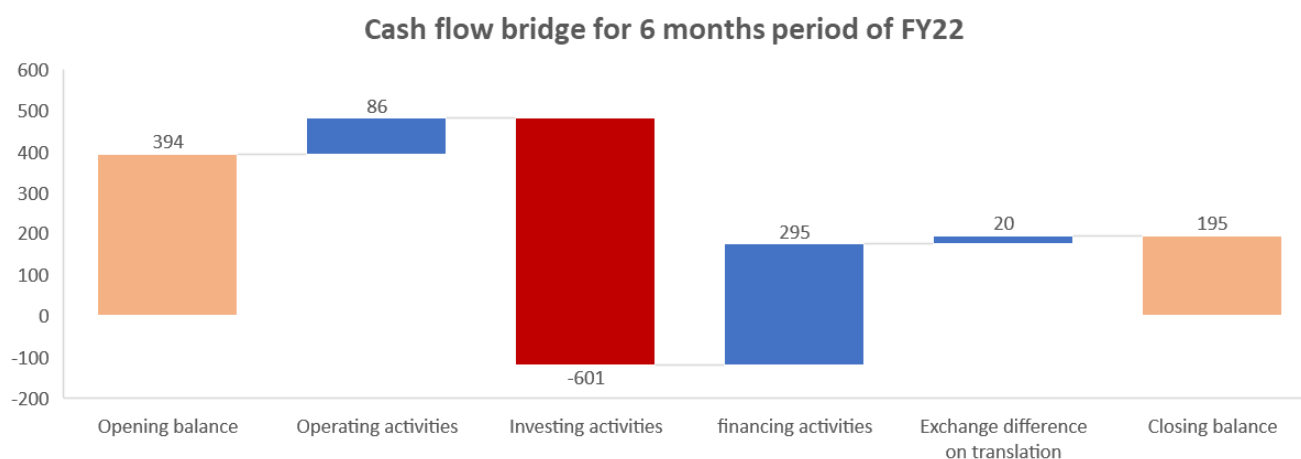
- The total gross debt stands at ~ THB 3.4 billion as at 30th Jun 2022.
- Increase in loan from bank is on account of funding towards business purchase of Skypet polymers and for normal business operations
- Net debt to equity ratio at consolidated level stands at 1.32 at the end of Q2'22

C) Consolidated Cash Flow

(THB Mn)

Cash Flows (THB Million)	H1'22	FY2021
Net cash received from operating activities	86	724
Net cash used in investing activities	-601	-1,157
Net cash used/received in financing activities	295	502
Decrease in exchange differences on translation of financial statements in foreign currency	20	129
Net increase/decrease in cash and cash equivalents	-199	198
Cash and Cash Equivalents - Opening Balance	394	196
Cash and Cash Equivalents - Closing Balance	195	394

Cash flow bridge for 6 months period H1'FY22:



- TPAC generated positive operating cash flow aggregating THB 86 mn for the period H1'22.
- Investing activities primarily comprises of purchase of Skypet business (~ THB 346) and balance in purchase of PPE.
- Financing activities is mainly related towards new loans taken for acquisition of Skypet business and towards normal operations, which is partly offset with repayment of existing loan and finance cost.

Safe harbour:

Certain words and statements in this communication concerning THAI PLASPAC PUBLIC COMPANY LIMITED (“the Company”) and its prospects, and other statements relating to the Company’s expected financial position, business strategy, the future development of the Company’s operations and the general economy in Thailand & global markets, are forward looking statements.

Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

The important factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements include, among others, changes in government policies or regulations and, in particular, changes relating to the administration of the Company’s industry, and changes in general economic, business and credit conditions.

The information contained in the MD&A is only current as of its date and has not been independently verified. No express or implied representation or warranty is made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this MD&A. None of the Company or any of its affiliates, advisers or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained in this MD&A. Please note that the past performance of the Company is not, and should not be considered as, indicative of future results. Furthermore, no person is authorized to give any information or make any representation which is not contained in, or is inconsistent with, this MD&A. Any such extraneous or inconsistent information or representation, if given or made, should not be relied upon as having been authorized by or on behalf of the Company.

The Company may alter, modify, or otherwise change in any manner the contents of this MD&A, without obligation to notify any person of such revision or changes.

Annexures

Consolidated Balance Sheet

(THB Mn)

Particulars	Q2'22	Q4'21	%Δ
Cash and cash equivalents	195	394	-51%
Current investment	2	-	0%
Trade and other receivables	1,461	1,239	18%
Inventories	699	579	21%
Other current financial assets	-	2	-100%
Advance purchase for raw material	2	14	-83%
Asset held for sale	-	-	0%
Other current assets	91	83	11%
Total current assets	2,451	2,311	6%
Restricted bank deposits	18	18	0%
Investments in subsidiaries	-	-	0%
Long-term investment	1	0	200%
Property, plant and equipment	2,399	2,139	12%
Right-of-use assets	182	191	-4%
Excess of acquisition cost over estimated value of interest acquired in net assets from acquisition of the subsidiary	-	-	0%
Goodwill	1,751	1,640	7%
Intangible assets	692	619	12%
Deferred tax assets	11	10	9%
Withholding tax deducted at source	70	70	0%
Advance payment for purchasing of molds	61	64	-4%
Assets associated with call options	6	6	0%
Other non-current assets	79	59	33%
Total non current assets	5,271	4,816	9%
Total assets	7,723	7,127	8%
Bank overdraft and short-term loans from banks	1,115	751	48%
Trade and other payables	574	619	-7%
Current portion of long-term debentures	-	-	0%
Current portion of long-term lease liabilities	12	14	-12%
Current portion of long-term loans from banks	330	257	29%
Income tax payable	28	24	17%
Other current financial liabilities	0	-	0%
Liabilities associated with share purchase agreement in subsidiaries	-	-	0%
Other current liabilities	66	98	-32%
Total current liabilities	2,124	1,762	21%
Long-term debentures - net of current portion	-	-	0%
Long-term lease liabilities, net of current portion	180	175	3%
Long-term loans from banks - net of current portion	1,944	1,980	-2%
Non-controlling interest put options	342	290	18%
Deferred tax liabilities	388	356	9%
Provision for long-term employee benefits	87	80	9%
Other non-current liabilities	91	-	0%
Total non current liabilities	3,032	2,881	5%
Total liabilities	5,156	4,643	11%
Registered share capital	327	327	0%
Issued and paid-up capital	327	327	0%
Premium on ordinary shares	1,027	1,027	0%
Appropriated - statutory reserve	33	33	0%
Retained earnings	717	681	5%
Other components of shareholders' equity	88	46	90%
Excess of book value of acquired subsidiary over cost	20	20	0%
Equity attributable to owners of the Company	2,211	2,133	4%
Non-controlling interests of the subsidiaries	355	350	1%
Total shareholders' equity	2,566	2,484	3%
Total liabilities and shareholders' equity	7,723	7,127	8%
Net Debt to Equity (times)	1.32	1.12	

Cash Flow (Consolidated)

(THB Mn)

	H1'22	FY2021
Cash flow from Operating Activities		
Profit Before Tax	173	387
Adjustment : Depreciation and Amortisation	238	428
Adjustment : Other adjustments	89	156
Profit from operating activities before changes to working capital	500	971
Net changes to working capital	-369	-217
Cash flows from Operating Activities	132	754
Cash receipt from refund of withholding tax deducted at source	-	23
Cash paid for corporate income tax	-45	-53
Net Cash Flows from Operating Activities	86	724
Cash flow from Investing Activities		
Acquisition of Fixed Assets	-262	-337
Acquisition of Intangible Assets	-1	-1
Proceeds from equipments sales	8	12
Proceeds from Asset held for sale		57
Cash paid for investment in subsidiary	-346	-893
Other	1	6
Net Cash Flow used in Investing Activities	-601	-1157
Cash flow from Financing Activities		
Increase (decrease) in short-term loans from bank	363	210
Decrease from restricted bank deposit		8
Increase (decrease) in long-term loans from bank	252	1373
Repayment of long-term loan	-219	-283
Repayment of debenture		-524
Cash paid for finance lease payable	-14	-25
Cash receipt from long-term loan from non-controlling interests of the subsidiary	40	-
Cash paid for financial fees	-	-10
Finance costs	-68	-145
Dividend Paid Out	-59	-102
Net Cash Flow from Financing Activities	295	502
Decrease in exchange differences on translation of financial statements in foreign currency	20	129
Change in Cash and Cash Equivalents	-199	198
Cash and cash equivalents at beginning of period	394	196
Cash and Cash equivalents - Closing Period Balance	195	394