



บริษัท ไทยโพลีอะคริลิก จำกัด (มหาชน)  
**THAI POLY ACRYLIC PUBLIC COMPANY LIMITED**

No. KorTor 010/2567

21 November 2024

Subject Clarification of Q3/67 Financial Statements - Auditor's Qualified Opinion on Reversal of Sales and Delivery Transactions, Including Special Audit, as Requested by the Stock Exchange of Thailand

Dear Managing Director  
The Stock Exchange of Thailand

Thai Poly Acrylic Public Company Limited (the "Company") would like to clarify the information in the Q3/67 financial statements, where the auditor expressed a qualified opinion on the reversal of sales and delivery transactions as follows:

1. During Q3/2567, the Company reversed sales transactions under a Billed and Hold Arrangement, where sales were recorded upon invoicing but the goods were not yet delivered. The Company and the auditor have jointly reviewed and determined that these sales transactions did not meet the criteria for revenue recognition under financial reporting standards concerning the delivery of goods period. The sales involved 19 customers, with a total sales value of 17 million baht, representing 10% and 3% of sales revenue in the Q3/2567 financial statements and the nine-month period ending 30 September 2024, respectively.

Most of these customers have been long-term vendors of the Company for over five years, with some orders under the Billed and Hold Arrangement. In 2023, the total value of such orders was 70 million baht, representing 9% of total sales revenue in the 2023 financial statements. During the nine-month period of 2024, the total order value was 69 million baht, with 52 million baht recognized as revenue in the nine-month financial statements ending 30 September 2024, representing 9% of the Company's total sales revenue.

2. For the sales transactions under Billed and Hold arrangements exceeding the specified period, which resulted in a sales revenue reversal of 17 million baht, the Company has delivered goods between 1 October 2024 and 20 November 2024, amounting to 11 million baht. As of 20 November 2024, there

remain only 5 customers for whom the Company has not yet delivered the goods as scheduled, due to the customers' storage issue. This accounts for approximately 6 million baht in sales that do not meet the criteria for revenue recognition. Nevertheless, the Company expects to complete deliveries and recognize the revenue within the 4/2024 quarter, for a total sales value of 17 million baht.

3. The financial statements for the three-month and nine-month periods ended 30 September 2024, have been adjusted the impact on the statements of comprehensive income from the reversal of sales. Sales revenue decreased by 17.5 million baht and cost of sales decreased by 14.8 million baht. The impact on the statement of financial position as of 30 September 2024, is as follows: Trade receivables decreased by 14.2 million baht, inventory increased by 14.8 million baht, other current assets increased by 1.2 million baht, and advance payments from customers increased by 4.5 million baht. Consequently, the loss for the three-month and nine-month periods ended 30 September 2024, increased by 2.7 million baht.
4. The actions taken by the Audit Committee and the Certified Public Accountant regarding the aforementioned matter can be summarized as follows: Upon receiving observations from the Company's Certified Public Accountant (the "Auditor") on 11 November 2024, concerning suspicious circumstances related to the Company's handling of sales transactions under the Billed and Hold Arrangement, which may fall under Section 89/25 of the Securities and Exchange Act B.E. 2535, the Audit Committee conducted a preliminary review and presented the findings to the Company's Board of Directors on 14 November 2024. The Board of Directors has reviewed and established measures to address the issue. Consequently, the Audit Committee reported the preliminary details to the Securities and Exchange Commission ("SEC") on 15 November 2024, in accordance with Section 89/25 of the Securities and Exchange Act B.E. 2535.
5. The Board of Directors' measures to ensure compliance with laws and good corporate governance principles, as approved in the Board meeting No. 4/2024 on 14 November 2567, are as follows:
  - 5.1 The Company will consult with external accounting and legal advisors, and the auditor, to establish concrete guidelines for revenue recognition under Billed and Hold Arrangements, ensuring compliance with relevant accounting standards and legal requirements, with clear audit processes and complete documentation reflecting the true intent of the parties involved.

- 5.2 Implement the agreed-upon guidelines between the Company, external advisors, and the Auditor, with immediate effect on the Company's financial statements for the fiscal year ending 31 December 2024, and for future periods.
- 5.3 The Company will appoint experts to conduct a Special Audit of the Billed and Hold Arrangements. The Company is currently in the process of selecting and appointing experts to investigate the matter.

The Company will provide updates on the appointment and scope of the audit as progress is made. Shareholders will be informed of the audit results, which are expected to be completed by January 2025.

Please be informed accordingly.

Sincerely,

(Mr.Surajin Tappanchai)

Managing Director