



บริษัท ไทยโพลีอะคริลิก จำกัด (มหาชน)

THAI POLY ACRYLIC PUBLIC COMPANY LIMITED

No. TPA003/2025

Date: February 27, 2025

Subject: Report on the Special Audit to Investigate the Facts Regarding Invoiced but Undelivered Goods

To: Managing Director,

The Stock Exchange of Thailand

As Thai Poly Acrylic Public Company Limited ("the Company") has clarified information in the Q3/67 financial statements, where the auditor expressed a conditional opinion regarding the reversal of sales and delivery transactions, and arranged for a Special Audit as requested by the Stock Exchange on November 21, 2024, and reported the progress of appointing Berkeley Research Group (Thailand) Limited to conduct a Special Audit on the invoiced but undelivered goods (Bill-and-Hold Arrangement) on November 25, 2024.

The Company would like to report the summary of the special audit results to the shareholders as follows:

1. Berkeley Research Group (Thailand) Limited conducted a factual investigation of the invoiced but undelivered goods by examining email communications between the Company and customers, reviewing relevant accounting documents by sampling, and interviewing relevant employees. The conclusions are as follows:

- The Bill-and-Hold arrangement has been in place since around 2014 and is recognized by management and employees in the relevant departments. The practice is transparent and communicated within the organization.
- Communication regarding the Bill-and-Hold arrangement with customers is open and mutually agreed upon. The communication between the Company and customers shows discussions about orders clearly identified as Bill-and-Hold, with customers requesting delivery as needed. The Company regularly reports the status and quantity of goods held to customers.
- The Bill-and-Hold order process involves issuing invoices and deducting stock in the SAP system upon invoicing. Customers sign to acknowledge receipt of goods and pay the full invoice amount before delivery. Additionally, customers sign a temporary storage request document to hold goods until needed.
- Delivery involves preparing temporary delivery orders for customers to sign, confirming receipt of goods. Delivery often occurs months after invoicing, and in

some cases, goods are delivered in installments. Management and tracking of Bill-and-Hold transactions are done through an Excel file.

- No indications or evidence of intentional sales inflation or recording sales without actual transactions were found. The Bill-and-Hold sales are mutually recognized by the Company and customers. All sampled transactions showed complete payment for goods.

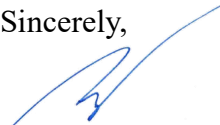
2. Management conducted further factual checks and confirmed to the Board of Directors that no fraudulent activities or benefits from invoiced but undelivered goods were found.

The nature of the transactions, mutually recognized by both customers and the Company as invoiced but undelivered goods, stems from customers' requests to store goods at the Company. The goods are packaged and labeled clearly for each customer, separate from other goods, and ready for delivery upon customer notification. Management believes the transactions comply with TFRS15 accounting standards, and the Bill-and-Hold revenue recognition in the Company's financial statements is correct.

3. However, the Company's certified public accountant acknowledged the special audit report and commented on the transactions in the auditor's report to the Audit Committee, stating that the nature and conditions of the sales transactions do not meet the criteria for revenue recognition under financial reporting standards. The impact on the Company's financial statements for the fiscal years ending December 31, 2023, and December 31, 2024, was presented in the comprehensive income statement and the statement of financial position. Management acknowledged the auditor's opinion and decided not to retrospectively adjust the financial statements, as the adjustments do not materially affect the financial statements for both fiscal years.

The Board of Directors' meeting No. 1/2025 considered and resolved to cease the Bill-and-Hold transactions as proposed by management. Management is to monitor the potential impacts of ceasing the transactions and, if Bill-and-Hold transactions are to be conducted in the future, propose such transaction to the Board of Directors for consideration before proceeding.

Sincerely,



(Dr. Surajin Tappanchai)

Managing Director