



PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED

56-1 One Report 2022

Contents

Part 1

Business Operations and Performance

1. Company Structure and Business Operation **5**
2. Risk Management **27**
3. Driving Business for Sustainability **32**
4. Management Discussion and Analysis **63**
5. General and Other Information **98**

Part 2

Management and Corporate Governance

6. Corporate Governance Policy **100**
7. Corporate Governance Structure and Significant Information about Directors, Sub-Committees, Executives, Employees and Others **105**
8. Report on Important Results of Corporate Governance **122**
9. Internal Control and Connected Transactions **139**

Part 3

Independent Auditor's Report **144**

Part 4

Board of Directors and Management Team

ATTACHMENT 1

Information about Board of Directors,
Management, CFO, Company Secretary **187**

ATTACHMENT 2

Information about Chief of Internal Audit **199**

Financial Hilight

	Consolidated					Separated				
Unit : Thousand Baht	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Total Sales	447,010	645,843	522,011	568,235	816,701	441,148	624,148	536,165	552,697	789,290
Total Revenues	444,484	649,922	557,290	581,087	822,727	442,184	638,182	547,385	571,943	806,932
Gross Profit (Loss)	121,313	217,388	164,041	170,522	275,678	116,800	204,340	155,559	161,889	259,518
Net Profit (Loss)	44,918	118,695	81,793	86,727	518,008	45,562	118,036	81,443	86,705	157,651
Total Assets	579,796	685,620	608,954	642,117	791,313	576,360	680,514	605,223	636,790	781,367
Total Liabilities	83,790	113,729	86,471	114,668	204,317	82,018	118,931	84,388	110,819	195,647
Total Equity	496,006	571,891	522,483	527,449	586,996	494,342	569,583	520,835	526,151	585,720
Net Profit (Loss) Margin (%)	10.11	18.26	14.68	14.92	19.21	10.30	18.50	14.88	15.16	19.54
Return on Equity (%)	8.41	21.69	15.58	15.56	26.27	8.56	21.65	15.56	15.60	26.26
Return on Total Assets (%)	7.10	18.34	13.08	12.10	20.89	7.25	18.36	13.11	12.23	21.01
Earning Per Share (Baht)	0.32	0.83	0.57	0.61	1.11	0.32	0.83	0.57	0.61	1.11
Dividend Per Share (Baht)	0.41	0.82	0.57	0.60	1.00	0.41	0.82	0.57	0.60	1.00
Pay Out Ratio (%)	129.95	98.36	99.22	98.50	90.10	128.12	98.91	99.64	98.52	90.31
Book Value (Baht)	3.48	4.02	3.67	3.70	4.12	3.47	4.00	3.66	3.70	4.11



Business Operations and Performance



Company Structure and Business Operation

1.1 Policies and Business Overview

Pato Chemical Industry PCL. was established on 6 October 1972 to be Importer, formulator, repacker, and distributor of herbicide, insecticide, acaricide, molluscicide, fungicide, and plant growth regulator in liquid, powder, and granule form for use in rice, plantation crops, fruit orchards, vegetables, and livestock having a factory located in Bangpoo Industrial Estate with over 330 dealers, wholesalers, and repackers as our distribution channels in every region of Thailand currently. And in 2011, Pato has invested 99.99% stake in Pato Crop Care Co., Ltd.

The company is the importer, formulator, and distributor of pesticide which can be divided into 2 major types of imports as follows:

Major Type of Imports:

1. Technical Grade (TG): is a concentrated chemicals which are used in formulations to produce final products according to the specified formulas.

2. Finished Product (FP): is the product ready for use. Most of the imported FP is in liquid and solid form in bulk sizes. Therefore, repackaging is needed before distribution.

About 80% of the company's imported products are TG for formulation at the factory before distribution resulted in lower cost of raw material as compared with other competitors who import finished product for repackaging. TG has longer shelf-life than FP and can be formulated according to the requirements which is more suitable for the environment. Agrochemical in the market can be in many forms e.g. liquid, powder, and granule for safety in moving and storing. In the production process, there are 2 main ingredients in agrochemical; active and inert ingredients. "Active Ingredients" are chemical substance called by its chemical names for different uses of purposes. "Inert Ingredients" are substance to combine with the active chemical to make it in the forms suitable for different types for uses such as solvents, carriers, surfactants, emulsifiers, or any other substance which are added for special purpose called "Special Additives".



PATO submits documents for registration to the Department of Agriculture and as of December 31, 2022 PATO has been granted with 93 import registration and manufacturing and selling licenses for 250 trade names.

Pato Crop Care Co., Ltd.

The company is the importer, formulator, and distributor of pesticide under Global logo Pato Crop Care by planning to import chemical pesticide in 2 forms follows:

Major Type of Imports:

1. Technical Grade (TG) which is a concentrated chemicals which are used in formulations to produce final products according to the specified formulas.

2. Finished Product (FP)

The policies established the company is to help the core business, Pato Chemical Industry PCL. to be more flexible. According to the Hazardous Substances Act (No.3) BE 2551 effective on February 25, 2008 has set a restriction on the number of trade name for 1 product registered to only 3 trade names which does not meet the demand of customers

Production plant is located in Bangpoo Industrial Estate. Pato Crop Care rents building and machinery of Building no. 5 and 6 of Pato Chemical Industry PCL. to use as office, formulating plant and warehouse. Annual capacity will be 16,500 Mts. for granule pesticide, 3,300 Mts. for liquid pesticide, and 1,650 Mts. for powder pesticide. Pato Crop Care submits documents for registration to the Department of Agriculture and as of December 31, 2022 Pato Crop Care has been granted with 4 import registration and manufacturing and selling licenses for 68 trade names.

1.1.1 Vision

“*Food Security and Sustainable Agriculture through Crop Protection*”

The Board of Directors ensures that the main objectives and goals of the business are to promote agricultural sustainability. The world's population has enough crops for consumption which are objectives and goals that are consistent with creating value for the business, customers, and society as a whole.

Objective

1. A manufacturer and distributor of agricultural chemicals of effective prevention and pest control with fair price to help Thai farmers.
2. Stabilize the company's performance without abandoning social work and environmental protection.
3. Being a part to create food security that leads Thailand to be the leading exporter of quality agricultural products and feed the world sufficiently.

4. Operate under the principles of anti-corruption and prevent human rights violations

The board should ensure that the company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilizing innovation and technology effectively.

The company has set long-term achievements as follows:

- Become a quality manufacturer and distributor of chemical agricultural products in an international level with appropriate innovation and technology that is harmless to the environment and fair to the buyers.
- Maintain the leadership of manufacturing and merchandising chemical agricultural products related to rice fields and minimize the business risk through diversification to capture other chemical agriculture market covering farm crops, fruits, ornamental plants, and vegetables.
- Sustain the growth rate of no less than 8% per annum with every-year higher dividend yield given than other average companies listed in the stock market.
- Target sales reach 900 million baht by 2025.

1.1.2 Major Changes and Development

Pato went public and changed its name to PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED in October 1993 then continued to sell its ordinary stocks for 3,000,000 shares at Baht 55 per share, valued at Baht 10 per share in July 1995. PATO increased its capital to Baht 140 million and the company has been listed in the Stock Exchange of Thailand in August 1995.

- In 2009 - Resolution of shareholders' meeting approved share split from 10 baht per share to 1 baht per share. The ordinary shares of the company were then 140,000,000 shares.
- In 2011 - Investment in a new company "Pato Crop Care Co., Ltd." The registered capital is 5 million baht for 1 million ordinary shares with the par value of 5 baht per share.
- Pato received SET Awards for Outstanding Company Performance 2011.
- In 2012 - At the extraordinary shareholder's meeting No.1/2012, the shareholders passed the resolution to allocate the ESOP warrants of 2,800,000 units to the executives and employees of the Company. Registered capital increased to 142.8 million baht with 140 million baht paid-up capital and 142.8 million shares to support the exercise of warrant in 2015.
- Pato has been awarded its second consecutive year of SET Awards for Outstanding Company Performance 2012.
- In 2014 - Pato has been awarded its third consecutive year of SET Awards for Outstanding Company Performance and Best Company Performance Awards for the first time.



- In 2015 - Registered and paid up capital decreased to 142,372,000 shares in accordance with ESOP right exercised.
- In 2016 - Pato declared an intention to join Thailand's Private Sector Collective Action against Corruption (CAC).
- In 2017 - Pato had been awarded its forth SET Awards for Outstanding Company Performance.
- In 2018 - Pato had been grandtnd with a certificate from Thailand's Private Sector Collective Action against Corruption (CAC).
 - Pato had been awarded its fifth SET Awards for Outstanding Company Performance and Best Company Performance awards for the second time.
- In 2020 - The Thai Private Sector Collective Action Coalition against Corruption resolved to extend the certification of Pato Chemical Industries Public Company Limited, effective from December 31, 2020 until December 31, 2023.
- In 2021 - Pato Chemical Industry Public Co., Ltd. and Pato Crop Care Co., Ltd. have been certified by ISO 1900 : 2015 and ISO 14001 : 2015

Major Changes and Development in 2022

April 2022	:	AGM of Shareholders 1/2022 where the meeting approved to pay dividend payment for the 2021 performance And appointed : Mr. Pradit Rodloytook Registration No. 218 or Ms. Nongram Laoha-areedilok Registration No. 4334 or Ms. Champorn Rodloytook Registration No. 9211 or Mrs. Porntip Lerttanongsak Registration No. 7633 or Ms. Sunanta Kumsuk Regisration No. 8207 from AST Master Co., Ltd. to be the Company's auditor for 2022.
October 2022		Pato had been awarded its sixth SET Awards for Outstanding Company Performance

Development of major shareholders from 15 January 2020 - 30 December 2022

Shareholders	Nationality	Number of Share As of 10/01/20	Percentage	Number of Share As of 5/01/21	Percentage	Number of Share As of 30/12/21	Percentage	Number of Share As of 30/12/22	Percentage
1. Trillit Group	Thai	50,100,000	35.19	50,100,000	35.19	50,100,000	35.19	50,100,000	35.19
2. Pojanalai Group	Thai	16,500,000	11.59	16,500,000	11.59	16,500,000	11.59	16,500,000	11.59
3. Wesaratchawest Group	Thai	5,522,866	3.88	5,609,666	3.94	5,631,466	3.96	5,760,466	4.05
4. Cheongwiwatkit Group	Thai	9,061,850	6.36	9,061,850	6.36	9,061,850	6.36	9,061,850	6.36
5. Others		61,187,284	42.98	61,100,484	42.92	61,078,684	42.90	60,949,684	42.81
Total		142,372,000	100	142,372,000	100	142,372,000	100	142,372,000	100
Paid up Capital (Mill baht)		142.37		142.37		142.37		142.37	
Registered Capital (Mill baht)		142.37		142.37		142.37		142.37	
Par (baht)		1.00		1.00		1.00		1.00	

1.1.3-1.1.5 Use of New Funding : None



1.2 Type of Business

1.2.1 Revenue Structure

	Operated		2020		2021		2022	
			Million Baht	%	Million Baht	%	Million Baht	%
Local Sales by Products								
Product Line 1	PATO	PCC 2022						
Insecticide		23.08	120.61	22.03	130.49	20.45	196.05	44.05
Herbicide		6.17	224.29	40.98	281.54	44.12	86.74	19.62
Fungicide		4.79	99.26	18.13	134.06	21.01	93.21	21.09
Acaricide		-	38.46	70.03	51.30	8.04	39.77	9.00
Other		1.30	55.68	10.17	30.60	4.79	26.49	5.99
Total Local Sale		35.34	538.30	98.34	627.99	98.40	442.26	100.05
Export Sales by Products								
Product Line 1	PATO							
Insecticide		-	-	-	-	-	-	-
Herbicide		-	-	-	-	-	-	-
Fungicide		-	-	-	-	-	-	-
Acaricide		-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
Total Export sales		-	-	-	-	-	-	-
Local & Export Sales	PATO							
Product Line 1								
Insecticide		23.08	120.61	22.03	130.49	20.45	196.05	44.05
Herbicide		6.17	224.29	40.98	281.54	44.12	86.74	19.62
Fungicide		4.79	99.26	18.13	134.06	21.01	93.21	21.09
Acaricide		-	38.46	70.03	51.30	8.04	39.77	9.00
Other		1.30	55.68	10.17	30.60	4.79	26.49	5.99
Total Local & Export sales		35.34	538.30	98.34	627.99	98.40	442.26	100.05
Less returned & Discount		0.14	2.13	0.39	3.02	0.47	1.11	0.25
Net Sales		35.20	536.17	97.95	624.97	97.93	441.15	99.80
Contractor		-	-	-	-	-	-	-
Other Income		0.01	11.22	2.05	13.21	2.07	0.88	0.20
Total Revenue		35.21	547.39	100	638.18	100	442.03	100

1.2.2 Product Characteristic

(1) Product line or Service and Business Innovation Development

In general, there are 2 major types of agrochemical (from business aspect)

1. **Specialty Products:** this is proprietary product belonging to a particular company which has the patent right to produce and distribute it. An agreement of contract with Manufacturers' is needed as the products are of complicated formulation to achieve efficient products to meet market demand and receive brand loyalty.

2. **Commodity Products:** this is generic product commonly sold and distributed by many companies. Commodity product can be imported from many manufacturers around the world. It is usually imported in the form of technical grade and then formulated into finished products. Due to price competition, import of finished products is less than import of technical for formulation. Since there is no significant difference in the quality and price, brand loyalty and image are very important factors for commodity products.

Products by types of 2022

	Specialty Products	Commodity Products	Total
Technical Grade	8	25	33
Finished Products	11	27	38
Total	19	52	71
Total Value (Million Baht)	284.84	154.73	439.57

The proportion in terms of the value of imported specialty to commodity products in Thailand is 35 : 65. For Pato Chemical Industry PCL., this proportion is about 63 : 35 in 2022. Among all pesticide products used by Thai farmers, herbicides have the highest import volume followed by insecticides. In the past, most herbicide was imported in the form of finished products more than in form of technical grade and vice versa for insecticides. At present, however, the market situation has changed. More and more herbicides are now imported in the form of technical grade due to the increase demand and emphasis of farmers on herbicides. Farmers are now more conscious about weeds, which naturally grow along with the crops, and take away some of the essential water and nutrition leaving a lowered crop yield. Herbicide usage is now more frequent and consequently the total herbicide usage grew.

From the manufacturers' aspect, herbicide can be produced and distributed in almost all season despite some uncooperative weather and climate condition. In severe poor weather condition, such as drought, herbicide sales are not affected as much compared to insecticide sales, which is considered more risky. The reason for increasing imports of herbicide technical grade is because

farmers demand the less expensive locally formulated herbicide in order to reduce their cost to cope with fluctuations in their crop prices. Since there is no significant quality difference between imported finished products and locally formulated ones, price is the main concern for farmers when they decide on purchases. On the other hand, in the production side, companies need to be concerned not only about the country's principal crops, but also the geographic suitability for different types of crop. Moreover, companies are concerned with the efficiency, productivity, and environmental impacts of their production facility. Sales breakdown by region as compared to total sales of the company during 2019 - 2022 is as follows:

Proportion of sales breakdown by region

Region	2019	2020	2021	2022
Central	76%	73%	72%	72%
North	11%	13%	12%	11%
West	1%	1%	2%	3%
East	5%	6%	6%	6%
Northeast	5%	5%	5%	5%
South	2%	2%	3%	3%
Total	100%	100%	100%	100%

Type of Pesticides Distributed in Thailand

1. *Wettable Powder (WP)*, *Water Dispersible Granule (WG)* is the combination of active ingredients, carriers or diluents such as white clay, talc, or other substance, including surface active ingredients such as wetting agents, dispersing agents.

2. *Emulsifiable Concentrate (EC)* is the combination of active ingredients with non-water miscible solvents and emulsifier for water soluble which will also help the chemical to stick on the leaf or insect's body.

3. *Soluble Liquid Concentrate (SL)* will look like emulsion and are classified in the same type. This type of pesticide is the combination of active ingredients and water miscible solvent without emulsifier.

4. *Suspension Concentrate (SC)* or *Flowable Formulation (FL)* is the combination of well ground active ingredients and the carriers, e.g., white clay, and liquid inert ingredients. This F or FL will be able to dissolve in water better than the water dispersible powder, thus, making it more convenient to use. Special additives could be added during the production process to make this pesticide more soluble.

5. *Water Soluble Powder (SP)* is the combination of water soluble active ingredients in powder, or fine flake, form mixed with surface active agents or other additives or solvents to make chemical well dispersed. It will dissolve in water instantly and with no precipitation.

6. *Dust (D)* is the combination of well ground active ingredients and inert ingredient will be the carrier to dilute for lower percentage of active ingredient. This type of pesticide can be sprayed with the knapsack sprayer.

7. *Granule (GR)* is the type of pesticide similar to powder form, the difference is that the grain size is larger. It is made up of carriers or other inert ingredients, such as sands, coated with active ingredients. This type of formulation is made for easy direct broadcast and soil burial.

Pato Chemical Industry PCL. formulates pesticide in following form; Emulsifiable Concentrate (EC), Soluble Liquid Concentrate (SL), Water Soluble Powder (SP), Granule (GR), Dust (D).

Pato Chemical Industry PCL. has the highest capacity of granule pesticide in the country with production capacity of 35,700 tons. In 2022, the company manufactured 3,533 tons of granule pesticide.

The percentage breakdown in terms of the company's import volume for the different types of agrochemical are as follows:

- Insecticide accounted for 25% of total import volume.
- Herbicide accounted for 55% of total import volume.
- Other pesticide such as Fungicide, Acaricide, Rodenticide, Molluscicide, and plant hormones accounted for 20% of total import volume.

In 2022, sales contribution of those three types of products as Herbicide, Insecticide and other products were 45 %: 23%: 32% respectively.



Proportion of Sales of Product Breakdown by Crop and Planting Area

Crop	Area	Percentage
1.Rice	North, Central, North-East, South (some provinces)	70
2.Fruit	Central, East (Rayong, Chantaburi, Trad, Chacheongsao) North (Chiangmai, Chiangrai, Kampanget) South (Suratthani)	24
3.Vegetable	Central, North, and North-East	2
4.Plantation Crops such as Corn, Soy Bean, Sugarcane, Cotton and Cassava	Central, South, North, and North-East	4
5.Oil Palm, Para Rubber	South , East, and North-East	-

Source : Marketing Department: Pato Chemical Industry PCL.

(2) Marketing and Competition

Market strategies:

The company's competitive advantages are

1. Standard quality of product which is well accepted by the customers for more than 30 years.
2. Strategy to specify products for sale by each dealer: Aside from its financial status, the company will limit the products to be distributed by each dealer to prevent price cutting of the company's products among its dealers in the same area.
3. Price advantage as the company will produce from technical grade chemical.
4. Good relationship with dealers.
5. Fast delivery: within the 300 kilometer radius the company will provide delivery. Dealers outside the radius, the company may deliver depending on order amount. Agrochemical industry pay much importance on prompt delivery. In each particular season, the company will have prompt delivery to meet the demand in time. For example, production and distribution of herbicide should be able to meet the demand during rainy season while insecticide should be able to be delivered promptly during the insects' outbreak season.
6. Pato distributes totaling 80 various products, consequently the company will be able to share more market in more planting area for various crops such as rice, fruit, vegetable, Para rubber, palm oil and many others. This will reduce risk from natural disaster. Performance of the company will then be as we has expected for.

There are 3 main of distribution channels:

1. *Distributors*: They are mostly in Bangkok and distribute products under their own brand to dealers. They have Pato formulated, packed under distributors' registered label and brand.

2. *Local Repackers*: They are packaging companies who purchase the products from producer to repackage and distribute under their own brand. These companies will register the pesticide by themselves by getting the authorization certificate from the formulator/manufacturer.

3. *Dealers or Free Market*: They are small dealers or retailers in the upcountry and some in Bangkok who sell pesticides to the end users under Pato Globe Trade Mark.

Sales contribution for Distributors: Local Repackers: Dealers currently is 16 : 8 : 76

Types of Customers and its Relationships

In the pesticide industry, there are 2 main markets; general customers market (Free market) which is bigger, and markets for distributors and market for local repackers which is less important respectively. The company emphasizes in customers in rural area. By thorough selection of dealer for each particular area will sell different products to avoid competition. In doing so, the company will be able to sell variety of products and to reduce the risk of distributor's business. However, the company still needs to check its relationship with the customers to avoid any possible problems. The company aims to develop new products and variety, and, at the same time, aims to distribute the information on proper and efficient use of all pesticides to customers.

Criteria for selection of dealer for each are:

1. Financial status
2. Sales network and its coverage
3. No conflict agreement to sell the same product of different producers
4. Strong intention to commit to the company's products

Product Distribution of Pato Chemical Industry PCL. in 2019 - 2022

Area	2019		2020		2021		2022	
	Number of Customers	Total Sale Thousand Baht	Number of Customers	Total Sale Thousand Baht	Number of Customers	Total Sale Thousand Baht	Number of Customers	Total Sale Thousand Baht
1. DISTRIBUTORS	6	111.51	6	95.14	6	118.47	6	69.13
2. LOCAL REPACKERS	5	49.80	5	35.96	5	48.50	5	35.36
3. FREE MARKET	331	393.83	332	407.19	332	460.95	332	335.08
Total	342	555.14	343	538.29	343	627.92	343	439.57

Percentage of 10 major customers in 2019-2022

(Unit : %)

Customers	2019	2020	2021	2022
10 Major Customers	41.93	38.19	42.80	43.30
Others	58.07	61.81	57.20	56.70
Total	100.00	100.00	100.00	100.00

Note : There is no customer whose accounts is of greater than 10%. Most customers are of long connection and of good payment. However, new customer is strictly selected to avoid bad debt.

- Pricing Policy

In general, the company will set the price at the level, which is slightly higher than average price of its local competitors and slightly lower than average price of the international market, of the same product. Other factors for the price consideration are:

1. If the product already exists in the market, the company will set its price within that product market price range.
2. If the product does not yet exist in the market, the company will conduct research on quality; the amount used and instruction for use to determine the efficacy of its product to determine the price in comparison with the pesticide farmers are currently using.

Competition

There are 2 major types of chemical pesticide companies:

1. Multinational Companies These companies have their own products or buy few products from other companies. Most of them, either, imports finished products for repackaging by local repackers, or import technical grades for resell to local companies. There are about 8 multinational companies in Thailand.

2. Local Companies There are 3 groups as follows:

- 2.1 Formulators and distributors : These companies have their own factory for formulating and reprocessing, and their own sales and promotion team. Most of them imports technical grade products. There are about 60 companies of this kind including PATO.
- 2.2 Formulators : These companies have their own factory for formulating and reprocessing, but do not have their own sales and promotion team. There are about 10 formulators in Thailand.
- 2.3 Distributors: These companies only have their own sales and promotion team. There are about 280 distributors in Thailand.

Currently, the company share 5% to total agrochemical market and has policy to gain more market share from the multinational or local companies in order to strengthen its competitiveness

as follows:

1. Compared with other formulators, the company's factory in Bangpoo Industrial Estate is well equipped with modern machinery for higher capacity. Moreover, the company has sufficient trucks for quick delivery to serve customers better. In addition, many types of formulation such as Emulsifiable Concentrate (EC), Suspension Concentrate (SP), Wettable Powder (WP) and Granule (GR) as top formulator in Thailand.

2. Compared with Formulators and Distributors, the company's advantages are shown below:

- 2.1 Lower costs of production from the use of technical grade
- 2.2 Extensive marketing team with experience and expertise
- 2.3 Wider coverage of area all over the country
- 2.4 More product variety of various agrochemical types and uses

3. Compared with Distributor, the company's advantages over these companies are the same as those over the Formulator and Distributors. Moreover, the company has strategies to gain market share by:

- 3.1 Adding more products of comparable quality to those of the multi-national companies, with lower costs of production. It is expected that the company will be able to achieve more market share, initially, by 5-10% of total sales of such product, and will increase gradually.
- 3.2 Penetrating into new area i.e. in the Northeast region, or in developing area of the country which is accounted for 60% of total area of Thailand. The company will send promotion team to the area to introduce proper use of pesticides to enhance the ability to increase productivity per rai and produce quality that is acceptable to the market. By this way, farmers will also earn higher income.

Other factors contributing to the success of the industry include:

- 1. *Range of products* Production must include herbicide, insecticide, fungicide, and acaricide and molluscicide according to the market share ratio.
- 2. *Products Selection* of products depends on the company's policy and the fluctuating price of crops.
- 3. *Market distribution* Nationwide distribution is essential, as the type of crops grown varies from region to region. Regional productivity is also effected by rainfall, irrigation and even the demand for pesticide products
- 4. *Rainfall* The amount of land allotted to agricultural purposes has a direct impact on the growth of the agricultural chemical industry. The amount of rainfall also plays an important role in influencing the success, or otherwise, of land cultivation. If there is an abundant supply of rainwater, agricultural activities can be carried out throughout the country. Conversely, when rainfall is in short supply, land cultivation can only be done successfully in irrigated areas.

Accordingly, during a drought, agricultural sector profits shrink drastically, and the overall economy is badly affected. The demand for pesticides is also largely influenced by rainfall. When the water supply is good, the demand for herbicides grew to such an extent that a significant volume had to be imported, at great expense. However, when rain water is scarce, an insect epidemic occurs, resulting in large imports of concentrated insecticides, known as “Technical Grade”, which has to be reformulated, before they can be sold on the domestic market.

5. *Price of crops* As crop prices are so heavily influenced by importing opportunities and global prices, figures on each serve as indicators for industry trends.



(3) Production and Produce Procurement for Sale

(A) Procurement

Pato Chemical Industry PCL.'s factory is located at 569 Soi 12, Bangpoo Industrial Estate, Sukhumvit Road, Tambon Praksa, Amphur Muang, Samutprakarn Province.

Capacity and Actual Production

- Liquid (Unit: Thousand Liters)

- Granule (Unit: Ton)

- Powder (Unit: Ton)

Product	Capacity 2019	Actual 2019	PCC Actual 2019	Capacity 2020	PATO Actual 2020	PCC Actual 2020	Capacity 2021-22	PATO Actual 2021	PCC Actual 2021	PATO Actual 2022	PCC Actual 2022
Insecticide											
- Liquid	2,612	293	48	2,612	213	61	2,612	358	71	225	28
- Granule	14,400	1,071	3	14,400	1,389	-	14,400	981	-	758	-
- Powder	1,500	40	2	1,500	31	2	1,500	27	2	16	4
Herbicide											
- Liquid	2,600	1,037	86	2,600	481	10	2,600	503	21	338	10
- Granule	19,800	3,079	841	19,800	3,447	1,029	19,800	4,030	1,455	2,719	770
- Powder	2,000	140	5	2,000	105	5	2,000	206	8	102	7
Fungicide											
- Liquid	500	193	10	500	228	7	500	320	14	229	10
- Granule	500	-	-	500	-	-	500	-	-	-	-
- Powder	500	39	-	500	40	-	500	48	-	33	-
Acaricide											
- Liquid	270	31	-	270	55	-	270	75	-	66	-
Others											
- Liquid	500	67	-	500	66	-	500	84	-	55	-
- Granule	1,000	11	-	1,000	2	-	1,000	32	-	56	-
- Powder	500	105	-	500	131	-	500	152	-	134	-
Total Capacity											
- Liquid	6,482	1,621	144	6,482	1,043	78	6,482	1,340	106	913	48
- Granule	35,700	4,161	844	35,700	4,838	1,029	35,700	5,043	1,455	3,533	770
- Powder	4,500	324	7	4,500	307	7	4,500	433	10	285	11

Note: The factory is working 1 shift for 7 hours.

Raw Material and Suppliers

Major raw material is chemical of technical grade. Normally, the company will buy active vs inert ingredients at the ratio of 90 : 10 respectively by direct order from abroad and via local agent. Table shows types, suppliers and price. There is no substitute substance for technical grade chemical, however, there are substitutions for other inert ingredients such as emulsifiers, solvent, auxiliary materials for solvent, but these substitute substance will have to pass laboratory test before use. There are many suppliers of raw materials for those imported and purchased locally. Diverse group of raw material suppliers will create bargaining power for the company to set a more reasonable price, higher quality products, and prompt delivery. However, there are certain substances that the company buys from a sole supplier under special condition to benefit the company such as, no sale to other company of the same productions. Price of raw material depends on the world price which is the same as other commodity.

There is no supplier whose business accounts for more than 30% of the company's total raw material purchase.

Local Purchasing Ratio of 2019 - 2022

Value of Purchasing Ratio (Unit : Thousand Baht)

Raw Material	2019	%	2020	%	2021	%	2022	%
1. Technical Grade	-	-	2,058	0.96	11,032	3.13	2,022	0.67
2. Solvent	9,809	3.25	5,514	2.58	12,557	3.57	11,009	3.63
3. Emulsifiers	8,518	2.82	6,567	3.07	8,352	2.37	8,213	2.71
4. Auxiliary	3,171	1.05	5,263	2.46	9,037	2.57	4,896	1.61
5. Others	5,149	1.70	6,023	2.82	7,047	2.00	4,819	1.59
Total Amount	26,647	8.82	25,425	11.89	48,025	13.64	30,959	10.20

Import Purchasing Ratio of 2019 - 2022

Value of Purchasing Ratio (Unit: Thousand Baht)

Raw Material	2019	%	2020	%	2021	%	2022	%
1. Technical Grade	274,838	90.96	180,441	84.38	304,019	86.36	262,527	86.50
2. Solvent	-	-	-	-	-	-	-	-
3. Emulsifiers	676	0.22	7,968	3.73	-	-	10,011	3.30
4. Auxiliary	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-
Total Amount	275,514	91.18	188,409	88.11	304,019	86.36	272,538	89.80

Local and Import Purchasing Ratio of 2019 - 2022

Value of Purchasing Ratio (Unit: Thousand Baht)

Raw Material	2019	%	2020	%	2021	%	2022	%
1. Technical Grade	274,838	90.96	182,499	85.35	315,051	89.49	264,549	87.17
2. Solvent	9,809	3.25	5,514	2.58	12,557	3.57	11,009	3.63
3. Emulsifiers	9,194	3.04	14,535	6.80	8,352	2.37	18,225	6.00
4. Auxiliary	3,171	1.05	5,263	2.46	9,037	2.57	4,896	1.61
5. Others	5,149	1.70	6,023	2.82	7,047	2.00	4,819	1.59
Total Amount	302,161	100	213,834	100	352,044	100	303,498	100

(4) Assets

Land, Buildings and Machinery

Assets of Pato as of December 31, 2022 are as follows:

Pato Chemical Industry PCL.

Location	Ownership	Book Value (Baht)	Collateral
1.1 Bangpoo Industrial Estate, Praksa, Samutprakarn 12-0-72 Rai	Owner	10,962,000.00	None
1.2 Head Office	Rent	-	None
1.3 Buildings at Bangpoo Industrial Estate	Owner	2,950,033	None
1.4 Machinery at Bangpoo Industrial Estate	Owner	4,460,302	None

Right

1. *BOI* Pato has never applied for a privilege from BOI.
2. *Other Rights* Right, belonging to Pato Chemical Industry, is intangible assets and requires years of extensive research and laboratory tests of pesticides and insecticides. Pato has registered with the Ministry of Agriculture and Cooperatives for the owner of trademark for agrochemical. The registration is valid for 6 years from the date of receipt of registration and subject to renew once expire.

As of December 31, 2022, the company has received approval for import registrations of 93 products under manufacturing and selling licenses of 250 trade names.

Pato Crop Care Co., Ltd.

Location	Ownership	Book Value (Baht)	Collateral
1.1 Buildings at Bangpoo Industrial Estate	Rent from PATO	-	None
1.2 Machinery at Bangpoo Industrial Estate	Rent from PATO	-	None

Right

1. *BOI* Pato Crop Care Co., Ltd. has never applied for a privilege from BOI.
2. *Other Rights* Right, belonging to Pato Crop Care Co., Ltd., is intangible assets and requires years of extensive research and laboratory tests of pesticides and insecticides. PCC has registered with the Ministry of Agriculture and Cooperatives for the owner of trademark for agrochemical. The registration is valid for 6 years from the date of receipt of registration and subject to renew once expire.

As of December 31, 2022, the company has received approval for import registrations of 4 products under manufacturing and selling licenses of 68 trade names.

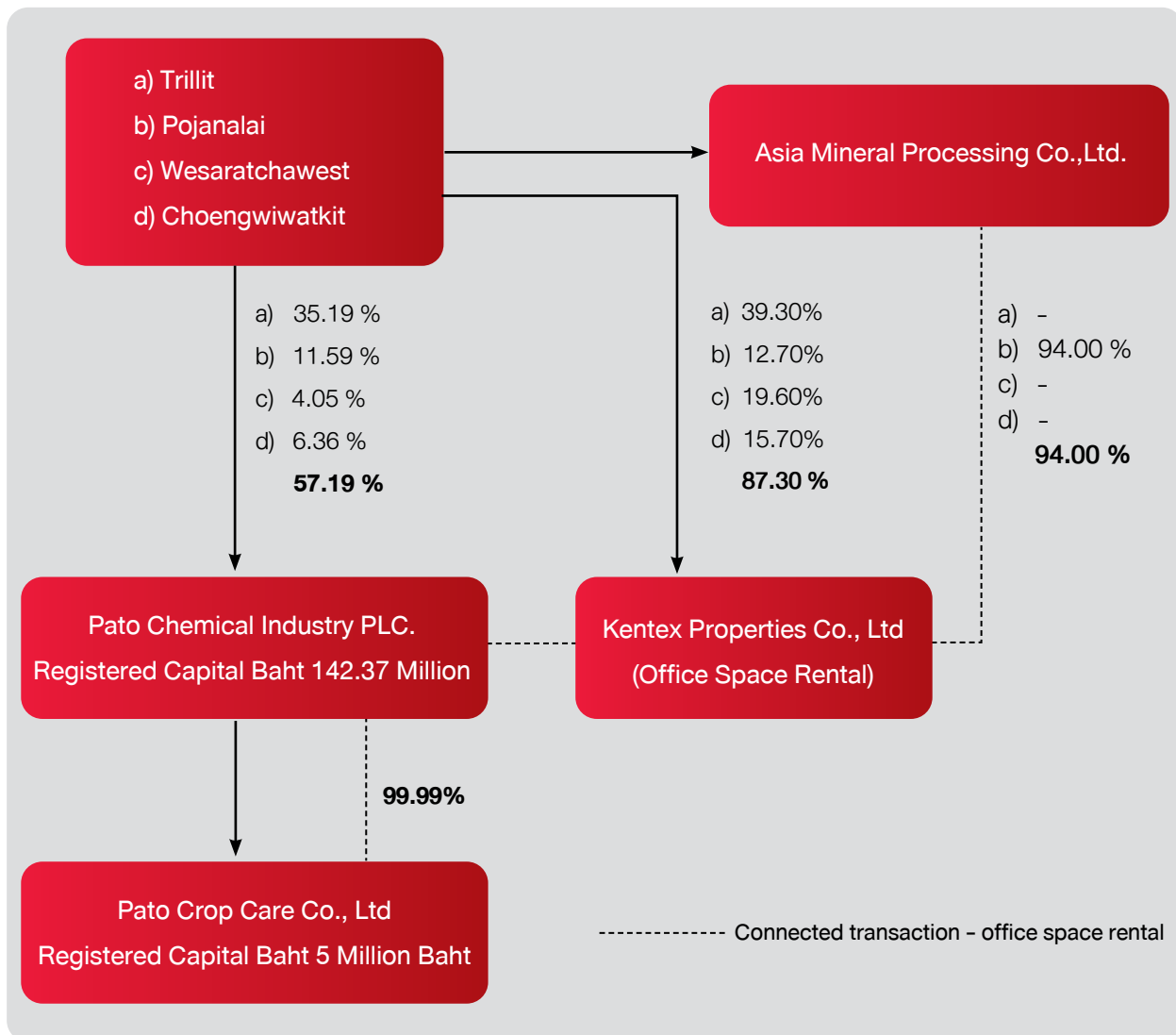
(5) Non Delivery Goods.

There is no non-delivery goods as of December 31, 2022



1.3 CORPORATE STRUCTURE

1.3.1 Corporate Structure



1.3.2 Persons with conflicts holding shares in subsidiaries more than 10% :

- None -

1.3.3 Relationship of the Major Shareholder

For disclosures related to any individual director, that director should ensure the accuracy and completeness of the information disclosed by the company, including of shareholders' information and any shareholders' agreement.

1.3.4 Shareholders Structure

Name of Shareholders	Number of Shares As of 30/12/22	Percent
1. Trillit Mr. Metha Trillit Mrs. Viphanee Trillit Dr. Viwat Trillit Ms. Ratchanee Trillit	50,100,000	35.19
2. Pojanalai Mr. Chaovut Pojanalai Mrs. Wantana Pojanalai Ms. Charina Pojanalai Mr. Churat Pojanalai	16,500,000	11.59
3. Wesaratchawest Mr. Suvit Wesaratchawest Ms. Pornpring Wesaratchawest Ms. Suntaree Wesaratchawest Mr. Thapanee Wesaratchawest Ms. Warunee Wesaratchawest Mr. Karn Wesaratchawest Mr. Boonsak Wesaratchawest Mr.Krit Wesaratchawest	5,760,466	4.05
4. Choengvivatkit Mr. Surachai Choengvivatkit Mr. Suwat Choengvivatkit Ms. Waraporn Choengvivatkit Ms. Ratchanee Choengvivatkit	9,061,850	6.36
5. Free Float	60,949,684	42.81
Total	142,372,000	100.00

Note: Grouping by family name including spouse, sons and daughters, and siblings

1.4 Paid-up Registered Capital

1.4.1 Pato Chemical Industry has a registered and paid-up capital as of 31 December, 2022 of 142,372,000 Baht (One Hundred Forty Two Million Three Hundred and Seventy Two Thousand Baht). There are 142,372,000 shares, valued at THB 1 per share. Pato Chemical Industry invests in a subsidiary company, Pato Crop Care Co., Ltd., which operates of manufacturing and selling of pesticides. Investment record in Pato Crop Care Co., Ltd. is as follows:

Date	Nationality	Investments (share)	Holding Ratio
31 December 2014-2022	Thai	5 Million Baht	99.99 %

Shareholders' Equity of Pato Chemical Industry PCL, as of 31 December 2022

Unit : Thousand Baht

	Amount
Registered Capital	142,372
Paid Up Capital	142,372
Retained Earning	177,954
Legal Reserve	14,238
Shareholder Equity	496,006
Book Value (Per Share)	3.48
Par Value (Per Share)	1.00

1.4.2 Other Securities : None

1.5 Other Securities Issuance

- None -

1.6 Dividend Payment Policy

Pato Chemical Industry PCL. and Pato Crop Care expects to pay dividend to shareholders not less than 40% of net profit.

Dividend Payout Ratio for 2017 – 2022 Operational Result of Pato Chemical Ind. PCL.

Year	Earnings Per Share	Dividend per Share Baht	Percentage of Net Profit	Total Dividend Paid Mil. Baht
2017	1.37	1.23	89.94	175.12
2018	1.11	1.00	90.31	142.37
2019	0.61	0.60	98.52	85.42
2020	0.57	0.57	99.64	81.15
2021	0.83	0.82	98.91	116.75
2022	0.32	0.41	128.05	58.37

Dividend Payout Ratio for 2017 – 2022 Operational Result of Pato Crop Care Co., Ltd.

Year	Earnings Per Share	Dividend per Share Baht	Percentage of Net Profit	Total Dividend Paid Mil. Baht
2017	6.61	6.50	92.35	6.50
2018	8.33	8.15	97.81	8.15
2019	4.73	4.50	95.14	4.50
2020	4.22	4.00	94.89	4.00
2021	6.99	6.50	92.98	6.50
2022	1.87	1.80	96.30	1.80



Risk Management

2.1 Policy and Risk Management

The company is aware of the importance of risk management for business operations under changes from internal and external factors that affect the company's operations. It is considered that risk management is an important tool in business management in order to achieve goals with efficiency and effectiveness. The company, therefore, arrange systematic risk management with surveillance and the use of various measures to reduce risks. The Board of Directors has appointed the Risk Management Committee to consider sufficient and appropriate risk management at the policy level. The following up, evaluating, and reviewing of risks in accordance with the internal and external environmental changes will be done to report to the Board of Directors for acknowledgment.

The board should supervise to ensure that the company has a risk management and internal control system that will effectively achieve its objectives and has practiced in accordance with relevant laws and standards.

Risk Management Committee

Board of Directors' meeting in 2014 approved the setting up of Risk Management Committee. The Risk Committee consists of directors and/or executives of the company and the internal auditor namely;

1. Dr. Viwat Trillit	Managing Director/ Chairman of Risk Management Committee
2. Mr. Lertchai Leelayonkul	Chairman of Audit committee
3. Mr. Chaiwat Chandarasriwongs	Audit Committee
4. Mr. Cheng Ming Chang	Audit Committee
5. Mr. Visut Vanitcharoenkarn	CFO
6. Mr. Sayan Wan-Aree	Marketing Manager
7. Mrs. Parichart Manuthasna	Company Secretary/Office manager
8. Ms. Navaporn Phothai	Internal Auditor

Risk management committee's duties and responsibilities

1. To consider company's policy and overall risk management guidelines that including significant types of risk including corruption risk, risk of violation of human rights and present to audit committee for making a report for company board of Directors.
2. To define company's strategy and guideline process for risk management by evaluating, tracing, and controlling the company's risk including corruption risk, risk of violation of human rights to be in an appropriate level.
3. To lay down measures for risk management that suite with situation and risk appetite.
4. To follow up on the risk management policy under the risk management guidelines along with the policies set forth.
5. Review the adequacy of policies and risk management systems, including the effectiveness of the system.

2.2. Risk Factors

2.2.1 Business Risk

1. Natural phenomena risk, such as soil and weather conditions, which vary from year to year, not only directly affect agricultural activities, but also have a huge impact on the sales of insecticides. Drought is a major hindrance of the cultivation of high quality crops, and it reduces the volume of produce considerably, as well as the demand for insecticides. Conversely, when there has been major crop damage, the demand for insecticides could increase to such an extent that manufacturers are unable to meet the increased demand.

In recognition of such risks, therefore, PATO Chemical Industry PCL. has gone to great lengths to research and develop new products, in an effort to minimize the variations in the demand for insecticides caused by such natural crisis. For example, in the case of drought, the use of liquid herbicides, instead of granules, goes a long way in reducing the impact on PATO Chemical Industry's sales. In addition, the company's new range of insecticides, designed for use with a wide range of crops, such as rice, field crops, orchards, Para rubber, and oil palm, helps minimize the effect of such natural crisis on these crops.

2. Marketing and production risk has hardly had any impact at all for the Company. Its extensive nationwide network of agents means that this risk is negligible. Furthermore, its distribution strategy, which enables each distributor to sell only one product range to avoid competition among distributors, has proved most successful. But it is the company's reputation, amongst farmers, for manufacturing products which are both reliable and of a high quality that has contributed most to the company's success. The fact that its product prices are considerably lower than those of imported products also helps keep the company on solid ground.

3. Credit risk, the company is exposed to credit risk primarily with respect to trade and notes accounts receivables. The company's prudent credit policy and its diversified customers. The maximum credit risk exposure is equal to the book value of accounts receivable in the balance sheet. To minimize the risk of accumulating bad debts, PATO Chemical Industry has implemented a number of measures, including, Control of credit balance, Strict consideration when opening new market, Shortening of payment period, Emphasis on crops with high potential and price, Reduction of granting credit to high-risk crops, and More detailed market studies by marketing personnel.

4. Foreign currency risk relates from import activities of the company. The company primarily closely monitor movements of foreign exchange market and primarily of utilizes monetary instruments to manage risks.

5. Raw material shortage risk

5.1 From 2018 onwards, registration and license such as production registration, import permit of many products of the company are gradually expired and must go through renewal process. The hesitant process of re-registration under relevant government agencies and some of the rules that still keeps on changing causing on some products cannot be sold in time. However, in order to reduce such risks, the company has planned to renew the registration in advance and monitor the situation of registration and extension of licenses closely.

5.2 The enforcing of new environmental laws in China has caused number of products to be limited to production. Some source of raw materials that the pollution control system does not meet the standards or locate in areas that may affect the environment, such as upstream or communities, will be closed. The production quantities in general, therefore, decrease. The products do not meet demand, resulting in higher raw material prices. In order to reduce such risk, the Company therefore selects to register with suppliers that have a standardized environmental management system and are located in an industrial area that has been approved by government agencies.

6. The changing of government policy risk. The company operates under the government supervision policy. In addition to registration of import, manufacture and sell of agricultural chemicals, which are classified as hazardous substances, the products must be under the supervision of the National Hazardous Substance Committee, consisting of experts from the government sectors. Political parties that supervising governt sectors each time may cause some changes in policies, laws or regulations related. The company may take time to resolve such problems which may cause some impact on the company's operations. The company must closely monitor the political situation and policy changes in order to review the strategy and work plan to be in line with the situation and give the least impact on the company operations.

7. Human rights violation risk The company arranges human rights risk management regarding procurement, production, sales and customers. Although the company has selected appropriate partners, given appropriate welfare, given fair wage rate and treated everyone without discrimination, regardless of gender, race, nationality, including arranged a safe working environment, kept customer information confidentially, the company is aware of the risk opportunities that may occur. Therefore, appropriate remedies for the victims are prepared to alleviate the effects of human rights violations. In addition, the company opened a channel to listen to opinions and suggestions from employees and stakeholders for comprehensive information awareness.

8. Corruption Risk as follows : The company is required to registered dangerous substances with the government agency, namely, Department of Agriculture, Department

of Livestock Development, and Food and Drug Administration. Therefore, the risk minimization has to be performed by managing the related registrations and licenses to control and plan for filing or extension of licenses in timely manner. This is including the preparation of required documents for renewal of registration and licenses according to each agency requirements and track on the progress closely to ensure that the renewal is properly performed.

The company is an importer of raw materials from overseas for formulation process. Most of the raw materials are without customs duty. However, the company has hired experienced shipping companies of dangerous substances handling records and the shipping company also has to comply with the anti-corruption policy by signing the letter of acknowledgment.

9. Environmental Risk. The company is obligated to report the measurement results and the analysis concentration level of dangerous chemicals in the ambient air of the working area and its storage to Department of Labour Protection and Welfare, Samut Prakan Province. If the results fail to comply with the standard of the Department or receive complaint, this can affect the license renewal of the factory. The company shall also report to Department of Industrial Works regarding the waste management and non-use materials, to minimize risk; the company manages all documents according to the reality. Moreover, the company also employs outsource company to remove waste and non-use materials from the factory for the appropriate waste management, and also properly manage documentation, and submit reports to Department of Industrial Works. The company complies fully with the law as mentioned as the advanced technical safety officers have investigated every risky issue and always improve to meet the safety standard. The company applied for ISO 14001-2015 environmental management certification and was certified in March 2021 to ensure environmental stewardship.

2.2.2 Shareholders Risk

1. Pato Chemical Industry Public Company Limited and its subsidiary realize of the stability of the shareholders and then set a commitment to run the business with a good performance as possible. The companies expect to pay dividend to shareholders not less than 40% of net profit each year. Shareholders will be able to consider history of dividend payout ratio from table under topic of Dividend Payment Policy.

2. The risk of the shareholder(s) holding shares above 25%

Trillit group is the major shareholders hold about 35.19 percent of paid-up capital in the company as of December 30, 2022. So they cannot control the resolution of the shareholders' meeting, at which majority voting system is used for approval. Moreover, the other shareholders may collect the votes to determine and counterbalance the topic that

major shareholder may offer. According to the risks, the company provides a management structure which consists of the Board of Directors, Executive Directors, Audit Committee, and the Risk Management Committee that include the personnel who are competent. Furthermore, independent outsiders are appointed to be the Independent Directors: 4 people out of total 11 Directors and 3 Independent Directors are appointed to be an Audit Committee and shall have the duty to determine, consider, and give reasonable advice for any connected transactions. Reports will be presented to the Board of directors or shareholders' meeting for approval.

2.2.3 Risk of Investing in Foreign Securities

None



3

Driving Business for Sustainability

3.1 Sustainability Management Policies and Goals

Pato Chemical Industry PCL. is a part of society, thus the importance of doing business with social, community and environmental awareness is to be concerned for sustainable growth and achievement of recognition. To encourage the directors, managements and employees to the same directions, the company takes into consideration, the Corporate Social Responsibility and set the policies as follows:

1. To raise awareness of all employees the realization of social responsibility and take into account the promotion of social responsibility through corporate governance and internal control, as well as create enterprise value focusing on activities that are correct and honest.
2. To consider the meaningful existence of the company, moreover, the company emphasizes the rights of all stakeholders including employees, customers, competitors, commercial creditors, environment and society at the well-balanced and prioritized appropriately, so all parties are satisfied and contribute to the sustainability.

3.2 Management of Impacts on Stakeholders in the Business chain

3.2.1 Business value chain

The Board of Directors ensures that the department allocates and manages resources with the highest efficient and effective performance, considering of the impact and development of resources along the value chain to achieve sustainable objectives and goals, which is divided into:



1. Main activities

Production inputs management	Operation	Product distribution	Marketing and sales	After sales services
Procurement and import of raw materials - purchase of raw materials from abroad 80% - purchase of domestic raw materials such as sand, additives, packing material - raw material storage and warehouse management - warehouse management - inventory control - schedule product movement and return	Activities related to: - raw material blending and mixing - packing - quality control - storage	Delivery of finished packaging or products to the market, which is divided into: - Bangkok metropolitan and surrounding region, company provides free delivery to the location - using service of the courier company, customer pays for the freight - customer pick up product at the factory	Activities related to marketing and merchandising comprising: - product mix - pricing - marketing promotion - distribution channels	Customer care process and after sales services to ensure customer confidence and increase repeat purchase, for example - solving problems for customers in case of defective or damaged products, wrong delivery, product return, etc.

2. Support activities

- 2.1 Human resource management** Human resources is the key that drives the company's business. Therefore, the company has given importance to the recruitment of knowledgeable and competent employees, competitive remuneration package to motivate employees, encouraging employees to attend regular training and development programs as well as providing opportunities for career development, taking care and building morale which is therefore to ensure that employees are loyal to the company and focus on the satisfaction of customer needs.
- 2.2 Procurement** Quality work tools are provided for effectiveness, transparency, and fairness to trading partners of the company.
- 2.3 Production process development** Production processes are improved to meet customer needs.
- 2.4 Infrastructure** The company has taken care of, developed and improved the core systems of the company's business operations to be up to date all the time for highest accuracy and efficiency including computer technology system, administrative information system, customer information system, accounting and finance system, human resources management system, communication systems within organization and with customers. The Board of Directors ensures that the department allocates and

manages resources with the highest efficient and effective performance, considering of the impact and development of resources along the value chain to achieve sustainable objectives and goals by the following principles:

1. Recognizing the necessity of the required resources
2. Maintaining and ensuring all resources are used efficiently and effectively at all times
3. Improving the use of resources for more effectiveness
4. Recycling resources

The Board of Directors provides a framework for governance and management of information technology at the organizational level in accordance with the needs of the business, including ensuring that information technology is used to increase business opportunities and develop operations and risk management to enable the business to achieve the objectives and main goals of the business by:

1. Providing legitimate computer system and sufficient personnel to support business operations. Trainings are organized for personnel to gain knowledge and understanding of the programs that must be used in each field.
2. Outsourcing to company that has expertise in providing inspection and maintenance services for software and equipment.
3. Supervising risk management program that may arise from the use of information technology and providing enough security measures that are prudent and concise to prevent unauthorized persons in gaining access to the information and may unlawfully use the information.

3.2.2 Business Supply Chain Stakeholder Analysis

Role to Stakeholders

The company has established written guidelines for treating stakeholders in the Code of Business Conduct and Employee Code of Conduct and emphasized the importance of the rights of all stakeholders both internal and external stakeholders. Participation of stakeholders is promoted in order to understand their expectations and needs, therefore, be able to properly respond to each stakeholder group accordingly. The key points are summarized as follows:

Stakeholder group	Stakeholder expectations	Responding to the expectations of stakeholders
Internal stakeholders		
Shareholder	<ol style="list-style-type: none"> 1. The company has a good performance to consistently generate profits and business growth 2. Share value meets business performance 3. Sustainable business 4. Good corporate governance 5. Treat shareholders equally 6. Receive accurate, complete, and timely information 7. Risk management system with good monitoring and control system 	<ol style="list-style-type: none"> 1. Managing with transparency for good operating results. The company received SET AWARD for company performance 2. Regular and reasonable dividends. The company are ranked among the companies that pay consistent dividends 3. Organizing shareholder meetings with transparency, received 95-98% audit score from the Thai Investors Association 4. Governance with transparency, fairness, and accountability 5. Disclosure of information transparently, completely and in a timely manner 6. Providing an Investor relation to provide accurate information and build relationships with investors 7. Establishing the Risk Management Committee The company has established the Project of Excellent Performance, Dividend Shares for Investors to meet shareholders' expectations The company emphasize on the transparency, honesty, accountability, and professionalism in management to secure business sustainability. As a result, the company has been selected by the Stock Exchange of Thailand for the Outstanding Company Performance Award (SET Awards) in 2011-2012, 2017-2018 and 2022. The company has managed the remaining liquidity by investing

Stakeholder group	Stakeholder expectations	Responding to the expectations of stakeholders
		in the low-risk returns with higher returns than the fixed deposits such as fixed income fund, bond, and equity fund of listed company with regular high performance and dividends paid to investors to enjoy tax privileges from dividends. The company has also been awarded as the Best Company Performance for a small company in 2012 and 2018.
Employee	<ol style="list-style-type: none"> 1. Reasonable remuneration and benefits 2. Safety Workplace 3. Opportunity to develop knowledge and potential 4. Opportunity to express opinions and suggestions 5. Equality and fairness treatment in workplace 6. Stability and career advancement 7. Suitable work environment, machinery, and equipment to facilitate work 	<ol style="list-style-type: none"> 1. Reasonable remuneration, salary increase, and bonus through fair performance evaluation 2. Provide comprehensive welfare such as social security, provident fund, uniforms, staff vehicle, transport shuttle, accident insurance, life insurance <ol style="list-style-type: none"> 1. Respect human rights 2. Provide opportunities for employees to present their opinions to the management including a suggestion and feedback box 3. Promote and develop employees' potential by organizing training and seminars including training from government agencies and private sector as appropriate 4. Provide opportunities for advancement in professional career 5. Maintenance machinery, and equipment to be able to use effectively
External stakeholders		
Customer	<ol style="list-style-type: none"> 1. Quality products, high standard, and fair prices 2. Sincerity 3. Wide range of products for crops 4. Received accurate product information 5. Fast production and delivery according to market demands 	<ol style="list-style-type: none"> 1. Responsible for the product 2. Producing quality products, maintaining standards and reputation for more than 30 years 3. Research and development department regularly researching for novel, efficient and environmentally friendly products for registration testing process on suitable crops 4. Procurement of raw materials for pre-production so that orders can be quickly fulfilled on demand

Stakeholder group	Stakeholder expectations	Responding to the expectations of stakeholders
	<ul style="list-style-type: none"> 6. Informative and attractive presentation 7. The contract/agreement is fulfilled fairly and honestly 8. Received help and flexibility as appropriate 9. Easy to contact with sales department and staff provide good customer services 	<ul style="list-style-type: none"> 5. Listen to complaints and comments for corrections, help and improvements 6. Employees are polite, sincere and have good customer services with knowledge in line to be able to provide advice to customers 7. Organize regular and appropriate promotional programs
Trading Partner	<ul style="list-style-type: none"> 1. Comply with trade agreements 2. The company treats trading partners with equality and takes into account of mutual benefits, based on obtaining fair returns for both parties 3. Participate in problem solving as appropriate 4. Have a good relationship 5. Not asking or accepting bribe or any other benefits from trading partners 6. Maintain lasting relationship with trading partners for mutual trust 	<ul style="list-style-type: none"> 1. Pay for products within the specified timeframe 2. Comply with the procurement policy 3. Joint development of knowledge and understanding the procurement of products to meet the specified standards 4. Acknowledge and comply with the anti-corruption policy of the company 5. Confidence to deliver products according to standards and timeframe.
Community	<ul style="list-style-type: none"> 1. The company operates business without affecting the community 2. Receive support for activities that benefit the community 3. Receive support and take part in solving community problems. 4. Conveniently contact, report or filing complaints 	<ul style="list-style-type: none"> 1. The production department is located in the industrial estate to minimize the impacts to the community 2. Support activities in the public interest especially in education 3. Allocate budget to help the community 4. Build awareness of employees volunteering to work that is beneficial to the community 5. Arrange for responsible persons to acknowledge complaints

Compensation

The company has a policy to cooperate with the government's compensation process to alleviate those affected by the company's operations. The company provides channels to submit complaints and go through the compensation process through the communication system with the following details:

The company provides complain channels for stakeholders through audit committee by mail to Audit Committee, Pato Chemical Industry PCL, Pato Building, 3388 New Petchburi Rd. Bangkok, Huaykwang, Bangkok 10310, or Fax: 02 3180367 or e-mail: auditcom.pato@gmail.com

During pervious year, the company has not received any complaints from any contact channels.

3.3 Sustainability Management in Environmental Dimensions

3.3.1 Environmental Policies and Practices

The company has an environmental policy with a commitment to implement the environmental conservation policy. In accordance with the company's environmental management regulations for the conduct of business activities, It has been certified by ISO 14001: 2015, the international standard for corporate environmental management systems to increase environmental performance within the organization and for environmental sustainability, and has the policies as follows:

1. Promoting the development of technology that reduces negative impacts on environment in the process of production, packaging, distribution and waste elimination as well as separation at the original waste and proper disposal of waste.
2. Promoting the reduction of negative impacts on environment by ways of "Reduce", "Reuse" and "Recycle" in the procurement and production process.
3. Promoting the conservation of energy and natural resources.
4. Promoting the compliance with other relevant environmental laws and regulations.
5. Providing training to raise environmental awareness amongst employees at all levels as well as involved parties.

In order to formulate and distribute chemical products, the Company has to be registered according to Hazard Substances Act B.E. 2551 (2008), which has been in effect since 25 February 2008. In addition, the Company has to be registered as agricultural chemical by three government offices, comprising:

1. Department of Agriculture

The Company is required to submit information about the toxicity of its Technical Grade and finished products. This information must come from a laboratory, which has been certified with Good Laboratory Practice (GLP) standards. In addition, the Company must have clear study plan, standardized and testable operations as well as systematic and reliable report,

in accordance with Organization for Economic Co-operation and Development (OECD). After that, the Company has to operate the field trial to test the effectiveness of its agricultural chemical to each crop and to find residues as well as the toxicity to the environment, in order to ensure its efficiency and safety to users and the environment.

2. Department of Livestock, Ministry of Agriculture and Cooperatives
3. Food and Drug Administration, Ministry of Public Health

For organizations in number 2, the Company is required to submit its hazard substances to be tested for the amount of Active Ingredient (AI) at the Bureau of Chemicals and Hazardous Substances, Department of Medical Sciences, and the efficiency to flying and crawling insects at the National Institute of Health, Department of Medical Sciences, with the reference to WHO (Pesticides and their application for the control of vectors and pest of public health importance), to ensure that its products are effective and have no negative impacts on consumers. After that, the Company can be registered with Food and Drug Administration or Department of Livestock.

The importance to the environment concern, the production base is then in the Bangpoo Industrial Estate, with cooperation given to all sides of government and private sectors by strictly adhering to related conditions and regulations regarding Safety, Occupational Health and Environment including the waste collection and segregation. The company hires a professional company to handle wastes and pollutants as per types of wastes. Official from division of public health and environment sign his name as witness before wastes are sent for being treated or eliminated. In order not to pollute the environment, for waste water, a water treatment tank was built. Waste water will be treated to the standards set by the Industrial Estate, then let the treated water flow into the sewer of the Industrial Estate for further treatment.

3.3.2 Environmental performance

Pato Chemical Industry Public Company Limited and its subsidiaries conduct business with integrity by adhering to the responsibility to all stakeholders for mutual benefit and has established a sustainable development policy with reference to international guidelines. This includes economic, social, and environmental aspects under the principles of good corporate governance to cope with global climate change and global warming. The company complies with the laws and regulations regarding environmental protection. The company put the effort to reduce waste and environmental footprint to minimise the environmental impact from the company's business operations and focus on the cooperation of all parties to reduce greenhouse gas emissions appropriately according to the consensus of government agencies, private sector, the Stock Exchange of Thailand, Securities and Exchange Commission. The company received ISO 14001: 2015 certification on environmental management in 2021.

The pollution impact caused by business operations

The company realizes that its business operations may cause pollution and affect the environment. Therefore, the company has measures to strictly monitor and comply to prevent and alleviate environmental impacts in accordance with the measures prescribed by law including waste management, air quality control, and water management.

The company conducts environmental quality monitoring in factories at least once a year. In 2022, it was found that the air quality standards, odors, noises, and lighting all complied within normal limits as required by law and there were no cases of chemical spills from business operations.

The company has always complied with the Maintenance of Cleanliness and Orderliness of the Country Act B.E. 2535 and has never faced any penalties or fines.

The impact on biodiversity

The company considers the impact on biodiversity when making business decisions. This is to avoid risks that may affect sensitive biological values, therefore the company selected the location of the manufacturing plant to be in an industrial estate.

The Impact of Climate Change

Climate change poses a significant threat to the company's operations and has a direct impact on the agricultural sector of Thai farming households. The problem of floods and droughts, caused by insufficient rainfall, has led to a decrease in both the production area and productivity per unit of land. This has affected the Climate change poses a significant threat to the company's operations and has a direct impact on the agricultural sector of Thai farming households. The problem of floods and droughts, caused by insufficient rainfall, has led to a decrease in both the production area and productivity per unit of land. This has affected the distribution and marketing of agricultural products, resulting in a decline in demand. The company recognizes the significance and impact of this global issue and wants to play a role in supporting the country's goal of becoming carbon neutral by 2050. To this end, the company is developing policies, strategies, and action plans aimed at reducing greenhouse gas emissions from its business operations.

Pato Chemical Industry Public Company Limited and its subsidiaries aim to lead the organization towards a low carbon society by becoming a low carbon and sustainable business, in line with Thailand's policy to reduce greenhouse gas emissions. Their plan for achieving this goal includes:

1. In 2021, employees received training on preparing greenhouse gas emission reports with the Thailand Greenhouse Gas Management Organization. A working group was established to draft policies for approval by the Board of Directors, specifying the organization's scope, classifying greenhouse gas emission sources, and practicing greenhouse gas inventory data collection.

2. In 2022, the organization will collect greenhouse gas inventory data to establish a base year, calculate and display the amount of greenhouse gas emissions, and verify the data through registered agencies such as TGO.

The company has collected data using the year 2021 as the base year and hired a third party certified by the Thailand Greenhouse Gas Management Organization (TGO), namely ECEE Co., Ltd., to review the data and get the report as below

1. Electric Power Management

The company manages energy management efficiently both the lighting system and the air conditioning system. In 2021, the office and factory used a total of 381,686.00 kilowatt/hours of electricity.

2. Water management

In 2021, the company and factory total water consumption was 10,747 cubic meters.

The company maintains and inspects the condition of the water distribution system within the production process to meet standards along with effective wastewater management with treated effluent accounting for 80 percent of the total volume of effluent.

3. Oil and fuel consumption

In 2021, the company and factory consume oil and fuel classified by types as follows:

- Diesel 66,281.82 Litres
- Benzine 37,025.05 Litres
- Cooking Gas 360 Kilograms

4. Garbage, Waste and Pollution Management

The company disposes of garbage and waste from the production process according to types together with raising awareness of participation with related parties to reduce landfill waste disposal. In 2021, the company recorded the volume of garbage and waste classified by types as follows:

- Contaminated waste 42,830 Kilograms.

The company employed specialists to perform proper disposal procedures of toxic waste.

- Waste that can be reused or recycle 41,830 Kilograms.

4. Management to Reduce Greenhouse Gases

Climate Change Management Policy

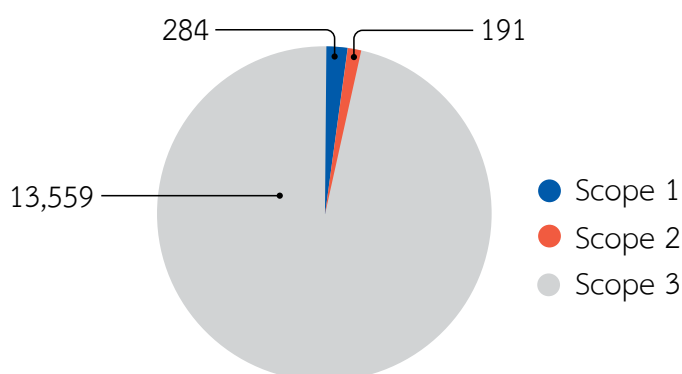
Pato Chemical Industry Public Company Limited and its subsidiaries have a commitment to cooperate and support in addressing climate change. They align with both

international and national policies and guidelines for climate change management, as outlined below:

1. Regularly measure the organization's greenhouse gas emissions and monitor climate change developments, especially any risks that may affect the company.
2. Promote the 3Rs strategy (Reduce, Reuse, and Recycle) to create value and reduce waste within the organization.
3. Implement the principles of cleaner technology in the production process to improve performance and reduce greenhouse gas emissions, including regular equipment maintenance and repair.
4. Encourage the use of renewable energy to reduce dependence on natural resources.
5. Organize awareness-raising activities about energy conservation and climate change for executive directors and employees.
6. Encourage executives, directors, and employees to plant more trees in their households and around the office and factory and participate in forest restoration activities to absorb carbon dioxide.

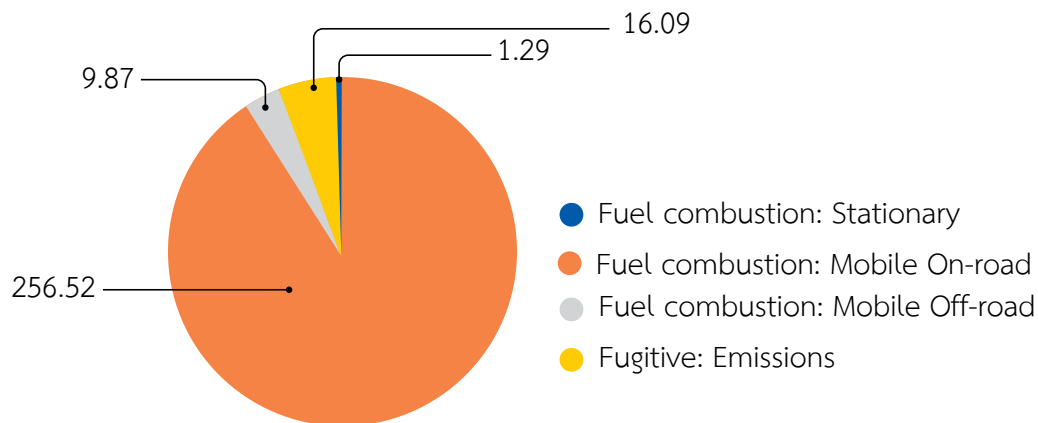
Reviewed Greenhouse Gas Management Data

THE COMPANY'S GREENHOUSE GAS EMISSIONS



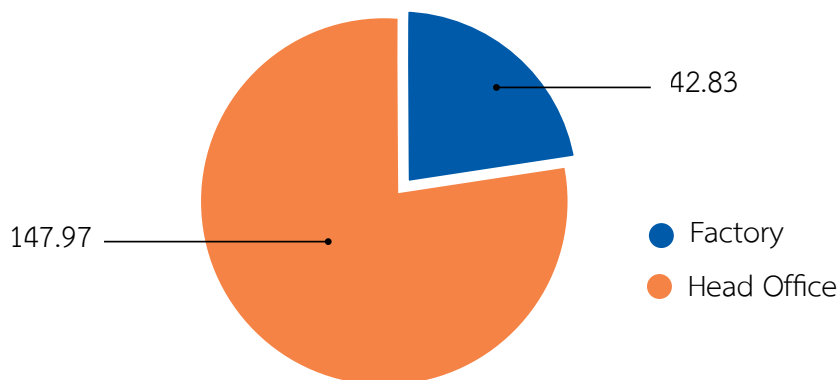
The results of the greenhouse gas management for the year 2022 showed that the company has assessed and prepared its carbon footprint according to the calculation requirements set by the Thailand Greenhouse Gas Management Organization (Public Organization), 6th revision (July 2022). The assessment covers the entire head office, manufacturing plants, and subsidiaries, and was conducted using the Operational Control Approach, with a follow-up period from January 1st to December 31st, 2021. The results were verified by ECEE Company Limited and were registered with a Corporate Carbon Footprint Certificate from the Greenhouse Gas Management Organization (TGO) on February 28, 2023.

DIRECT GREENHOUSE GAS EMISSIONS (Scope 1)



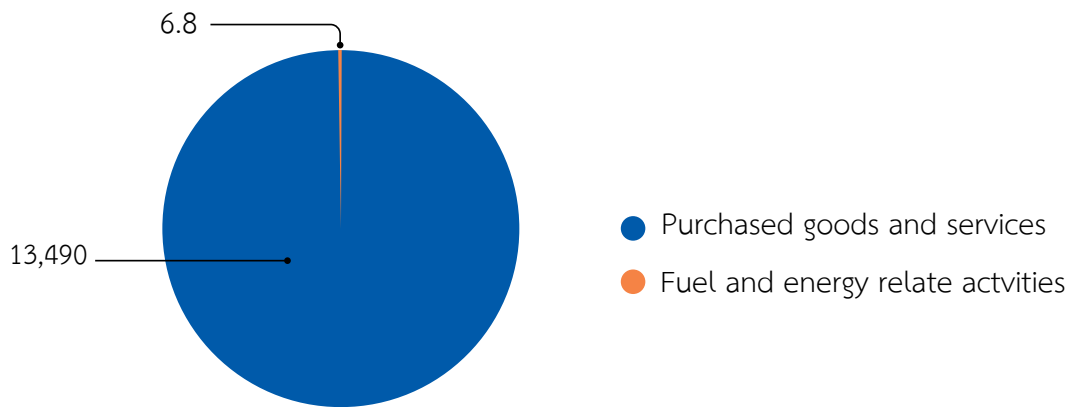
The total amount of greenhouse gas emissions from the company's sources were found to be 284 tCO₂e. The largest contributor was fuel combustion: Mobile On-road, accounting for 90% of direct greenhouse gas emissions. This was divided into diesel from the factory (58%), equivalent to 164 tonnes CO₂e, benzene from the head office (29%), equivalent to 81 tonnes CO₂e, and diesel fuel from the head office (3%), equivalent to 8 tonnes CO₂e. The remaining 6% of direct greenhouse gas emissions came from leaks and other sources (Fugitive Emissions), amounting to 16 tonnes CO₂e, followed by fuel combustion from mobile equipment (Fuel combustion: Mobile Off-road) at 3%, equivalent to 10 tonnes CO₂e.

INDIRECT GREENHOUSE GAS EMISSIONS FROM ENERGY USE (Scope 2)



Indirect greenhouse gas emissions from energy use (Scope 2) amounted to 191 tonnes CO₂e, with 78% coming from electricity consumption at the factory (148 tonnes CO₂e) and 22% from electricity consumption at the head office (43 tonnes CO₂e).

OTHER INDIRECT GREENHOUSE GAS EMISSIONS (Scope 3)



Other indirect greenhouse gas emissions (Scope 3) totaled 13,559 tonnes CO₂e, and the company assessed all 16 categories of monitoring guidelines. The main sources of emissions in Scope 3 were purchased raw materials (99%), including chemicals, packaging, and tap water, with a total of 13,227, 2,259, and 4 tonnes CO₂e respectively. The remaining 1% of emissions came from energy consumption other than greenhouse gas emissions (Fuel- and energy-related activities) at 68 tonnes CO₂e.

- 1.1 The purchased raw materials (99%), including chemicals, packaging, and tap water, with a total of 13,227, 2,259, and 4 tonnes CO₂e respectively.
- 1.2 The remaining 1% of emissions came from energy consumption other than greenhouse gas emissions (Fuel and energy-related activities) at 68 tonnes CO₂e.

3. In the year 2023, the company will continue to collect data on its greenhouse gas inventory to prepare its carbon footprint and to display the calculated amount of greenhouse gas emissions through verification from agencies registered with TGO or equivalent. The company is committed to reducing its greenhouse gas emissions and working towards a low carbon society.

3.4 Sustainability Management in Social Dimensions

Thailand is recognized as an agricultural country, despite the fact that the agricultural sector does not take the major role to generate incomes to the country. However the agricultural sector has still played an important role to feed the nation, and also yield the national incomes through export. Over the past, several countries worldwide have been trying to increase their farming areas in order to cultivate more. Even the countries which were unable to farm have also tried to lease cultivated lands of other countries for this purpose. Consequently, it can be said that the farming sector is significantly important.

Food Security is a modern problem faced by many countries, especially developing countries, where such problem is increasingly severe due to the change of climate and limited area of agriculture. Therefore, each country has to come up with measures to cope with this problem.

For Thailand, we are capable of producing sufficient food crops for domestic consumption and exporting to other countries. However, the government should pay attention to the following factors in order to avoid future problems.

1. Agricultural areas have been used for producing alternative energy such as solar farm, which has gained increasing popularity, especially in Northeastern area.
2. Agricultural labor force has continuously decreased as new generations prefer to work in industrial sector. Therefore, agricultural sector has lacked of labor force due to its high demand in labor.
3. More foreigners have used legal loopholes to occupy agricultural areas causing some Thai people to lose the possessory right of their land and unable to use their land for agricultural purpose.
4. Factors of production such as chemical fertilizer and pesticide chemicals must be imported from other countries causing high manufacturing cost.

Weed Science Association of Thailand conducted a research and it was found that weeds are the number one enemy of farmers. Labor for agricultural sector is scarce and more costly than the use of herbicides. Due to the aforementioned factors, Thai farmers have to find the way to “produce more without expanding the area while making the efficient use of their existing labor”. Pato Chemical Public Company Limited was, therefore, established to answer the needs of Thai farmers for quality, increasing productivity, and rely on less labor by providing high-quality and effective pesticides at reasonable price while multinational companies focus on importing finished products, which are more expensive.

Pato Chemical Industry PCL. has imported both finished products and Technical Grade chemicals and laid down the policy to focus on import the Technical Grade materials as much as possible as having considered that the Technical Grade chemicals can be formulated for their own manufacturing process and this would cut down the production cost and help promote the

domestic income distribution since other chemical elements, including packaging materials can be supplied domestically. The most important thing is that the Company can monitor and control the quality of the products better than the imported finished ones. Definitely, this will bring about big advantages to Thai farmers and agriculturists as they can access to the good quality agricultural products at the lower price and cut down the farming cost. Consequently, the past 30-year history of the company's operation have been secured by the reliability and trust of Thai agriculturists until today.

3.4.1 Policies and practices in social dimensions

The Company has set out the business guidance to observe the following 8 principles of social responsibility:

1. Doing business with fairness	<p>Board of Directors has a policy to treat their business partners with fairness and honesty. The goal of sustainability is to minimize customer complaints. and therefore establishes the principles below:</p> <ul style="list-style-type: none"> - Avoid any business or operations which may lead to the conflict of interest. - Promote the freedom of fair competition and avoid favoritism treatment. - Support the protection of intellectual property or patents. - Establish the preventive measures to ward off bribery and corruption, by setting up the rectification process, as well as the monitoring function and penalty. - Promote the anti-corruption campaign among the executives and staff. - The company has remained the political neutrality and never taken a part or contributed funds to any political party directly or indirectly, as they have considered that the political stances are individual and not involved corporate responsibility.
2. Anti - Corruption	<p>Corruption in Thailand is recognized throughout the world and Thailand is ranked for corruption problem in the primary. The problem affects the image and standard of living of Thai people as a whole for instance:</p> <ol style="list-style-type: none"> 1. Public resources may turn to someone own illegally and unethically. 2. Distortion of resources use and as a result, public do not receive full benefits from funds spent on the project such as poor quality road or constructions which lead to a shorter working life than it seems, or people receive poor service. 3. Politicians may take opportunity to monopolize, not promoting effective and fair competition and result in weak and unprogressive organization.

	<p>4. The youth and public will value wealth achieved by the fraud. Small mistake, privilege for own benefit will become common and done by everyone. People will not believe in morals and ethics and lead to exploitation, rules and disciplines breaking, and the lack of common sense to do for public.</p> <p>The company gives importance to good business management under the framework of good ethics, transparency, and being able to be investigated, especially processes related to or risking corruption within the company, with regulations as follows:</p> <ol style="list-style-type: none"> (1) The committee, directors, and employees are prohibited from engaging in corruption in all forms, whether directly or indirectly; (2) Promoting values of honesty, integrity, and responsibility towards conducting duties; (3) Promoting awareness to stakeholder to understand, realize, and cooperate for fighting corruption; (4) Aiming to be a transparent organization, free from corruption, as well as not involving in any form of corruption; (5) Treating employees fairly, conduct review process to penalize those who engaging in corruption, violating, or failing to comply with the standards. Each case will be proceeded under protocol and regulations in consideration of the penalization; (6) Providing the measures to protect whistleblowers who inform details of corruption in the organization; (7) Providing review of compliance according to anti-corruption policies in line with changes in businesses, regulations, rules, and legal requirements.
<p>3. Respect on human right</p>	<p>The Company has supported and respected a human right protection and honor individual dignity. The company has put against the coercive and child labor by promoting the observance of the international human right codes and morality in order to secure the social tranquility.</p> <p>In addition, the employee recruitment has not been decided by inborn and physical character traits i.e. race, gender and religion, but judged on the real competency and virtue.</p>

4. Attainment to the goal of fair treatment to laborers	<p>The Company has secured the protection of employment by observing the fair employment codes of conducts with sustainable goal of low rate of turnover as follows:</p> <ol style="list-style-type: none"> 1. Put the priority on the safety and sanitation by arranging appropriate occupational health and safety on working. 2. Provide skills and training to enhance the employee's competency and render career opportunity. There are clear policies and concrete guidelines. 3. Return appropriate remuneration to reflect the workloads and job entity. 4. Set out the pledge and complaint process appropriately. 5. Provide appropriate benefit welfare. The company's minimum wage applies to new unskilled workers. The wage applied is higher than that announced by the government and the daily worker wage is adjusted annually. 6. Create balance of working life and family well-being. 7. Prevent from unfair treatment or disciplinary punishment to the employees who honestly work. 8. See for discussions/cooperation between employer and employee for solutions and respect employees' opinions. 9. Develop and instill morals and ethics. 10. Offer employment to the disabled to return the benefits to the society.
5. Responsibility for customers	<ol style="list-style-type: none"> 1. Manufacture the good quality products which have been trusted by Thai farmers over 30 years. The products will give an efficient and safe result, when the consumers follow the safety directions given on the label. 2. Provide correct and sufficient information to the consumers without propaganda by navigating easily-understood instructions which include the safety handling with the users who are affected by the toxic chemical, and how to manage the storage and disposal. 3. Raise awareness among the consumers and manufacturers to recognize the importance of using the products with the least harm to the environment. 4. Develop the products to give the optimum benefits in an environmentally responsible way i.e. supplying environmental-friendly products with least toxic residues.

6. Cooperation with society and community	<ol style="list-style-type: none"> 1. Arrange social responsibility activities to fulfill the society and community development. 2. Maintain the pleasant surrounding environments in communities. 3. Render supports to the society and communities to access to the fundamental infrastructure i.e. building schools through the functions of universities' volunteer rural development camps.
7. Use and Sharing of Innovation	<p>The Company plan to increase product lines with low residues in the environment. Having started from the registration of the hazardous chemical for agricultural use, the Company has to prepare for the academic information/data about the products and submit them to the Department of Agriculture. In the meantime, the standard laboratory test is required carrying out to find out the level of chemical residues. For this process, the Company dispatches the sample of the products to the international laboratory in U.K. to ensure the lab result, and submit it to the Department of Agriculture. Then the expertise will conduct a test use of the product on the variety of plants to recognize the efficiency of the products and appropriate doze of use which is the best for Thai plants. This process shall take more than 1 year to fulfill.</p>

Human Rights Operations

Human Rights Policy

The board of directors, executives and employees are aware of the importance and respect for human rights with the following policies:

1. Do not support forced labor
2. Against child labor
3. Providing suitable working conditions
4. Taking into consideration of the right to negotiate through the labor union.
5. Equal opportunity and no discrimination
6. Providing support for the rights of migrant workers.
7. Recruiting persons with disability

Guidelines

1. Respect for human rights, treat others with respect and honor without discrimination based on race, nationality, religion, gender, age, skin color, education, social status.
2. Identify the risk of human rights violation. Define individuals or groups that may have impact

from potential risks, plan and determine solutions and to prevent human rights violations, manage and resolve to prevent human rights violations. Monitor and follow up by providing a relief process that appropriate in the event of human rights violations. In 2020, the risk assessment including employment, health and safety of labour, community safety, confidentiality of personal information shows that health and safety risks of customers and users are at the highest level. The company, therefore take action to mitigate such risks as the first priority.

3. Caution in performing duties to prevent the risk of human rights violations in business operations.
4. Communicate, disseminate, provide knowledge and understand to set guidelines for conducting business throughout the business value chain including suppliers and contractors so as to participate in conducting business with integrity, respect for human rights.
5. Monitoring of respect for human rights not neglect or ignore any cases that might be considered as violation of human rights related to the company. This shall be reported to the supervisor or the responsible person and cooperate in the investigation of the facts. If in doubt or question shall also be consulted with the supervisor or the responsible person through proper channels specified.
6. Ensure fairness and protection of persons who report human rights violations by using whistle-blower protection policy to protect the complainant or those who cooperate in reporting human rights abuses
7. Create an organization culture that is committed to respecting human rights.
8. The offenders of human rights violations are unethical, which must be considered disciplinary action according to regulations of company and also may be penalized by law if the offense is unlawful.

Ensuring freedom of association and protection of the right to collective bargaining

The company has guidelines to support employee union and collective bargaining through unions. In the past year, the company has not received any complaints about employment conditions or labor disputes from labor unions.

Eliminating all forms of forced labor and human trafficking

The company has policies and guidelines against the use of forced labor. Employment is legal and fair. The company takes into account the importance of working days, break times, holidays and leave days, as well as paying wages according to the rules and regulations of the company that is in line with the Labor Protection Act B.E. 2541 (1998). Last year, the company has not received any complaints or disputes in any of the above issues.

Eliminating child labor

The company strictly and seriously opposes the use of workers under the age of 18 in accordance with the Labor Protection Act B.E. 2541 (1998). The company has never received

any complaints or disputes about child labor.

Eliminating discrimination in workplace and recruitment process

The company has policies and practices against all discrimination in workplace and recruitment process, and aware that everyone has the rights to fair wages and equal opportunity in training to develop their career.

Protection of privacy and personal information

The company has policies, scopes, and guidelines for disclosing, transferring, or collecting personal information, and personal data for the protection of privacy and personal information of directors, and employees, as well as stakeholders such as customers, business partners, shareholders in accordance with the Personal Data Protection Act B.E. 2562 (2019). The company aims to improve rules and regulations of the company relating to the collection of personal data in accordance with applicable laws, and in 2022, the company assigned human resource personnel to attend training on the topics in order to prepare for further implementation of the policy. The company is also working to create understanding among employees about what is considered violation of privacy and personal rights, which is as follows:

1. Providing false information to other people
2. Distorting or modifying information to be different from the original
3. Accessing other people's information without permission
4. Disclosing important information to other people without permission
5. Destroying information causing damage to the company or an individual
6. Taking control of the system without permission whether partially or completely
7. Attacking the main network that provides the service causing damage
8. Sending malware causing damage to the network system
9. Creating false news, chain e-mail or any spamming on the website or e-mail
10. Creating computer virus that harms a computer system and spreads widely
11. Using of spyware tools to intercept other people's information

The information about the policy and principles of practice regarding the protection of personal information can be found on the company's website.

https://drive.google.com/file/d/1Ke_YUEQarzMa4swERz_ZTo25Mw2JU0R/view

Protection of freedom of information and labeling

The company has policies and guidelines that aims to create transparency in the information of the company's products. The company respects the rights to freedom of information and to enable customers to make the right purchase with complete and accurate information.

The company's product labels all comply with the regulations of the Department of Agriculture, the Department of Livestock Development, the Food and Drug Administration,

which oversees the approval of labeling.

Intellectual Property:

The Company recognizes the importance of intellectual property and copyrights of those who have put effort into creating innovations. Therefore, the Company has set up policies to prevent the breaking of intellectual property rights, as follows:

- 1) Employees must comply with laws, regulations and agreements about intellectual property rights including patent, copyrights and trade secrets.
- 2) Outside information must be carefully checked before being used to ensure that it will not break intellectual property rights.
- 3) The Company uses only legal software and fonts from copyright holders.
- 4) Upon termination of employment, employees must hand in information about trade secrets in all forms back to the Company.
- 5) The employees who deal with trade secrets should use appropriate measures to keep trade secrets, such as
 - Data collection such as Names of customers and distributors
 - Working procedure
 - Manufacturing process, Technic and Know-how
 - Document tracking process
 - Production formula
 - Business strategy, business plan, marketing plan and information about the Company's Research and Development (R&D)

3.4.2 Social Performance

(1) Employees

The Company emphasizes unity among employees, working together in a peaceful and facilitating atmosphere, and gives employees the opportunity to develop their potential and to utilize their knowledge and ability to help in creating progress for themselves and the company. The company provides reasonable and fair compensation and fringe benefits to the employee for example annual checkup, health and life insurance, transportation, hygienic canteen with fair price and free rice, sport facilities, bonus, hardship allowance, annual party and excursion, and provident fund. For security reason, the company has established Safety, Occupational Health and Environment Committee to regularly control safety such as heat, light, and sound including machineries survey and maintenance.

Personnel

The company adheres to the principles of human rights in employment and also takes care of employees and personnel. As a result, the employee and personal get a long well

as a family. The company pays remuneration to employees, including salary, overtime, diligence allowance, living allowance, social security, bonus, and the provident fund. The company has a recruitment process which includes selection, evaluation, compensation, as well as promotion by determining the following indicators: qualifications, diligence, and honesty. In addition to the efficiency and effectiveness of each position are considered in order to reflect the company's commitment to anti-corruption measures.

Subsidiary company applies remuneration and rules of the parent company.

There are 131 employees in 2022

Year	PATO		PCC	
	Men	Women	Men	Women
Permanent Employee	37	33	-	-
Temporary Worker	23	30	1	5
Disabled Person	2	-	-	-
Total	62	63	1	5

The Board takes care of the use of human resources consistent with direction and strategy. Employees are knowledgeable and are treated fairly. They get appropriate and right payment. Provident Funds have been set up to provide adequate savings for retirees.

Staff Development

The company sees the staff at the heart of its entrepreneurship; therefore, the employees are allocated opportunity to participate in self-development so they can make use of the knowledge and ability to make progress for both themselves and the organization. Currently, the company is organizing and/or sending the employees to trainings suitable for their responsible scopes. Moreover, according to the policy, each employee is required to participate in training sessions of no less than 12 hours/person/year by joining the annual trainings provided by IOD, Stock Exchange of Thailand or SET, the Office of the Securities and Exchange Commission, Thailand Securities Depository, Thai Investors Association, Thai Listed Companies Association, Federation of Accounting Professions, Thai Agro Business Association, Council of Science And Technology Professionals, Social Security Office, and etc.

The company has been approved with a certificate from the Thai private sector's anti-corruption campaign. The human resource department provided training for directors, executives and employees on topics related to such measures.

Examples the topics of training and sending employees to attend training in 2022, such as

Headquarters	Factory
<ul style="list-style-type: none"> - Inclusive Leadership Means Better Business - Easy listening :Accounting knowledge that AC should not miss - How to relieve damage when important information is leaked in the organization - Turning Crisis into Opportunity with Design Thinking - Big Data Analysis in Response to Covid-19: Preventing and Control - Turning Waste into Value - Waste and Recycling business - HR Take Benefits from PDPA+Court Cases - PDPA Compliance for HR&Employer 2022 - Carbon Footprint for Organizations - SETSMART for Listed Company/ Financial & Economic Data Bureau - Final call PDPA Onboarding - Circular Economy “The way to reduce greenhouse gas emissions from the business” - Human rights issues throughout the value chain - “Net-Zero Targets: Energizing Efforts for Action” - “The Myth of PDPA Implementation & Communication” - Interpersonal Communication “Essential skills for communicators that cannot be overlooked” - Carbon Footprint “The key to a sustainable organization” - Driving Organizations with ESG Data and Introducing the ESG Data Platform - Techniques for preparing minutes of meetings - 100 New AGM Checklist 2023 - Summary of TFRS that have changed and are effective in 2023 - Nomination and Appointment of Directors - “TCFD checklist,climate scenario analysis and risk” - “Circular Economy Business Models” - Preparation of 56-1 One Report, Year 2023 - Tax Issues for Professional Accountants in 2022 - Summary of important issues and problems encountered in the practice of TFRS 9, TFRS 15 and TFRS16 	<ul style="list-style-type: none"> - Using a UV-Vis spectrophotometer in agrochemical analysis - Basic knowledge for laboratory management system according to ISO/IEC 17025-2017 - Primary Fire Fighting - Fire Evacuation Training - Cope with Chemical Spill - Driving a forklift correctly and safely - Industrial Waste Management System - Requirements according to ISO/IEC 17025:2017 - HR Take Benefits from PDPA+Court Cases - PDPA Compliance for HR&Employer 2022 - Carbon Footprint for Organizations - Fire Watch Man - Production Process Safety Management (Process Safety Management: PSM) - Efficient and Standardized Packing of 15 Kg. Granule Product - Safety in the Use of Hazardous Chemicals - Relize of Occupational Diseases - PSM-39 Raw Material Inventory Control - WI-26 Receiving Raw Materials - WI-27 Picking Out and Moving Raw Materials - WI-28 Receiving and storing White Spirit 3040 from trucks

Project of Low Accident in Work Place

The company operate to reduce accidents at work by;

1. Finding risk place where accidents may occur in work place.
2. Preparing plans against conflagration, chemicals spilled/leaked together with practice, evaluation, and review of the plans once a year.
3. Providing protector devices and arranging emergency response that suit the situations.
4. Training with understanding on how to; safety perform, control, solve, retrain, and mitigate hazards that may occur during operation, however, ones must follow MSDS (Material Safety Data Sheets). The operation will be controlled by staff who have a Qualification Certificate of safety or Safety officer.

According to the plan, numbers of accident in the work place is low and no serious accidents reported so far. Report submitted to the Department of Labor Protection and Welfare on quarterly basis for 2018-2022 is as follows:

Year	Numbers of accident
2018	0 accident.
2019	0 accident.
2020	0 accident.
2021	0 accident.
2022	1 accident.

Employee Commitment

- The company has not yet offered employees the chance to voluntarily resign from their jobs.

Year	Percent	Reasons
2020	6.16	-
2021	6.80	Pandemic of COVID-19
2022	8.76	Pandemic of COVID-19 and retirement

In the past, the company created these projects for unity and loyalty organization, ongoing projects are as follows:

Renewal of Retiree Project

Presently, the elderly people is approximately 17.57% of all population. People aged 60 and above were 11.6 million people in 2020. (Information from Department of Older Persons) That means Thailand is moving towards aging society, but in fact, the elder people in Thailand still have healthy body and mind. They can work efficiently from the experiences gained. The company has policy for retired employees who still have the capability and have directed experience, healthy, and still want to help company. The renewal project will be considered annually from accomplishment, capability and willingness. This is a morale support for those who dedicate to the company and willing to work to avoid being burden of families.

15 minute nap to have healthy brain project

Researches show that sleeping during midday about 10-20 minutes is the time that your body stays in the Non-Rapid Eye Movement (NREM) period. When you wake up, you will feel refreshed and rejuvenated and your brain gets full rest which helps increase work performance. This is called “Power Nap”. This is the reason why the company encourages management and staff to take 15-20 minute nap after lunch. The project receives good cooperation from employees. Turn out the light after lunch break, not only help the company to save energy, but the employees also can get some rest and wake up with freshness

Project of the Same Family

The Company has committed themselves to create and enhance the affections and unity in the workplace to strengthen the teamwork spirits among the employees and management team. The company parties and trips have been arranged by including the employees’ family members without cost. The company regulations become flexible as appropriate where everyone accepts. The examples of these successful activities included:

- When the schools are closed, the employees’ siblings, nephews or nieces are allowed to work on internship program to support their families, explore the new working experiences and spend their time in more creative and useful way.
- Communication, questions and answers, complaints, and beneficial information to quality work of life among employees are done via Social Network Application for the same and equal understanding and practice.

Even though the company is affected by the pandemic of Covid-19, but there is no policy to reduce the number of employees.

People with disabilities work at home Project.

The government aid measure ask private sector to support people with disabilities to have the opportunity to work, earn money with welfare and get self-esteem not feeling to be family's or society's burden.

The company employ these people with disabilities by allowing them to work at home so as to save expenses and increase safety. Public transportation or devices to facilitate people with disabilities are not completely ready in Thailand.

Project of Health Promotion

The annual medical check-up has been provided to all employees, moreover, employees' family can attend this program at special discount price from hospital that join the company's project. The health and personal accident insurance schemes have been applied for everyone, apart from the social security insurance. Use of drugs has been prohibited in the workplace. The annual blood test for employees and workers at factory in searching for residue in blood is provided and residue report has never been founded.

Child Safe Room Project

At the factory, hazardous chemicals, flammable substances are kept apart from that, big trucks moves in and out occasionally. Unforeseen accidents could happen at any time. It is not a place where employees could bring their children, or any person into the factory. However, the company takes into account the circumstances that sometimes, it is inevitable for employees to take children inside the factory as no one can take care of their children. The management decides to build an air conditioned room equipped with enough facilities for children at the office building which is far from production site. Children can spend their free time doing homework while waiting for their parents. In order to bring safety for everyone in the plants, the rules for bringing children into the factory area are set as follows:

1. Permission from the factory manager must be granted in advance.
2. Limited number of times to use the room per week.
3. For safety and health reason of other children and staff, sick children are not allowed to come into this children room

Avoid COVID-19 and Live New Normal Life

In order to keep all personnel safe from the COVID-19 epidemic, regulations are issued to ensure everyone's compliance with the Ministry of Health's recommendations, including wearing a mask correctly, wash hands regularly, and keep social distancing. The company asks for cooperation from all personnel from:

- Avoid risk areas
- Avoid eating together
- Avoid parties.

- Body Temperature check before entering the office.
- Outsiders are not allowed to enter the workplace.
- Alcohol applied over mails, parcels and leave them outside the office for a while before bringing into the building.
- The company has hired a standardized public health agency to regularly take ATK test for production staff every 2 weeks to reduce the risk of infection.

Lamp Replacement Project

Research shows that environment with light can stimulate worker productivity (Dijket al., 1995). This is because exposure to light results in the release of hormones (Scheer, 1999) that increase wakefulness, and it can be seen that light is an important factor in vision and functioning in humans.

Therefore, setting up the environment to achieve visual efficiency is important for improving work efficiency and reducing the negative effects on eyesight that may cause fatigue, which may have been the cause of the accident. The company installed LED lights in the factory, besides saving energy, also increases productivity.

Some places use solar cells for savings and safety, such as around the diesel fuel tank.

(2) Customer

The company continually develops products to meet customer demand and satisfaction with responsibility, honesty, and ethics. In 2022, the company organized customer satisfaction survey in 6 topics, product variety, quality, delivery, price, service, and promotions and received an average 3.27 score out of 4. The topics that received the highest average score were in the following orders, service and follow-up by the sales department, product quality, and variety of products with average scores of 3.91, 3.53, 3.39 and 3.29 respectively. There have been no major complaints from customers in 2022. To maintain customer base and to build a good relationship, the company provides ongoing projects to serve the needs of customers as follows:

Distributers.

Project of Profit Rebates to Customers The Company has set out the policy to strengthen relations with the customers by implementing the following conducts:

1. Communicate with customers honestly and sincerely.
2. Provide speedy delivery service.
3. Facilitate easy access to the sales staff and welcome negotiation and bargaining with special business promotion.
4. Recognize the importance of representative customers and focus on the retail business

instead of the wholesale one in order to eliminate the problem of “big fish hunt small fish”

5. The Company has realized the importance on honoring the promise which they have given to the customers.

What’s more is that the Company has availed themselves for the profit rebates given to the customer at the year end. It is found that the customers have preferred the profit rebates. This project has been successful and made the customers place their royalty to the Company for more than 30 years.

End User

Project of Low Toxic Residue Products to Farmers and Environment

PATO intends to research for approval of registration for import and production of agricultural chemicals that are safe for farmers and environment and have received approval as follows :

- **Isoprothiolane 41.76% w/v EC. (Fuji-One)**, from Japan, which can be used as an element for herbicide to cure plant diseases i.e.; Rice Blast Disease
- **Bispyribac-Sodium 20% WP**, from China, used for controlling narrow-leaf weeds in paddy fields i.e. jungle rice, birds rice, wrinkle duck-beak, Broadleaf weeds i.e.; gooseweed, Sedge i.e.: umbrella sedge, small flower umbrella sedge, and tall fringe rush.
- **Fenpyroximate 5% w/v EC. (Ortus)**, from Japan, used for killing mites in plantation of orange, papaya, durian, rambutan, longan, chili, lime, and cassava and Kansawai spider mite in rose gardens and orchid farms.
- **Buprofezin 40% w/v SC. (Applaud 40 SC)** from Japan, used to control brown plant hoppers in rice field and cotton leafhopper.
- **Fenoxaprop-P-ethyl 6.9% EW (Patoweed 6.9)** used to control weeds in wet seeding rice field (apply as post emergence) to control narrow leaf weed such as jungle rice and little ironweed.
- **Azoxystrobin 25% W/V SC** used to control and get rid of Black anther in orchid caused by Colletotrichum.
- **Fluazifop-P-butyl 15% W/V EC**, used to control narrow-leaf weeds as post-emergence in the Magnoliopsida as main crop, such as; jungle rice, little ironweed, fingergrass, Rhopalephora scaberrim, in vegetables like garlic, peas, peppers, eggplant, cassava and cotton.
- **Pyrazosulfuron-ethyl 10% WP.** ,used as post-emergence in wet seeded rice production and transplanting rice cultivation to control small flower umbrella sedge, common fringe-rush, and broad –leaf weeds such as; pickerel weed, goose weed, Fern and Water clover.
- **Hexaconazole 5% W/V EC**, Fungicide used to control sheath blight disease in rice field, dirty panicle disease in paddy, anthracnose in grapes and mangoes, purple blotch in

onion, rust, and leaf blight etc.

- **Ethephon 48% W/V SL.** hormone used for plant flowering and ripening such as pine-apples, tomatoes etc.
- **Gibberellic Acid 2% W/V SL.**, hormone used to cross –pollinate flowers for cucumbers, induce fruiting for oranges, tomatoes, grapes, induce the development of flowers, and induce cell growth.
- **Quinclorac 47% + Pyrazosulfuron 3% WP** used as post-emergence in wet seeded rice production to control narrow-leaf weeds such as; rice weeds, broadleaf weeds such as goose weed and sedge such as small flower umbrella sedge and Snake’s bread.
- **Oxadiazon 25% EC, trade name Oxato 25**, herbicides used in dry broadening paddy fields.
- **Captan 80% WG**, trade name, Patocide 80, herbicide used to prevent brown spot disease in rice, prevent leaf spot disease in orchids.

2022 new products :

- **Glufosinate-amonium 15% W/V SL**, (Patobas) Post-emergence herbicide in palm plantations. Narrow-leaved weeds such as Goose grass, Tropical Carpet grass, Southern Sandbur, and Wire grass. Broad-leaved weeds such as Goat Weed, Creeping Foxglove, and Button weed.
- **Cyhalofop-butyl 10% W/V EC**, (Granto) Post-emergence herbicide in sown field such as Jungle Rice, Little Iron weed.
- **Metalaxly 35% DS**, (Patolaxil), herbicide to protect Downy Mildew in sweet corn.
- **Fipronil 0.3% GR**, (Patodan) insecticide to protect Sugarcane borer.

The Campaign for Proper and Safe Use of Chemicals

Proper dress code for safety

The Company had studied until the conclusions appeared that Thai farmers have preferred the check shirt than anything. Therefore, the Company had a shirt vendor supplied good quality check shirts which were used as premium freebies for the company products to boost sales volume. At present, more than 300,000 shirts have been distributed to Thai farmers nationwide and it was pleased that the shirts were well used by the farmers; moreover, some of the farmers were wearing in daily life. Furthermore, the company has launched a campaign of gloves wearing while applying, mixing, or spraying agrochemicals.

The company has attached a pair of rubber gloves together with granule agrochemicals for farmers to use while sowing the chemicals into the fields.

Body Cleansing after exposure or use of chemicals project

The market research from the company was found that soap bar was popular with farmer and the additional researches have studied more about the scent and brand favorite among them. The respective results were used for selection of the soap bar brand in order

to distribute in the gift box to the customers. This is to raise the awareness of cleansing the body after the use or exposure of pesticides. The outcome has been successful and well accepted.

Project of Free Detergent

Research of detergent favorable among farmers had been conducted. Brand and type of detergent approved is distributed as a gift in the packages of agrochemical for customers in order to encourage the importance of cleaning clothes after the use of agrochemicals. The outcome has been successful and well accepted as well.

(3) Community and Society

The company operates the business with a responsibility to the community and society. Focusing on minimizing environmental impact and avoiding operations that may have a negative impact on the quality of life in nearby communities, therefore, PATO chose to set up a factory in an industrial estate. In 2022, the company did not find any complaints from the community on social or environmental issues.

In addition, the company has always been involved in improving the quality of life and promoting participation in the community, especially in education, because we believe education will help develop the country. Ongoing projects as follows:

Projects of Development of Dream Schools

In the past, the Company had surveyed small schools surrounding the Head office and found that most of them were supported by Bangkok Metropolitan Administration and received sufficient funds for school development. However, it was found that Wat Uthaitaram Primary School was under the Office of Basic Education Commission, and offered the Grade 1 - 6 educations. The school were supported the funds from the government by headcount of students. At the time of survey, there were only 120 students; therefore, the school was rendered insufficient financial supports for development. Most of students were from poor families and parents immigrated as construction laborers, bus drivers, motor bike, security guards, vendors, and live in communities along the railroad. Consequently, the Company had an opportunity to extend financial supports and co-work with the school's Development Committee Team by procuring educational/sport equipment, providing school meals, renovating the audio-visual education room, supplying computers and offering education funds for the students in need every year.

As the Company piloted the school development program, more volunteers have joined to the development of the school. At present, there are 300 students at this school.

The Company's employees volunteered to teach English to the students also supported and provided o-net's exam for grade 6 students. The purpose of coaching students have changed and focused on students to be fun with English, to be more assertive, and to learn about culture and tradition of other countries, however, keeping on practicing with O-NET test, and the result has been with satisfaction.

From such developments, the school has been chosen to be the one of a Dreamed School Project and the school has been selected to receive royal award school for small school types in Bangkok. Awards provide the school with fund to further improve the school on academic performance.

In 2017-2019 academic year, Wat Uthaitharam School sent students for English speech contest. The company employee is responsible for training contestants. The representative sent won the contest every year. Due to COVID-19 the competition is suspended in 2020-2021.

In 2022 school representatives win gold medal for singing contest and story telling contest.

At the end of the every academic year, the Company Directors will host a lunch party for students who have graduated, as well as give scholarships to all students.

Scholarships of Rajprachasamasai Foundation for orphans whose parents died from AIDS.

The children will be taken care off and given opportunity to study in 4 sections; elementary school, secondary school or vocational education, and university. This project has supported as many as 300 orphans for university graduation so far. Pato and its executives have supported the scholarship for students from elementary school to university level for 11 consecutive years.

Donations in 2022

- Budget for Children's Day, Scholarships, Foundation for Orphans in 3 Southern Border Provinces.
- Thai Association for Medical Instrumentation for medical equipment
- Scholarships and Fund for development at Wat Uthaitharam School
- Scholarships to Alumni of Postgraduate, Mahidol University
- Donation for the Wachirawet College Foundation honor In the royal patronage
- Donate computer equipment that is still usable, Association of Persons with Physical Disability International

In addition, The Company has participated in the religious ceremonies as appropriate.

4

Management Discussion and Analysis

Financial statements, information analysis of Pato Chemical Industry Plc. and its Subsidiaries.
(Unit : Thousand Baht)

The performance of PATO Chemical Industry Plc and subsidiary indicated net profit (loss) totaled THB 81.79, 118.70, and 44.92 million in 2020 - 2022 respectively. These figures represent an increase or a reduction percentage of (5.60), 45.12, and (73.78) respectively.

In 2020, International Money Fund (IMF) in October 2020 has forecasted that the 2020 global economy to contract by 4.4%, impacted by the COVID-19 epidemic with vast number of infections in countries around the world. Hence, there is a need for efforts to reduce the COVID-19 outbreak. The lockdown measure is one of the ways to control the pandemic, however, this is resulting in severe economic contraction. The severity of the economic contraction in each country depends on the strictness of the lockdown measures, in which the economic contraction deepened the most in the second quarter of 2020. This is leading to higher unemployment rate due to the massive layoffs, which hinders labor efficiency and the trend of economic growth in the long term. This is a widespread trend across both developed and developing countries, which will lead to income inequality among developed and developing countries. This could result in more than 90 million people of the world in poverty. In addition, the global economy is still facing major risk factors such as rising corporate bankruptcy rate, slow labor market recovery, dwindling demand, tourism sector contraction, financial markets and international capital flows concern, world crude oil price and trade war between the United States and China.

The US economy contracted by 4.3%, improving from recent government stimulus measures such as government subsidies and unemployment income insurance benefits. However, the US economy still faces several risks, including the number of COVID-19 infections, lower household spending and weaken US dollar.

Eurozone economy (Germany, France, Italy, and Spain) contracted 8.3%, which is improving from recent past since the economy began to recover from the relief of the lockdown. The banks in the member countries are using more relaxed monetary policy, keep interest rates low to stabilize the financial system and alleviate problems of the decline in domestic demand, such as the German government's economic stimulus measures that is the extension of short-time work (STW) scheme, abolish certain types of taxation and French economic stimulus measures by reducing taxes for the business sector etc.

The Japanese economy contracted by 5.3%, improving from the recent past as the economy began to recover after the government ended its state of emergency including the business sector

started to expand production capacity.

The Chinese economy grew by 1.9% from the recent past since China can curb COVID-19 pandemic. The economy has been growing after the government ended various emergency measures resulting in a surge in the domestic demand and an improvement in imports.

ASEAN-5 economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) contracted by 3.4%, improving from the recent past because various measures of member countries can control the COVID-19 pandemic. This has resulted in ease restrictions to stimulate the economy.

The Thai economy has been impacted by the global economy, which has been hit by the coronavirus pandemic in many countries around the world. As a result, the Thai economy in 2020 is expected to fall by 6.0%. In the early stages of the COVID-19 outbreak, the overall picture of Thailand demonstrates to the world that it can cope well with the first outbreak. However, during the final months of 2020, Thailand was facing new challenge due to the second wave of outbreaks from foreign workers in Samut Sakhon Province and many other clusters transmitting the virus. This was posed potentially serious risks to the Thai economy because Thailand has been relied on tourism industries. The income from this sector alone was accounted for up to 13% of the Gross Domestic Product (GDP), which is considered a high proportion. It also faced a stagnation in the manufacturing sector and the impact of lower revenues. In addition, there is domestic political problems during the last quarter of the year.

The Thai government declared state of emergency and set measures to control the spread in the early stages such as international travel restrictions, work from home and social distancing policy, impacting the business sector especially in the service sectors related to the tourism industries, affecting income, employment, as well as the ability to pay household debt. The Thai government has gradually released stimulus packages to alleviate the severity such as the 1 trillion-baht loan scheme, the energy, water, and internet accounts payments assistance scheme, the Khon La Krueng (50:50 co-payment) subsidy scheme, Rao Tiew Duay Kan (We Travel Together) scheme, Rao Chana (We Win) scheme, Mor. 33 Rao Rak Kan (We Love Each Other) subsidy scheme, farmers financial assistance scheme to stimulate spending and support domestic tourism in a variety of formats. These schemes contributed to maintain some consumption in the private sector, even though only for a short period of time. As for private investment, the government also issued loan assistance scheme for export to relief and revitalize the economy. In addition, the interest rate policy has been cut to a record low to help both public and domestic sectors with dept moratorium, debt restructuring scheme including the reduction of contributions to the Financial Institutions Development Fund (FIDF) to encourage commercial banks to cut interest rates on their loans to help businesses, especially SMEs that suffer from liquidity problems. These efforts are to rebuild Thai economy to return to normal as quickly as possible.

Overall economic conditions in the Thai agricultural sector in 2020 contracted 3.3% compared to year 2019 due to drought. The amount of rain that falls was insufficient and water shortage crisis resulting in a decrease in agricultural production of some major crops such as off-season rice, cassava, sugar cane, pineapple, rubber plants, palm oil. Water content was not enough rice farming causing the area to grow rice decreased including the outbreak of rice blast disease and cassava mosaic disease. The COVID-19 pandemic has caused labor shortage in agricultural industries. The production of some major crops have been increased, for example, in-season rice, maize, longan and durian, since in the middle of 2020, there was more rainfall in comparison with 2019, allowing farmers to grow more in-season rice for the second round. Farmers can manage to control the outbreak of fall armyworm and the price is in favorable market trends. The combination of these factors is an incentive for farmers to cultivate more.

From the decline in agricultural production, the average prices continued rising in rice, sugar cane, pineapple, rubber, palm oil, durian. This is due to the less output to market, and some shortages, not enough to meet the market demand, especially during the lockdown measures to prevent the spread of COVID-19. For example, rubber was in high demand because of the rubber glove industry. In addition, the quality of durian production has been managed to meet the need of the market demand while some agricultural products prices declined such as maize, cassava, longan due to the large number of products released to the market from domestically and internationally from Burma such as maize. This is coupled with poor product quality. The various factors as mentioned above was affecting the performance of the company. The operation results over the past three years appear as follows:

In 2021 In October 2021, the International Monetary Fund (IMF) forecasted that the world economy would grow by 5.9% in 2021, reflecting the sign of global economic recovery from various supporting factors such as the stimulus economic packages and progress in vaccination of many countries against the outbreak of COVID-19, which the vaccination has been proven to reduce the risk of serious illness. However, unequal access to vaccines from low income countries facing the limitation on vaccine shortage and distribution to their population, as well as the vaccine hesitancy of some populations in many developed countries have been the contributing factors to the ongoing COVID-19 pandemics. Along with the emerging of Delta and Omicron strains that are far more transmissible, including potential new strains that may reduce the effectiveness of the vaccines have been the challenging factors that slow down the return to normal life process. As a result of the relaxation of the epidemic control measures while the inflation has increased exponentially in the United States and emerging market countries, the demand for products has increased rapidly. However, the production process could not keep up with the orders, hence, not enough product to meet the market demand, therefore the commodity prices have significantly increased compared to last year.

The US economy grew by 6.0%, improving from the last year. This was result from the progress of vaccination in population and large-scale economic stimulus with infrastructure investment plans to create a large number of positions and employments and increase household spending. However, the US Federal Reserve has announced a reduction in financial easing measures (Quantitative Easing: QE) as the US economy and employment rate tend to improve and higher inflation rate.

The Eurozone economy (Germany, France, Italy and Spain) grew by 5% from the economic stimulus measures to households and businesses including the acceleration of vaccination to control the infection and the relaxation of lockdown measures, although the inflation was higher due to higher prices of energy products.

Japan economy grew by 2.4% as household consumption and private investment grew at a low level due to the risk of a new wave of COVID-19 infections and global supply chain problems.

China economy grew by 8.0% due to government spending, improved employment, export sector expected to continue to recover and balanced monetary policy. However, the government has issued strict measures to curb fiscal and monetary policy after the fiscal year 2020 saw massive fiscal expansion.

The economy of ASEAN 5 (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam) grew by 2.9% due to better exports from economic expansion of the United States and Europe. However, the population has limitation on vaccines accessibility and lockdown measures to control the spread of COVID-19.

Thai economy was impacted by the slow global economy recovery from the pandemic of COVID-19 of countries around the world, as a result, Thai economy was expected to grow by 1.20%. The world has recognized that in overall picture, Thailand has coped well during the pandemic, despite facing the new waves of the infection in 2021, which was the outbreak of the new strains in wide range of demographics. It was evaluated that Thai economy was estimated to be the lowest point in the third quarter of 2021 and has entered a period of recovery from easing control measures and the reopening of the country, including speeding up vaccine distribution resulting in reduced risks and impacts from COVID-19. However, the prospect of recovery was still weak and uncertain. Although the government has implemented economic stimulus measures such as the “We Travel Together” scheme, the “50-50 co-payment” scheme, the “Ying Chai Ying Dai” (“The More You Spend, The More You Get”) scheme, and easing lockdown measures. This was due to the COVID-19 epidemic situation began to improve, and therefore, can open the border to welcome foreign tourists; starting the project in Phuket and then expanding further to many provinces that are tourist attractions. The measures also included the monetary policy that helped to relax and supported consumer spending for people affected by this pandemic, such as the insurer measures of Section 33, Section 39 and Section 40 from the Social Security Office and measures to help SMEs from the

Department of Employment, Ministry of Labor, etc., from various measures facilitated the economic system to expand and be able to enhance economic potential that plays an important role in promoting better income and livelihoods.

In 2022, The International Monetary Fund (IMF) forecasts that the global economy in 2022 will expand by 3.2%, reflecting signs of slowing global economic recovery as the global economy continues to deteriorate from the effects of the war between Russia and Ukraine, which has caused an energy crisis due to a shortage of energy coming from Russia. This is resulting in an increase in energy prices in the European Union countries. As a result, a cost-of-living crisis from inflationary pressures continues to expand. The inflation is projected to remain high due to the raise of the policy interest rate around the world. This may increase vulnerability in debt repayment, especially, in developing countries and from China's Zero-COVID policy to prevent the outbreak of COVID-19 pandemic, as well as problems in the real estate sector. These factors may contribute to the slowing down of China's economy more than expected.

The United States economy grew 1.6%, reflecting slower economic growth. Despite the massive economic stimulus measures last year, but the problem of increasing consumer demand and rising interest rates is affecting significant spending, especially, for investment in housing market and mortgage repayments to come at a higher cost.

The Eurozone economy (Germany, France, Italy, Spain) grew by 3.1%, slightly increasing. This shows a slight slowdown of the economic growth. However, there will be a serious impact in consumption due to rising commodity and energy prices due to the conflict between Russia and Ukraine.

Japan's economy expanded by 1.7%, due to higher energy import prices, as well as declining household consumption and private investment from higher inflation including supply chain problems occurring around the world.

China's economy grew slightly at 3.2%, reflecting a slowdown in China's growth and China's real estate market crisis. This is a result of the Zero-COVID policy using lock-down measures to control the spread of COVID-19.

ASEAN 5 economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) grew by 5.3%, indicating higher economic growth and good exports improved from the economic expansion of the United States and Europe from the relaxation of lockdown measures to control the spread of COVID-19, but still facing high inflation from rising energy and food prices.

Thai economy has been affected by the global economy. It has been forecasted that the Thai economy in 2022 grew by 3.2%, reflecting the economic recovery from the increase in private consumption in accordance with the level of economic activity and shopping behaviour that tend

to recover back to normal after going through the COVID-19 pandemic. This was an adjustment of the labour market and income base including the implementation of measures from the government to support household spending and the expansion of private investment that was in line with the continued expansion of exports. This was partly due to the demand for food products that were expected to continue to grow throughout the year and an increase in private investment in the category of machine tools including the inflation that was expected to slow down from the energy price situation and supply chain problems that was gradually resolved. In addition, the government has taken measures to take care of the cost of living for the public sector. Supports for the tourism sector after the COVID-19 epidemic situation and the relaxation of international travel measures by cancelling Thailand Pass (requirement for Covid-19 vaccine certificate) registration for foreign tourists resulted in more foreign tourists travel to Thailand, improved the income of workers and businesses related to the tourism sector. In agricultural sector, income of farmers which is an important base of household consumption has expanded. In addition, the government has implemented several measures to maintain domestic consumption, for example, purchasing power enhancement scheme for government welfare card holders and people with disability and special assistance scheme and the 50-50 co-payment scheme, etc.

The overall economic situation of Thailand's agricultural sector in 2022 grew by 0.80% compared to 2021, especially in the plant sector in 2022, expanding by 2.1% compared to 2021. This was from the amount of accumulated rainfall nationwide in the first half of 2022 that was more than the previous year which resulted in the increase of the amount of water in major reservoirs and in natural water sources, enough for crop cultivation. In addition, the generally favourable weather conditions allowed farmers to expand their cultivated areas. As a result, the export of agricultural products expanded due to the confidence of trading partners in the quality of Thai agricultural products, thus continuously rising the demand to import Thai food and agricultural products. In addition, Thai government measures that help all sectors including the agricultural sector have resulted in a better economy overall. Although some areas have been affected by the tropical storm causing heavy rain and flooding, damaging crops in some areas. Moreover, the cost of production increased from the price rises of fuel, chemical fertilizers, and pesticides impacted from the conflict between Russia and Ukraine. In addition, the inflation rate continues to rise, reducing in purchasing power of consumers, nevertheless, the economy was still able to expand. Major crops with increased production were, for example, off-season rice, sugar cane, pineapple, oil palm, longan and durian, etc. Crops with decreased productivity were cassava, rubber, mangosteen and rambutan. However, flooding occurred and damaged the productions, heavy rain caused an outbreak of spotted leaf disease in rubber trees and contributed to the decrease in its productivity, moreover, the heavy rain also reduced the production of mangosteen and rambutan. Despite the circumstances, government policies and measures to promote the agricultural sector, such as expanding marketing channels, debt suspension, income assurance schemes, enable farmers to produce and manage

agricultural products to be exported to the global market. Moreover, as a result from the recovery of the global economy, there are orders for agricultural products from many trading partners who are confident in the quality of Thailand's agricultural products resulting in expanded exports and increased the prices of agricultural products.

By various factors as mentioned above, the operation results of the Company over the past 3 years can be summarized as follows:

Performance of the company from 2020 – 2022 were as follows:

Unit : Million Baht

	2020			2021			2022		
	Amount	%	% Change	Amount	%	% Change	Amount	%	% Change
Sales Revenue	552.01	100.00	(2.86)	645.84	100.00	17.00	447.01	100.00	(30.79)
Other Revenue	5.28	0.96	(58.92)	4.08	0.63	(22.73)	(2.53)	(0.57)	(162.01)
Total Revenue	557.29	100.96	(3.99)	649.92	100.63	16.62	444.48	99.43	(31.61)
Cost of Sales	(387.97)	(70.28)	(2.45)	(428.45)	(66.34)	10.43	(325.70)	(72.86)	(23.98)
Gross Profit	164.04	29.72	(3.80)	217.39	33.66	32.52	121.31	27.14	(44.20)

In 2020, Thai economy contracted as it was affected by the global economic conditions that occurred in the United States, European Union, Japan, China, and ASEAN-5 as mentioned above. As a result, the export value of agricultural products and the major products of Thailand decreased impacting the whole Thai economy. This caused a 3.3% contraction when compared to 2019. Moreover, Thailand also faced negative factors such as drought, not enough rainfall, and insufficient water in irrigation systems, therefore, causing water shortage crisis affecting the cultivation of plants as well as the outbreak of plant diseases lead to a decline in product quality and yield. In responding to the COVID-19 pandemic, the government has implemented lockdown measures resulting in no flights and staff for goods transportation. The border closure with neighboring countries also created logistical problems and import-export difficulties for agricultural products, causing disruption to production, transportation, and tourism activities and various service sectors lead to labor shortages.

The government has offered to reinvigorate the economy, which has been hit hard by the Covid-19 pandemic, through stimulus measures such as 5,000-baht financial assistance scheme for farmers for three consecutive months to help alleviate the problem and provide some income for farmers to be able to continue agriculture work. Continuing the Smart Farmers program and strengthening Agricultural Groups have improved production efficiency, lower production costs, increase production potential, process, and marketing. Introduction of new technologies and innovations to ensure that the agricultural products are met with the current market demand and standards, as well as increasing the sale distribution via online platforms such as Lazada, Shopee, etc.

From the above factors, the sales in 2020 was 552.01 million baht, 2.86% lower, cost of sales was 787.97 million baht, a decrease of 2.45%, resulting in a gross profit of 164.04 million baht, a decrease of 3.80%. The notable issues can be summarized as follows:

1. Sales in 2020 declined due to contraction of the economy as a result from the global economic. Water shortage crisis and not enough rainfall led to insufficient water supply for cultivation causing damage in terms of quality and quantity of agricultural products. In addition, the COVID-19 pandemic has caused labor shortages from the lockdown measure, disturbed various services and production, affected international trade, thus causing a decrease in exports.

2. The increase in agricultural production of major crops was in-season rice, maize, longan and durian by 5.39%, 1.39%, 0.44% and 9.20% growth, respectively. This is due to the fact that in the middle of 2020, there was more rainfall in comparison with 2019, allowing farmers to grow in-season rice for the second round of the year, together with the higher prices for products such as in-season rice and durian. Effective pest controls have also increased productivity that meets the standards required by the market. On the other hand, some major crops dropped in productivity were off-season rice, cassava, sugar cane, pineapples, rubber, palm oil with a 36.66%, 5.23%, 41.93%, 23.61%, 1.84% and 1.45% decrease, respectively. This is due to the drought crisis and insufficient water supply which have led to losses in cultivation area, outbreaks of plant diseases have resulted in poor quality produces, moreover, the impact of the spread of COVID-19 has caused labor shortage and therefore reductions in production.

The average prices of some agricultural products have increased when compared to 2019, namely, rice, sugar cane, pineapple, rubber, palm oil, durian. which increased by 10.30%, 17.28%, 94.97%, 4.55%, 65.63% and 2.29%, respectively, due to significant increase in demand from the prevention of the COVID-19 outbreak and for rice export. The supply decreased for the above reasons causing the average price of agricultural products to increase. Nevertheless, the lower average prices were maize, cassava, with a decrease of 0.38% and 9.80%, respectively, due to more imports from neighboring countries and the low quality of local product.

3. The government provided various supports to farmers due to the COVID-19 pandemic and the severe drought situation, therefore has released various measures for those affected by the pandemic and drought. These supports from the government have provided income to farmers and allow them to continue their agriculture business. The government also released a rural response plan to support the return of workers from the urban area. This is to help these workers to return to their hometown to work in agriculture and able to support themselves and led to the development of knowledge in production, processing, and marketing to the introduction of new technologies, therefore, help farmers and communities (Smart Farmers program) by providing rural financial support and counsellors, by allowing easier access to grants and assistance as well as moratorium

and compensation for productivity and profitability of farms.

4. Export of agricultural products and Thai products from January to October 2020 has dropped 2.66% compared to the same period in 2019, with declined in all major export markets such as ASEAN, the US, China, and Japan, as the global economy slowed down due to the COVID-19 pandemic. The uncertainty of the trade policy of the trading partners and deceleration of the purchasing power have caused the reduction in demand. In addition, a higher competitiveness in the export market, as the prices of Thai products are generally higher than competitors, which have led to lower export demand. The agricultural products with lower export volumes and values are, namely, rice, maize, sugar, rubber products, palm oil, pineapples, etc. The decrease in export volume has caused to a weakening in the domestic prices of agricultural products.

5. The decreased use of pesticide due to the demand and supply factors as well as various obstacles led to production problems. As a result, quantity and quality of agricultural products were not up to the market standard hence resulted in lower the agricultural product prices.

The combinations of the above reasons resulted in financial difficulties and less purchasing power of farmers which led to a lower demand for products. Therefore, market competition among trade competitors was more intense in all areas such as price and sale promotion to maintain the market share. In addition, banning the use of chlorpyrifos and paraquat, and controlling the use of glyphosate caused the market price of some products to be lower than their production costs thus resulting in a loss from sales and an adjustment in product price.

The sales of products in the commodity and specialty products decreased in terms of insecticides and herbicides, on the contrary, fungicides and pesticides had an increase in sale when compared to last year due to an outbreak of rice blast disease and mites in durian.

The overall production of the products decreased proportionally to the sale volume of the products while the baht experienced periods of high volatility throughout the year therefore the costs of imported raw materials tended to be higher. Since the implementation of environmental laws of China, which is the main raw material producer, China has improved the production process in accordance to the law and started exporting again this year. This enabled the production of some products that were not able to produce last year, namely, pellet insecticide product and thus increased the sale volume.

While the production process still needs sufficient labor to support it. Same as last year by recruiting external workforce, which from the current situation, the labor costs decreased by 0.01% and production overheads decreased by 0.76% from the previous year. From the impact of the reduced production quantity and other factors that makes cost of sales decreased by 2.4% compared to the previous year by using the total loss, the adjustment of the value of products

to 5.38 million baht, which is the main reason that the gross profit in 2020 to 164.04 million baht or 29.72%, a decrease of 6.48 million baht or 3.80% compared to the previous year. The rate of decline in cost of sales in 2020 is less than the rate of decline in sales demonstrated that the Company still had to undertake the higher cost from the above factors, therefore reducing the gross profit.

Other income in 2020, 5.28 million baht, a decrease of 7.57 million baht or 58.92% from the previous year, which consists of investment income plunged due to the volatile effects of investing in the stock market. However, the index fell and increased during the first 2 quarters of the year and then dropped and increased during the last 2 quarters of the year. The stock market index at the end of each quarter closed at 1,125.86, 1,339.60, 1,237.04 and 1,449.35 points, a decrease from the closing as of December 30, 2019 at 1,579.80, a decrease of 130.49 points, in line with the global market due to the impact of the second wave of COVID-19 epidemic situation in many countries including Thailand. Therefore, the income from investments, which is mainly profits from the sale of securities investments and the unrealized profit from the change in investment value decreases including dividends received. Therefore, investment income of 8.98 million baht changed, a decrease of 3.26 million baht or 52.27%. Profit and loss from exchange rate of 2.17 million baht, decreased by 2.07 million baht or 48.79% due to foreign exchange hedging policy. Volatility throughout the year, although by Forward Contract and T/R to reduce the impact of exchange rates, still resulting in lower exchange profits. Other income of 0.136 million baht changed, a decrease of 2.23 million baht or 94.69% from the previous year from the sale of used vehicles and old packaging materials. In addition, last year, there was a sale of vacant land with profit after deducting expenses of 1.99 million baht.

In 2021, the Thai economy expanded slightly impacted by the global economic situation in foreign countries such as the United States, the European Union, Japan, China and ASEAN 5 as mentioned above, which increased the value of agricultural exports and Thai products. This was resulting in Thai economy, and the agricultural sector as a whole to grow compared to 2020, from positive factors such as increased rainfall and water in reservoirs. These more favorable weather conditions for cultivation have expanded the cultivation area and improved the price of agricultural products. Promotion of agricultural sectors from the government's policies in many aspects such as marketing, income assurance, debt moratorium which have helped farmers to have better production and livelihood. The various economic stimulus measures to stimulate the economy including the relaxation of the lockdown measures helping the tourism sector to recover. The household consumption increased as a result of the global economic recovery and the relaxation of lockdown measures to control the spread of COVID-19 by many countries as well as the confidence in the quality standards in Thai agricultural products from many trading partners having the effect that increasing demands for Thai agricultural and food products and resulting in increased demand for orders, therefore; the export of agricultural products continued to expand. On the contrary, there

were still some negative factors such as natural disasters from storms causing flooding in some areas, the shortage of labor and transport containers, which was the obstacle to production and exportation, and moreover, the higher oil price, which also was the major factor in the production of the animal feed industry, resulting in higher production costs of agricultural products.

From the above factors, sales in 2021 totaling 645.84 million baht, an increase of 17%, cost of sales was 428.45 million baht, an increase of 10.43%, resulting in gross profit of 217.39 million baht, an increase of 32.52%. The main reasons are as follows:

1. Sales in 2021 increased as the economy began to recover from 2020. Also, there were higher amount of rainfall, therefore more water in major reservoirs and natural water sources for cultivation including the suitable weather conditions for cultivation and the rainy season began earlier than last year enabling farmers to expand their agriculture area.

2. The increase in agricultural production of major crops, namely, off-season rice, maize, cassava, sugarcane, pineapple, rubber, oil palm, longan, durian, by 19.35%, 4.22%, 7.80%, 22.95%, 9.17%, 0.64%, 3.53%, 21.59% and 7.66%, respectively, resulting from higher amount of water sufficient for cultivation, labor forces returned to the agricultural sector, thus expanding the agriculture area. In particular, the off-season rice was planted twice, favorable weather conditions and fewer diseases, pests, and insect outbreaks compared to last year, leading to the increase of the yield per Rai and meet the quality standards required by the market. The major crops that has declined in yields were in-season rice and mangosteen, which decreased by 2.13% and 19.72%, respectively, due to the effects of drought during the growing season, coupled with the production sources in the lower northern region, north-eastern and central regions and some areas were damaged by the floods in September 2021, causing the in-season rice production to decline. For mangosteen, the decline due to the weather in the eastern part was not favorable for the production and from the fact that farmers switched from planting mangosteen to planting durian which gives better return.

The average prices of the following agricultural products, namely, maize, cassava, factory sugarcane, rubber, durian and mangosteen have increased, compared to 2021, by 11.59%, 9.96%, 30.27%, 19.91%, 54.30%, 11.57% and 23.06%, respectively due to the increase in market demands, the increase in productions except mangosteen, and with quality as required by the market, especially the export market in trading countries that have relaxed the control measures to the spread of COVID-19 and be confident in the quality standards of Thai agricultural products, eventuating in many countries wanted to import Thai agricultural products. As a result, there were orders coming in, increasing exports and prices of agricultural products. On the other hand, the average prices of some agricultural products, namely, in-season rice, 15 % moisture unhusked rice, pineapple, longan and rambutan, have decreased by 11.86%, 7.53%, 44.22%, 0.61% and 17.12%, respectively, due to the decrease in in-season rice production, which was affected by the drought and the floods caused damage to

the production and therefore, did not meet the quality standards. Moreover, from the impact of the COVID-19 pandemic, the demand for rice has slowed down in both domestic and international markets. In addition, the appreciation of Thai baht made the price of Thai rice to be higher than that of competitors. The prices of pineapple, longan and rambutan decreased due to the increase in production, labor shortage and the market slowdown.

3. The government has implemented policies and measures to promote agricultural sectors, such as expanding marketing channels for both online and offline markets. This provided farmers more channels to sell agricultural products. The relieve and reconstruction measures for farmers affected by the COVID-19 epidemic, such as promoting farmer sectors and debt moratorium, including income assurance enabling farmers to continuously produce and manage agricultural products to market.

4. Exportation of agricultural produces and their products during January-October 2021 increased in value by 13.63% compared to the same period of 2020, increasing in all major export markets such as ASEAN, Japan, and China. Due to the global economic recovery, many countries have relaxed control measures that was to curb the spread of COVID-19, leading to more demand for Thai agricultural and food products. With orders continuously coming, the export of agricultural produces and their products have expanded resulting in the increase in volume and value of exports, for example, maize, cassava and its products, rubber, palm oil, pineapple and its products, longan and its products, durian and its products, rambutan and its products. The impact of the increase in exports eventuating in the increase in the average price of most agricultural products in the country accordingly.

5. The demand for pesticides has increased due to factors such as demand, supply and other factors that supports the production of both the quantity and quality standards of the products according to market demand. As a result, the price of agricultural products has increased.

From the above reasons, financial status of farmers has improved leading to an increase in purchasing power and an increase in demand for products. The market competition between trade competitors was reduced substantially in all areas, such as price and promotion. However, there were still some products used in the field crops that the price must be reduced below the cost and the company has also cooperated with the government to specially reduce the price of products to farmers to maintain market share. This caused losses from sales and product value adjustments which occurred this year.

Sales of all types of products, both commodity product and specialty product, which are pesticides, herbicides, fungicides and miticides, have increased in all types of substances and when considering the details of the product, it was found that tablet and powder insecticides were slightly decreased in sales from 2020 due to the decrease of the outbreak of brown planthopper

in rice and corn mealworms.

The overall production volume increased in proportion to the sales volume, while the baht fluctuates throughout the year, therefore the imported raw materials tended to have higher prices from the effect of the exchange rate and the impact of some commodity and raw material shortages was substantial in the fourth quarter as China, the world's largest producer and exporter, was facing an energy crisis causing a shortage of electricity and coal in the country. In addition, carbon emissions are strictly controlled with limited production thus directly affecting the manufacturing industry and the supply chain system of the agrochemical system as a whole. This was coupled with the delay of manufacturing and shipping from China and India due to the shortage of container arising from COVID-19 pandemic. From such situations, the market was expected to face a shortage of products in the near future, as a result, the demand for products in the market has increased more than normal conditions, hence, sales have increases.

While the production process still requires same amount of labor as last year but the impact of the COVID-19 has caused labor shortages. Therefore, it was necessary to recruit workers from external sources. As a result, the labor costs increased by 9.92%, while production overheads decreased by 0.22% compared to last year, as the production increased, the production overhead per unit decreased. The other factors that caused the cost of sales to increase by 10.43% compared to last year. By including the loss of adjusting product value of 1.31 million baht, it was the main reason that the above profit in 2021 amounted to 217.39 million baht or 33.66%, an increase of 53.35 million baht or 32.52% compared to last year. The increase in cost of sales in 2021 was less than the rate of increase in sales, hence, it was demonstrated that the company was able to manage costs effectively from the above factors thus making the higher gross profit.

Other income in 2021 amounted of 4.08 million baht, a decrease of 1.2 million baht or 22.73% compared to last year, which consisted of increased investment income due to the impact of stock market conditions throughout the year. The SET index as of 30 December 2021 closed at 1,657.62 points, an increase from the close on 30 December 2020 at 1,449.35 points, an increase of 208.27 points, was a decrease in profit from the sale of investment. The unrealized profit from the change in investment value and increased dividend income. Therefore, investment income amounted to 8.22 million baht, an increase of 5.24 million baht or 175.77 %. Even though the company has a policy to hedge against exchange rate risk that fluctuates causing the baht to depreciate from the exchange rate as of 30 December 2020, equal to 30.2068 baht per 1 USD, which depreciated the most in the 3rd quarter to 34.0908 baht and began to appreciate slightly, equal to 33.5929 baht as of 30 December 2021, with an increase of 3.321 baht or 11.03%. Therefore, the company has prepared forward contract and T/R Thai Baht to reduce the impact of the exchange rate. However, it also caused an increase in foreign exchange losses of 5.10 million baht, a decrease from 2020 with a gain on exchange rates of 7.28 million baht or 334.92% compared to the previous year. In

addition, there were other income of 0.96 million baht, increased from the sale of old vehicles and expired packing materials.

In 2022, The Thai economy grew slightly, which has been benefited from the global economic situation in other countries such as the United States, the European Union, Japan, China and ASEAN 5 as mentioned above, which increased the export value of Thai agricultural products. As a result, the overall agricultural sector in the Thai economy has increased in comparison to 2021. There was an expansion of the agricultural area and increased production from various positive factors such as rainfall, reservoir water and more natural water sources as well as favourable weather conditions for cultivation, favourable prices of many agricultural products, implementation of government policies and measures, and cooperation of all sectors for the promotion of the use of technology in production to reduce production costs, water management, disease surveillance, disaster assistance, product quality development, expansion of online and offline distribution channels and other measures in terms of tourism, and consumption, etc., which has increased the exports. In addition, due to the needs of agricultural products and the confidence in the quality of Thai products from trading partner countries, the domestic price of agricultural products has increased. However, there are still some negative factors such as natural disasters from storms causing flooding in some areas, resulting in damage to some crops; higher cost of production from the price of fuel, chemical fertilizers, pesticides, and inflation that tends to increase around the world, which is impacted by the conflict between Russia and Ukraine; and also, China's Zero-COVID measures and strict control of imports of agricultural products.

From the above factors, sales in 2022 were 447.01 million baht, a 30.79% decrease from cost of sales which accounted for 325.70 million baht, a 23.98% decrease, resulting in a gross profit of 121.31 million baht, a 44.20% decrease, the important issues can be summarized as follows:

1. The 2022 sales declined due to global economic conditions from the conflict between Russia and Ukraine, causing the global energy crisis, inflation around the world at a higher rate than usual, economic downturn, the price of the product has increased considerably, causing a higher cost of imported products, for example, chemical fertilizers prices have increased more than doubled when compared to the normal price including pesticides in which the application processes are related to the use of chemical fertilizers. As a result, the cost of pesticides increases accordingly. It was also affected by the fluctuating of Thai Baht. Therefore, it is a factor in considering the import of raw materials both for production and distribution, taking into consideration regarding the period of use according to the season in order to avoid excessive manufacturing products and overstocking that will cause sunk costs and will increase the cost of selling price that may affect sales in the market.
2. The flood disaster impacted many provinces of the country, including the northern, north-eastern especially Ubon Ratchathani province, central, and southern regions. This

damaged the agricultural sector and will take time to recover after the flood to be able to return to farming in the same level.

3. From the above issues, it was found that many farmers received adverse effects due to flooding of farmland and higher prices of chemical fertilizers, which are an essential part of the cultivation process, the prices have risen more than doubled. This, therefore, was making the investment not worthwhile, especially, farmers who do not have their own land and must rent the land for farming thus resulting in additional costs, ultimately, resulting in lower demand.

As from the customer point of view, when the demand for the product decreased, it inevitably impacted the amount of the order that has changed according to the market demand due to the decrease in pest infestation. Moreover, customers were concerned that the product could be damaged during the flood, therefore causing customers to order in small quantities and to fit the market conditions at that time. This was in order to reduce the cost of storing products and the purchase made in the Just In Time format. This because it was expected that the price may decrease in the future coupling with the problem of transportation. These factors continued to have impacts causing the demand for the product in the market to drop drastically.

4. The intensity of the price competition was very high compared to last year because the demand for the product in the market was still decreasing, especially, in the group of herbicides used in crops and rice fields.

When considering in details for the drop of sales in 2022, comparing to the previous year, it was found that sales of all types of products in commodity product and specialty product, which are pesticides, herbicide, fungicide, and mite repellents in the forms of tablets, liquids and powders, were all decreased due to lower pest infestations and demand in the market.

For the production volume, it decreased in proportion to the sales volume, while Thai Baht fluctuated and depreciated throughout the year, causing the price of imported raw materials to increase including the price of raw materials brought in the country was also higher from the impact of rising energy prices from the Russian and Ukrainian war. In addition, shipping problems from China and India continued to have an impact causing delays in raw materials transportation used in production resulting in reduced production volumes. While the production process still needed labour to sufficiently support the production at the same level as last year but the impact of last year's COVID- 19 pandemic continued to have a profound impact on the way of life of workers causing labour shortages. Although recruiting workers from outsource companies, it was still not enough. At the same time, in 2022, the minimum wage has been raised. As a result, labour costs decreased by 14.75% compared to the previous year.

For the production overheads, it decreased by 1.60% compared to the previous year. The decrease in production caused the increase in the production overhead per unit, however when combined it with other factors which reduced the cost of sales by 23.98% compared to last year, the gross profit in 2022 was 121.31 million baht or 27.14%, a decrease of 96.07 million baht or 44.20% compared to the previous year. The rate of reduction in the cost of sales which was less than the rate of reduction in the sales demonstrated that although the impact from external factors including the global economic downturn and the minimum wage rise were inevitable factors, yet the company was still able to efficiently manage the costs, making the gross profit in satisfactory level in the current situation.

For other incomes, 2.53 million baht in 2022, it decreased by 6.61 million baht, a decrease of 162.01% compared to the previous year. It consisted of the decrease income from investments due to the fluctuation of investment conditions in the stock market throughout the year. The stock market index as of December 30, 2022, closed at 1,668.66 points, which was an increase from the close on December 30, 2021, at 1,657.62 points, an increase of 11.04 points, resulting in increased income losses from investments, most of which were losses from sales, and reduced dividend income, however, there was an increase in unrealized profits from changes in investment value. The loss from foreign exchange was 6.59 million baht, although the Company has a hedging policy to protect profit margin from market volatility from fluctuating exchange rates causing the baht to depreciate, which was the weakest in the 3rd quarter, equal to 38.0679 baht per 1 US dollar and began to appreciate at the end of the 4th quarter as of December 30, 2022, equal to 34.7335 baht per 1 US dollar, with an increase of 1.1406 baht or 3.40% comparing to the exchange rate as of December 30, 2021, so the Company. made a Forward Contract and T/R to reduce the impact of exchange rate, but it still resulted in losses due to higher foreign exchange rate. Other incomes also decreased from the sale of old vehicles and expired material that were less than last year.

Financial Cost and Corporate Tax from 2020-2022

Unit : Million

	2020			2021			2022		
	Amount	Amount Increase (Decrease)	% Change	Amount	Amount Increase (Decrease)	% Change	Amount	Amount Increase (Decrease)	% Change
Selling Expenses	28.98	(3.43)	(10.58)	33.86	4.88	16.84	25.40	(8.46)	(24.98)
Administrative Expenses	37.88	(3.96)	(9.46)	40.57	2.69	7.09	37.03	(3.54)	(8.73)
Financial Cost	0.36	(1.33)	(78.70)	0.24	(0.13)	(35.32)	1.04	0.81	342.63
Income Tax	20.29	(0.41)	(1.98)	28.10	7.81	38.47	10.39	(17.71)	(63.02)

In 2020, when considering each item distribution cost accounting (selling expenses) in 2020, 28.98 million baht, a decrease of 3.43 million baht or 10.58% from the previous year. Note that the sales decrease. due to various factors as mentioned above causing the market demand to drop. Competition in the market was fierce according to the market mechanism, the Company needs to maintain and increase its market share. Therefore, it is necessary to invest in the form of expenses according to the current situation such as promotional expenses freight cost, and registration fees to greater reduce the cost of distribution than the reduction rate of sales.

Administrative expenses in 2020 was 37.88 million baht, a decrease of 3.96 million baht or 9.46% from the previous year with a decrease in employee benefits in the second quarter of last year, the retirement benefit obligations were recorded in the amount of 3.95 million baht from the promulgation of the current labor protection law regarding retirement compensation. For employees who have worked for 20 years or more, the compensation benefit can be calculated in the amount of 400 days from the original calculation of increasing from the previous regulations that the employees who have worked 10 years or more can calculate the compensation benefit of 300 days.

Reduction in distribution costs and administrative expenses, together with the decline of sales. It shows that managing investments in the form of expenses, especially in the sales promotion to stimulate for increase the demand for products in the market. As for other types of expenses, have been efficiently managed with such very economical and worthwhile investment so that the Company can fulfill its potential to generate income.

Financial costs in 2020 was 0.36 million baht, a decrease of 1.33 million baht or 78.70% from the previous year due to the purchase of raw materials from abroad while Thai baht exchange rate fluctuated, the Company has a policy to postpone debt repayment by conducting T/R to wait for good and appropriate opportunities as well as Forward Contracts for hedging and reduce the foreign exchange risk, which in such a situation extended the time required. In addition, the reduction of T/R interest rates from 2-2.84% in 2019 decreased to 0.45-0.60% in 2020.

The corporate income tax in 2020 was 20.29 million baht, a decrease of 0.41 million baht or 1.98% from the previous year due to the decreased income from sales and other sources, resulting in profit before income tax expenses of 102.09 million baht, a decrease of 5.34 million baht or 4.97% due to various factors as mentioned above including tax exemption from dividends from investment units that meet the conditions of holding period.

In 2021, When considering by type, the cost of distribution in 2021 was 33.86 million baht, an increase of 4.88 million baht or 16.84% compared to the previous year due to increased sales. As a result of the above factors, the market demand increases. The intensity of price competition with competitors has decreased substantially due to market mechanisms. However, the company not only needs to maintain its market share but also must increase it, therefore, it was necessary

to invest according to the current situation such as promotional expenses, freight and commissions, etc., which resulting in the rate of increase in expenses close to the rate of increase in sales.

The administrative expenses in 2021 was 40.57 million baht, an increase of 2.69 million baht or 7.09% compared to the previous year. This was increased from the improvement of employee welfare.

The financial costs in 2021 was 0.24 million baht, a decrease of 0.13 million baht or 35.32% due to the purchase of raw materials from abroad and increased payments while Thai baht exchange rate fluctuated all the time, the company has a policy to delay debt repayment by doing T/R to wait for a good and suitable opportunity, as well as doing forward contract to prevent the exchange risk of Thai baht, in such situations, it may take longer period of time. In addition, the decrease in T/R interest rate from 0.45 - 0.60% in 2020 to 0.4 - 0.53% in 2021, thereby reducing financial costs in 2021.

The corporate income tax in 2021 was 28.10 million baht, an increase of 7.81 million baht or 38.47% compared to the previous year due to income from sales and other incomes increased, the profit before income tax expenses amounted to 146.80 million baht, an increase of 44.71 million baht or 43.80% due to various factors as mentioned above including the right to exempt the tax on dividends received from qualified investment units during the specified holding period.

In 2022, When considering by type, the cost of distribution was 25.40 million baht, a decrease of 8.46 million baht or 24.98% compared to the previous year. The declining of sales due to various factors mentioned above caused a decrease in the market demand, therefore the market competition was more intense according to the market mechanism. The Company needed to maintain and tried to increase its market share, therefore, it was necessary to invest in the form of expenditures according to the current situation, such as promotional expenses, freight, commissions, etc., which reduced the cost of distribution.

For the administrative expenses in 2022, it was 37.03 million baht, a decrease of 3.54 million baht or 8.73% compared to the previous year due to the decrease in employee welfare expenses.

For the financial costs in 2022, it was 1.04 million baht, an increase of 0.81 million baht or 342.63% due to fluctuation of exchange rate that caused the baht to depreciate throughout the year, especially, in the third quarter of the year, the baht depreciated to 38.0679 baht/US dollar and began to appreciate at the end of the fourth quarter. Therefore, T/R was made to delay the debt repayment and Forward Contract was also made to prevent the risk on the baht and the effects of exchange rates, which such situations require a longer period of time. In addition, the increase in T/R interest rates from 0.4-0.53% in 2021 to 4.20-5.50% in 2022 which is a much higher T/R interest rate, therefore, the financial costs increased.

For the corporate income tax in 2022, it was 10.39 million baht, a decrease of 17.71 million

baht or 63.02% compared to the previous year due to the decrease in revenue from sales and other income. The profit before income tax expenses was 55.31 million baht, a decrease of 91.49 million baht or 62.32% due to the various aforementioned factors, including tax exemption on dividend received from qualifying investment units during the specified holding period.

Operational Profits/ Net Profits/ Return on Equity from 2020 – 2022

Unit : Million Baht

	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
Operational Profits	99.47	18.02	138.81	21.49	53.02	11.86
Net Profits	81.79	81.79	118.70	18.38	44.92	10.05
Consolidated Net Profits	80.46	80.46	130.56	20.22	40.86	9.14
Return on Equity	15.58%		21.69%		8.41%	

In 2020, the decrease sales of 2.86% were due to the shrinking economy, which is affected by the world economy in decline from the impact of the COVID-19 pandemic causing many countries to take lockdown measures created the widespread unemployment problem and bankruptcy in the business sectors. There is an uncertainty in the international trade policy of the trading partners. The demand in the international market has declined, therefore, the decrease export value. In addition, the problem of drought and the insufficient water used in the irrigation system generated a water shortage crisis for cultivation. It has affected the production of the agricultural sector both quantity and quality have decreased. Furthermore, the outbreak of plant disease led to the decreased agricultural outputs. Moreover, the situation of the COVID-19 epidemic, the government have taken the lockdown measures affected the business, transport, tourism, and other service sectors, therefore, halted production activities and labor shortages that impacted the average local price of major agricultural products to decline. All of which are the reasons for the decrease in the financial spending of farmers, even though the government has implemented a policy to issue various subsidiary and financial assistance.

In marketing aspect, the reduced demand for agricultural products in the market, and the intense competition among trade competitors were becoming more intense in all areas such as price and promotion in order to maintain their market shares, it also affected by the banning of paraquat and chlorpyrifos and regulating the use of glyphosate. As a result, some of the products sales were lower than their cost, causing the Company to adjust the value of the products in recorded this year. While the cost of imported raw materials tends to be higher because the main raw material producer in China has changed the production process in accordance with the new

environmental law to produce and sell the main raw materials and began to export as well as reduced labor and production costs. These issues have made the cost of sales to be reduced, however, less than the reduction of sales, therefore, decreased the gross profit in 2020.

Profit from exchange rate and other incomes decreased due to foreign exchange risk management policy which volatiles throughout the year by Forward Contracts and T/R to minimize the impact of foreign currency risk. Moreover, the Company has sold used vehicles and old materials this year.

Distribution costs and administrative expenses in 2020 were 66.87 million baht, a decrease of 7.39 million baht or 9.95% compared to the previous year due to the drop in sales, the Company still operates a management policy with emphasis on investment in the form of various ways with control management to be most economical, cost-effective, and efficient to generate maximum income under current circumstances. As the market competition continues to intensify, the Company must implement a policy to stimulate market demand through various strategies. This is to create incentives for customers in respect of promotional expenses. The freight and fees have decreased as well as product registrations fees, and administrative expenses in terms of welfare expenses also decreased compared to the previous year. As a result of the enforcement of the new labor protection law last year on retirement compensation, the Company has recorded an increase in employee retirement benefit liabilities in 2019, all resulting in the Company operating profit in 2020 was 99.47 million baht, or 18.02% of net sales. The decrease of 3.40 million baht or 3.31% from the previous year.

With the main issues as mentioned above, the Company has a satisfactory performance in the current situation that led to 2020 earnings of 81.79 million baht or 14.82% and a return to shareholders. Equal to 15.58%

At the same time, the Company has invested in equity securities as of December 31, 2020 has changed the fair value of equity investment, and received a loss of 1.67 million baht and impacted the income tax of 0.33 million baht due to investment in the stock market fluctuating throughout the year. Resulting in total comprehensive income for the year 2020 was 80.46 million baht or 14.58%.

In 2021 The sales increased by 17% due to economic recovery, as a result of the global economic recovery and Thailand has been able to cope with the new waves of the pandemic very well. It was estimated that the Thai economy is in a period of recovery from the relaxation of epidemic control measures and open the border including speeding up the distribution of vaccines to reduce the risk. However, the government provided stimulus measures to help the economic recovery and relaxed the lockdown measures to welcome tourists, as well as monetary policy that supported various private sectors. These measures have improved people income and livelihood.

In addition, natural factors that were one of the contributions such as rainfall and the amount of water in the reservoirs have increased and has been enough for cultivation. The weather was favorable for cultivation which enabling cultivable areas to be expanded. The quantity of agricultural production has also increased in accordance with the market demand. In addition, many trading partners have continued to relax the control measures of the COVID-19, thus there was high demand for Thai agricultural products. As a result, there are continual orders from trading partners. Therefore, the prices of Thai agricultural products were higher giving the result that the farmers have more purchasing power.

In marketing sector, where the demand for products has increased. Hence, market competition between trade competitors was reduced substantially in all aspects. However, to maintain the company's market share, while some products were in short supply due to China, the world's largest exporter encountered energy problems with shortages of electricity and coal, and was also subjected to stringent carbon emissions controls. By these limitations, it was directly affected the production, the manufacturing industry and the supply chain system of the agrochemical business as a whole, including the delay in shipping from China and India due to the container shortage. However, the market was expected to see the shortage of products in the future thus unusually stimulating the demands for products to increase. On the contrary, due to the situation, the price of raw materials tended to rise, and this included the need for labor and increased production overheads. This caused the cost of sales to increase at a rate that was less than the rate of increase in sales having the effect that gross profit in 2021 to increase.

As for the foreign exchange loss in 2021, amounted to 5.10 million baht, a decrease of 7.28 million baht or 334.92% due to the policy of foreign exchange risk that fluctuated throughout the year causing Thai baht to weaken in order to reduce the impact of foreign exchange rates, the company has prepared T/R and forward contracts to slow down the payment and wait for the right opportunities, thus requiring a longer repayment period. However, it still caused a loss from the said exchange rate in 2021. Other income amounted to 0.96 million baht, an increase of 0.84 million baht or 667.39% from the sale of old cars and old packing materials that expire this year.

The distribution and administrative expenses in 2021 amounted to 74.43 million baht, an increase of 7.57 million baht or 11.31% compared to the previous year from an increase in sales. The company continues to operate with the management policy by focusing on the best cost-effective and efficient in order to generate maximum income under the current situation while the competition in the market continues to decline. Therefore, the company needs to implement policies to stimulate demand through various strategies, in terms of promotional expenses, including additional shipping and commission fees, administrative expenses in the employee welfare expenses have increased when compared to last year. All resulting in the company's operating profit in 2021 amounted to 138.81 or 21.49% of sales, an increase of 39.34 million baht or 39.55% compared to the previous year.

With the main factors, as mentioned above, the company's operating results were satisfactory in the current situation. This was having the result that the net profit in 2021 amounting to 118.70, accounting for 18.38% of sales with dividend to shareholders equal to 21.69%.

At the same time, the company has invested in equity securities as of 31 December 2021, there has been a change in fair value of investment in this equity instrument by gaining from the change in fair value and the actual profit from the sale of equity securities amounted to 15.41 and 2.94 million baht, respectively, and the effect of income tax of 3.67 million baht due to volatility in the stock market, SET Index closed higher throughout the year, resulting in total net profit for the year 2021 amounting to 130.56 million baht or 20.22%.

In 2022, sales decreased by 30.79% due to the economic downturn, which was impacted by the global economic downturn from the war between Russia and Ukraine that caused the global energy crisis and the rising oil prices all over the world causing inflation at a higher rate than usual. Various products have higher prices causing the cost of imported raw materials to increase, in addition, it significantly weakened the already volatile Thai baht. These factors also increased the cost of pesticides and therefore, effected the amount of raw materials imported for production and distribution owing to the consideration of the amount of products needed for the season to avoid excessive stocking of raw materials and products. The higher price caused the market demand to decrease.

In terms of marketing, in the event that the demand for products in the market decreases, trade competition among commercial competitors is becoming more intense in all aspects such as price and sales promotion to maintain the company's market share. In the first quarter of the year, some products are in short supply, because China, the world's largest producer and exporter, continued to experience an energy crisis during the fourth quarter of 2021, which directly affected the production and supply chain of the entire agrochemical system. Shipping problems from China and India, and the shortage of containers from such situations causing delays in transportation of products and raw materials used in production. As a result, the production volume decreased, causing higher manufacturing costs. In addition to that, raising of the minimum wage in 2022, rising of various products prices impacted by the economy, and increase of production overhead costs per unit have led to a decrease of the cost of sales at a rate less than the rate of decline in sales, causing the gross profit in 2022 to decrease.

The loss on exchange rates in 2022 was 6.59 million baht increased by 1.49 million baht or 29.10% due to exchange rate fluctuations. Thai baht depreciated the most in the third quarter and started appreciating towards the end of the fourth quarter. Although the Company has a hedging policy to prevent losses from exchange rate risk by doing T/R and forward contracts to delay debt repayment, wait for appropriate opportunity in order to reduce the loss from the effects

of exchange rates, it still incurred losses from foreign exchange. Other incomes from selling old vehicles and expired packing material was 0.73 million baht, a decrease of 0.23 million baht or 23.88% compared to last year.

Distribution costs and administrative expenses in 2022 were 25.40 and 37.03 million baht, respectively, a decrease of 8.46 and 3.54 million baht, or 24.98 and 8.73%, respectively, compared to the previous year from the decline in sales. The Company continued to carry out administrative policies and best practices by emphasizing the investment in the various forms by managing to achieve the most economical, cost-effective, and efficient to generate maximum income under current circumstances. While the market competition continues to be increasingly intense, therefore, it is necessary to implement policies to stimulate demand with various marketing strategies by focusing on the promotional expenses including shipping and commission. The administrative expenses in terms of welfare expenses decreased compared to last year. The overall resulted in the company's operating profit in 2022 was in the amount of 53.02 million baht, representing 11.86% of sales, with a decrease of 85.79 million baht or 61.80% compared to last year.

Despite the main factors as mentioned above, the Company has satisfactory operating results in the current situation, leading to net profits in 2022 in the amount of 44.92 million baht, representing 10.05% of sales and having a rate of return on equity to shareholders, equal to 8.41%.

At the same time, the Company has invested in equity instruments as of December 31, 2022, there has been a change in the fair value of this equity investment. It received a loss from change in fair value of 5.54 million baht and the effect of income tax of 1.11 million baht. Fluctuations in the stock market throughout the year including profits from actuarial estimates of 0.47 million baht and the impact of income tax of 0.09 million baht, resulted in a total comprehensive income for the year 2022 of 40.86 million baht, representing 9.14%.

Total Assets/ Total Liabilities/ Shareholdres' Equities 2020 - 2022

Unit : Million Baht

	2020			2021			2022		
	Amount	Amount Increase (Decrease)	% Change	Amount	Amount Increase (Decrease)	% Change	Amount	Amount Increase (Decrease)	% Change
Total Assets	608.95	(33.17)	(5.16)	685.62	76.67	12.59	579.80	(105.83)	(15.43)
Total Liabilities	86.47	(28.20)	(24.59)	113.73	27.26	31.52	83.79	(29.94)	(26.33)
Shareholders' Equities	552.48	(4.97)	(0.94)	571.89	49.41	9.46	496.01	(75.89)	(13.27)

Cash Flows 2020 - 2022

Unit : Million Baht

	2020	2021	2022
Cash Flows from Operation	202.48	51.44	20.62
Cash flows from Investment	(43.74)	1.87	76.07
Cash flows from financing activities	(117.32)	(78.97)	(123.61)

Finacial Ratio 2020 - 2022

	2563	2564	2565
Liquidity Ratio			
Current Ratio (Times)	7.79	6.53	7.93
Quick Ratio (Times)	5.72	4.54	4.38
Cash Flow Ratio (Times)	2.62	0.69	0.29
Collection Period (Days)	37	43	73
Inventory Turnover (Days)	169	126	206
A/C Payable Turnover (Days)	61	51	68
Cash Cycle (Days)	145	119	211
Efficiency Ratio			
Return on Total Assets (%)	13.08	18.34	7.10
Return on Fixed Assets (%)	206.12	315.87	128.59
Return on Current Assets (Times)	89.09	100.41	70.25
Financial Ratio			
Debt to Equity Ratio (Times)	0.17	0.20	0.17
Interest Coverage (Times)	613.03	339.31	30.78

In 2020, with the decreased sales volumes, the Company's operating results see net profit of THB 81.79 million, causing its balance sheet to be significantly different from that of 2019. The world economy from aforementioned situation caused the Company's total assets to decrease to a total of THB 608.95 million, a decrease of THB 33.179 million is an equivalent of 5.16%, when compared to the previous year. Major sections that increased (decreased) are cash and cash deposits and other current assets increased for THB 85.35 million or a different of 39.08% y-o-y. Accounts receivable, other receivable, and inventory decreased by THB (4.58) and (104.24) million or an equivalent of (7.82) and (44.54)% respectively. Other non-current financial assets, property, plant and equipment, intangible assets decreased for THB (0.94), (6.21) and (3.25) million were equivalent to (1.76), (12.71), and (14.52)% respectively. Deferred Tax and Rights of use assets increased by THB 0.33 and 0.39 million or an equivalent of 5.06% and 100.00% respectively from loss of value changes of available-for-sale securities due to the stock market fluctuated conditions throughout the year 2020. Records according to TFRS 16 on lease agreements which was enforced on January 1, 2020 led to the record of the Right-of-use assets transaction.

The company's total liabilities of THB 86.47 million, decreased for THB (28.20) million, or an equivalent of (24.59)%, when compared to that of the previous year. This amount includes an increase (a decrease) in short term loan from financial institutions (T/R creditors), trade account payable and other creditors, income tax payable, and liabilities under lease agreements due within 1 year for THB (30.35), (2.18), 2.83, and 0.48 million or an equivalent of (64.77), (6.24), 30.35, and 100% respectively. The employee benefit obligation increased by THB 1.14 million or 5%. There is an additional record according to TFRS 16 on lease agreements which was enforced on January 1, 2020.

Shareholder's equity of THB 522.485 million, a decrease of (4.97) million or an equivalent of (0.94)%, when compared to that of the previous year. This amount came from a decrease in unappropriated retained earnings for THB (4.97) million, or an equivalent of (0.94)% from the decrease in net profit and other components of shareholder's equity which includes loss on revaluation of fair value of available-for-sale of THB 8.4 million, an increase of THB 1.34 million or an equivalent of 18.20%.

The changes in the balance sheet came from the decrease in sales volume from various factors that affect farmers' financial liquidity, market demand decreased consequently. The market competition still intensified. In addition, the ban of Paraquat and Chlorpyrifos and the limitation of use of Glyphosate, the Company had to reduce raw materials imported for production at appropriate quantity for the situation and market demand.

Therefore, the cash and cash equivalents, and other current financial assets (Investment in unit trusts - open funds) increased. Accounts receivable and other receivable, and inventories decreased. The company offer a policy to allow customers to pay for products faster than the term received by receiving additional cash discounts for the benefit of customers and led to a faster collection period and sales period. As the baht fluctuated all through the year, the company

needs reduce the impact of exchange rates by covering the exposure with forward contracts at appropriate rate for T/R payment. Meanwhile, the demand of raw materials to fulfill production in accordance with the situation of suppliers in China which have improved the production process in accordance with the law and being able to supply products. However, due to other factors in Thailand, the market demand decreased. Import of raw materials decreased by (3.11)% y-o-y. As a result, short term loan from financial institution and account payables for raw materials and local packaging material purchased decreased. Average payment period was faster and financial liquidity increased.

From the Company's operating results in 2020, the cash flows increased by 84.93%. As for financial ratio, the liquidity ratio, the quick ratio and the cash flow liquidity ratio increased by 7.79, 5.72, and 5.62 times respectively. The average collection period, the average sale period, the accounts payable period, and the cash cycle increased to 37, 169, 61, and 145 days respectively.

The Company's cash flows from the investment decreased by 273.43%, when compared to the previous year. The Company applied a policy to manage financial liquidity by increasing investment in Investment unit - Open fund for THB 44.51 million and received dividend for THB 3.55 million in 2020. The Company bought machineries, vehicle and paid for expenses related to the registration for the new license for THB 1.10, and 1.17 million respectively.

Cash flows from financing activities reduced by (36.30%) when compared with the previous year since the order of raw materials from other countries decreased. Due to all times fluctuated baht and to prevent risk from forex loss, the Company covered exposure with forward contract and applied for appropriated T/R paid off period and led to cost savings and to get the most out of current situation. Interest rate for T/R decreased to 0.45-0.60% per year causing lower financial cost. The Company also paid for dividends for THB 85.46 million. Therefore, cash and cash equivalents by the end of the year then equal to THB 94.76 million. The increase of THB 41.42 million was equivalent to 43.71% y-o-y.

The Company's capital structure comprises debt-to-equity ratio, which was 0.17 times in 2020. The company managed to purchase raw materials to fulfill reduced market demand. Various factors affected sales revenue led to lower current liabilities. The decrease in operational result compared to 2019, the company was still being able to manage and control effective financial position, as a result, debt-to-equity ratio reasonably decreased to a low level and this ratio level is considered very well.

Interest coverage ratio increased to 613.03 times in 2020. From the aforementioned operation result, the Company saw operation cash flow increased. The policy to reduce the raw material purchase and the extended pay-off T/R creditor awaiting for appropriate forex rate, and the decrease in T/R interest rate led to the decrease in financial cost. The interest coverage decreased when compared to the previous year.

The 2020 Company's operating results saw a decrease in net profit. Therefore, its return on assets, return on fixed assets increased to 13.08%, and 206.12% respectively. The asset turnover ratio increased to 89.09 times. All in all, this still indicates the ability in profit generation from the wise and efficient use of assets in accordance with current situation when compared with the previous year.

From the capital structure shown, the Company still has the policy to carefully manage its finance in order to achieve maximum returns, while keeping risks that may impact its operation to a minimum. The Company still places emphasis on investment in wise and efficient spending to achieve highest revenue possible. To this end, the Company set the policy to properly order raw materials in terms of quantity, quality and price, to be in accordance with the market situation at that particular moment. In terms of exchange rate risk, which is outside factor that may impact the Company's operating results, the Company has set the policy to prevent risk from fluctuation. To do so, the Company has managed foreign debt payment term in order to achieve the lowest cost capital possible by doing forward contract to reduce its risks.

The Company has continuously recognized the importance of financial stability. Therefore, the Company has a policy to carefully manage its finance by using its current liabilities to invest in current assets in order to achieve financial liquidity and maximum returns while making the most efficient use of financial capital possible. This goal is to generate the highest returns to shareholders while keeping important financial ratios in good levels, which can be seen in the operating results of 2020, as mentioned earlier.

In 2021, with the increased sales volumes, the Company's operating results see net profit of THB 118.70 million, causing its balance sheet to be significantly different from that of 2020. The world economy from aforementioned situation caused the Company's total assets to decrease to a total of THB 685.62 million, an increase of THB 76.67 million is an equivalent of 12.59%, when compared to the previous year. Major sections that increased (decreased) are cash and cash deposits and other current assets increased for THB 15.54 million or a different of 5.12% y-o-y. Accounts receivable, other receivable, and inventory increased by THB 47.62 and 41.31 million or an equivalent of 88.19% and 31.82% respectively. Other non-current financial assets increased for THB 11.64 million was equivalent to 22.24% from the divestment of equity securities and more of other investment. Besides, some increase were from unrealized profit from the change in investment value in equity securities according to the stock market volatility in 2021 as afore mentioned. Property, plant and equipment, right-of-use assets, intangible assets and deferred tax assets decreased by THB 4.39, 0.39, 1.25, and 2.41 million or an equivalent of 10.31%, 100.00%, 6.54%, and 34.92% respectively arising from the amortization of depreciation and the sale of expired assets including amortization according to the age of the product registration.

The company's total liabilities of THB 113.73 million, increased for THB 27.26 million, or an equivalent of 31.52%, when compared to that of the previous year. This amount includes an

increase in short term loan from financial institutions (T/R creditors), trade account payable and other creditors, income tax payable for THB 3.00, 19.83, and 0.89 million or an equivalent of 18.15, 60.52, and 7.33% respectively. The employee benefit obligation increased by THB 3.98 million or 16.66%.

Shareholder's equity of THB 571.89 million, an increase of 49.41 million or an equivalent of 9.46%, when compared to that of the previous year. This amount came from an increase in unappropriated retained earnings for THB 37.08 million, or an equivalent of 17.46% from the increase in net profit and other components of shareholder's equity which includes gain on revaluation of fair value of available-for-sale of THB 3.86 million, an increase of THB 12.33 million or an equivalent of 145.62%.

The changes in the balance sheet came from the increase in sales volume from various factors that affect better economic situation, improving farmers' financial liquidity and market demand. The market competition saw less intensity. The imported and local purchasing of raw materials increased by considering the COVID-19 situation which affected the transportation system and created a condition to purchase raw materials at a quantity that was suitable for the current situation and sufficient to support the increasing market demand.

Therefore, the cash and cash equivalents, and other current financial assets increased from the divest and invest during the whole year according to cash flow liquidity. Accounts receivable and other receivable, and inventories increased. The company offer a policy to allow customers to pay for products faster than or within the term received by receiving additional cash discounts for the benefit of customers and led to a faster collection period and sales period. Meanwhile, the demand of raw materials to fulfill production in accordance with the situation of suppliers in China have faced energy problems and constraints that cause delays in the supply chain in the agrochemical business, coupled with the shortage of containers problem. As the baht fluctuated all through the year with weakening baht, the company needs reduce the impact of exchange rates by covering the exposure with forward contracts at appropriate rate for T/R payment. Due to the increase in market demand, the import of raw materials saw an increase of 120.65 million baht or a difference of 63.69% y-o-y. As a result, short term loan from financial institution and account payables for raw materials and local packaging material purchased increased. Average payment period and cash cycle were faster as financial liquidity increased.

From the Company's operating results in 2021, the cash flows decreased by 74.62%. As for financial ratio, the liquidity ratio, the quick ratio and the cash flow liquidity ratio decreased to 6.53, 4.54, and 0.69 times respectively. The average collection period, the average sale period, the accounts payable period, and the cash cycle increased (decreased) to 43, (126), (51), and (119) days respectively.

The Company's cash flows from the investment increased by 104.28%, when compared to the previous year. The Company applied a policy to manage financial liquidity by increasing investment in Investment unit - Open fund for THB 9.51 million and received dividend for THB 7.61 million in 2021. Investment and (divestment) in Equity Securities totalled THB (6.71) million. The Company bought machineries, vehicle and paid for expenses related to the registration for the new license for THB 1.03, and 1.91 million respectively.

Cash flows from financing activities increased by 32.72% when compared with the previous year since the order of raw materials from other countries increased and T/R period was lengthen due to fluctuated baht and to prevent risk from forex loss, the Company covered exposure with forward contract and applied for appropriated T/R paid off period and led to cost savings and to get the most out of current situation. Interest rate for T/R decreased from 0.45-0.60% per year in 2020 to 0.40-0.53 in 2021 causing lower financial cost. The Company also paid for dividends of 2020 for THB 81.15 million. Therefore, cash and cash equivalents by the end of the year then equal to THB 69.10 million. The decrease of THB 25.66 million was equivalent to 27.08% y-o-y.

The Company's capital structure comprises debt-to-equity ratio, which was 0.20 times in 2021. The company managed to purchase raw materials to fulfill increased market demand. Various factors affected sales revenue led to higher current liabilities. The increase in operational result compared to 2020, the company was still being able to manage and control effective financial position, as a result, debt-to-equity ratio slightly increased with stability and this ratio level is considered very well.

Interest coverage ratio decreased to 339.31 times in 2021. From the aforementioned operation result, the Company saw operation cash flow decreased. The policy to reduce the raw material purchase and the extended pay-off T/R creditor awaiting for appropriate forex rate, and the decrease in T/R interest rate led to the decrease in financial cost. The interest coverage decreased when compared to the previous year.

The 2021 Company's operating results saw an increase in net profit. Therefore, its return on assets, return on fixed assets increased to 18.34%, and 315.87% respectively. The asset turnover ratio increased to 100.41 times. All in all, this still indicates the ability in profit generation from the wise and efficient use of assets in accordance with current situation when compared with the previous year.

From the capital structure shown, the Company still has the policy to carefully manage its finance in order to achieve maximum returns, while keeping risks that may impact its operation to a minimum. The Company still places emphasis on investment in wise and efficient spending to achieve highest revenue possible. To this end, the Company set the policy to properly order raw materials in terms of quantity, quality and price, to be in accordance with the market situation at that particular moment. In terms of exchange rate risk, which is outside factor that may impact the Company's operating results, the Company has set the policy to prevent risk from fluctuation.

To do so, the Company has managed foreign debt payment term in order to achieve the lowest cost capital possible by doing forward contract to reduce its risks.

The Company has continuously recognized the importance of financial stability. Therefore, the Company has a policy to carefully manage its finance by using its current liabilities to invest in current assets in order to achieve financial liquidity and maximum returns while making the most efficient use of financial capital possible. This goal is to generate the highest returns to shareholders while keeping important financial ratios in good levels, which can be seen in the operating results of 2021, as mentioned earlier.

In 2022, with the decreased sales volumes, the Company's operating results see net profit of THB 44.92 million, causing its balance sheet to be significantly different from that of 2021. The global economy coupled with various domestic factors affected the production and distribution process as mentioned earlier and caused the Company's total assets to decrease to a total of THB 579.80 million, a decrease of THB 105.83 million is an equivalent of 15.43%, when compared to the previous year. Major sections that increased (decreased) are cash and cash equivalents, other current assets, account receivable and other receivable decreased for THB (26.92), (91.85) and (22.85) million or a different of (38.96), (41.93) and (22.48) y-o-y respectively. Inventory increased by THB 29.94 million or an equivalent of 17.50%. Other non-current financial assets decreased for THB 2.80 million was equivalent to 4.37%. Property, plant and equipment, intangible assets and deferred tax assets and other non-current assets increased by THB 6.59, 0.96, 1.01, and 0.08 million or an equivalent of 17.25%, 5.38%, 22.49%, and 70.11% respectively.

The company's total liabilities of THB 83.79 million, decreased for THB 29.94 million, or an equivalent of 26.33%, when compared to that of the previous year. This amount includes decreases in short term loan from financial institutions (T/R creditors), trade account payable and other creditors, income tax payable, and employee retirement benefit obligation for THB 6.00, 14.82, 8.56, and 0.72 million or an equivalent of 30.79, 28.17, 65.67, and 2.60% respectively.

Shareholder's equity of THB 496.01 million, a decrease of 75.89 million or an equivalent of 13.27%, when compared to that of the previous year. This amount came from an increase in unappropriated retained earnings for THB 71.45 million, or an equivalent of 28.65% from the decrease in net profit and other components of shareholder's equity which includes gain(loss) on revaluation of fair value of available-for-sale of THB (0.57) million, a decrease of THB 4.44 million or an equivalent of 114.84%.

The changes in the balance sheet came from the decrease in sales volume from various factors that affected by economic depression, decreasing farmers' financial liquidity and market demand. The market competition saw higher intensity. The imported and local purchasing of raw materials considering condition to purchase raw materials at a quantity that was suitable for

the current situation and sufficient to support the increasing market demand.

Therefore, the cash and cash equivalents, and other current financial assets (Investment Units -Open Ended Funds) and account receivables decreased. Inventories increased to fulfill market demand during the next quarter. Even though the company offer a policy to allow customers to pay for products faster than or within the term received by receiving additional cash discounts for the benefit of customers, still result in longer collection period and sales period. As the baht fluctuated all through the year with highest weakening baht during second half of the year, the company needs reduce the impact of exchange rates by covering the exposure with forward contracts at appropriate rate for T/R payment. Due to the decrease in sales, the import of raw materials saw a decrease of 48.01 million baht or a difference of 14.56% y-o-y. Besides, local purchasing of raw materials and packaging materials also decreased. As a result, short term loan from financial institution and accounts payable and other payable decreased. Average payment period was slower and cash cycle increased.

From the Company's operating results in 2022, the cash flows decreased by 59.91% due to the increase in raw materials, accounts payable and other current accounts payable. As for financial ratio, the liquidity ratio, the quick ratio and the cash flow liquidity ratio increased(decreased) to 7.93, (4.38), and (0.29) times respectively. The average collection period, the average sale period, the accounts payable period, and the cash cycle increased to 73, 206, 68, and 211 days y-o-y respectively.

The Company's cash flows from the investment increased by 3,967.91%, when compared to the previous year. The Company applied a policy to manage financial liquidity by decreasing investment in Investment unit – Opened fund for THB 90.32 million and received dividend for THB 4.86 million in 2022. The investment in Equity Securities, machineries- vehicles, expenses related to the registration for the new license increased by THB 2.91, 14.34, and 4.41 million respectively.

Cash flows from financing activities decreased by 56.53% when compared with the previous year since the order of raw materials from other countries decreased and T/R period was lengthen due to fluctuated baht and to prevent risk from forex loss, the Company covered exposure with forward contract and applied for appropriated T/R paid off period to get the most out of current situation. Interest rate for T/R significantly increased from 0.40-0.53% per year in 2021 to 1.98-5.50 in 2022 causing higher financial cost. The Company also paid for dividends of 2021 for THB 116.70 million. Therefore, cash and cash equivalents by the end of the year then equal to THB 42.18 million. The decrease of THB 26.92 million was equivalent to 3.90% y-o-y.

The Company's capital structure comprises debt-to-equity ratio, which was 0.17 times in 2022. The purchasing of raw materials both domestically and internationally, including packaging materials decreased to be suitable for the current situation and to meet market demand. Various

factors that caused sales to decline and the decrease in accrued corporate income tax from the operating results led to the decrease in total liabilities compared to the previous year. However, the company was still being able to manage and control effective financial position, as a result, debt-to-equity ratio slightly decreased with stability and this ratio level is considered very well.

Interest coverage ratio decreased to 30.78 times in 2022. From the aforementioned operation result, the Company saw operation cash flow decreased. The policy of the raw material purchase and the extended pay-off T/R creditor awaiting for appropriate forex rate, and the significant increase in T/R interest rate led to the increase in financial cost. The interest coverage decreased when compared to the previous year.

The 2022 Company's operating results saw a decrease in net profit to THB 44.92 million compared to the previous year. Therefore, its return on assets, return on fixed assets decreased to 7.10%, and 128.59% respectively. The asset turnover ratio decreased to 70.25 times. All in all, this still indicates the ability in profit generation from the efficient use of assets in accordance with current situation.

From the capital structure shown, the Company still has the policy to carefully manage its finance in order to achieve maximum returns, while keeping risks that may impact its operation to a minimum. The Company still places emphasis on investment in wise and efficient spending to achieve highest revenue possible. To this end, the Company set the policy to properly order raw materials in terms of quantity, quality and price, to be in accordance with the market situation at that particular moment. In terms of exchange rate risk, which is outside factor that may impact the Company's operating results, the Company has set the policy to prevent risk from fluctuation. To do so, the Company has managed foreign debt payment term in order to achieve the lowest cost capital possible by doing forward contract to reduce its risks.

The Company has continuously recognized the importance of financial stability. Therefore, the Company has a policy to carefully manage its finance by using its current liabilities to invest in current assets in order to achieve financial liquidity and maximum returns while making the most efficient use of financial capital possible. This goal is to generate the highest returns to shareholders while keeping important financial ratios in good levels, which can be seen in the operating results of 2022, as mentioned earlier.

Important key factors that have impact to the operation in the year 2022, The Thai economy tends to be limited by conditions and risk factors from the global economy related to the conflict between Russia and Ukraine, the increase in energy prices and global inflation which is expected to increase steadily. Although it begins to decline sometime in 2023, as long as the war between Russia and Ukraine is not over coupled with the lockdown of cities in China to contain the spread of COVID-19 and the real estate problems, it is expected that the Thai economy, which has been

affected by the global economy, will expand in the range of 3.00-4.00 % under support factors below :

1. Tourism sector is likely to recover and return to normal position from the opening of international flights between Thailand and the country of tourist origin. Domestic tourism also tends to return to normal situation with support from the government, for example, the project “We travel together” of various phases, etc.
2. Expansion of private and public investment, it is expected that investment promotion in 2023 will continue to expand in 2023 under the investment promotion strategy for a period of 5 years, in line with the expansion of imports of raw materials and intermediate goods.
3. Expansion of domestic consumption which corresponds to the level of economic activity and shopping behavior that tends to recover back to normal.
4. The agricultural sector is likely to expand in line with the trend of agricultural produce expansion, with the main supporting factor of sufficient water for cultivation, resulting in better agricultural production in 2023.

The outlook for the agricultural economy in 2023 is expected to grow in a narrow range. The supporting factors are the amount of water in the reservoir and natural water sources that are sufficient for cultivation. Continuous implementation of government policies and measures on agriculture, such as promoting the use of appropriate production factors, the use of production technology and improving the quality of agricultural produce, the utilization of big data (Big Data) for production planning, processing and marketing, management of water resources in the entire system, and the development of logistics systems, etc. The results of the Thai economy that is expected to expand as well as ongoing government economic stimulus measures help support production activities, tourism activities and consumption activities. These factors help increase the demand for agricultural produce and food. This creates confidence in the quality and standards of Thai agricultural produce among various trading partners and lead to higher demand, causing the higher price level. It is good for farmers in term of income and resulting in increased purchasing power. However, there are still other risk factors that may occur such as the inclement weather, the increase price of production factors namely; energy consumption, chemical fertilizers, pesticides, causing higher production costs for farmers. The price of agricultural produce will be a barrier to compete in the export market. In addition, plant disease outbreaks, inflation, exchange rates, etc. are other risks to be aware of.

Agricultural products that are expected to increase in production including in-season rice, off-season rice, cassava, sugarcane, rubber, oil palm, longan, durian, mangosteen and rambutan. Agricultural product that are expected to decrease in production are maize and pineapple.

In terms of price, products that are expected to have a good price including rice, maize, durian, mangosteen, due to the continued demands in both domestic and international markets. In addition,

the government has implemented policies to improve the quality of produce to meet standards and encourage the processing of products to add value to the products. As for the agricultural products that are expected to increase in price, such as rubber, cassava, sugarcane, and maize are still be in demand in the international market and prices in the global market tend to increase for sugarcane.

In agricultural sector production, the Government will continue to provide its full support in all areas such as:

1. Technology development - Developing production technology by educating farmers and providing good plant breeds in order to further develop quality of output and create competitive capability.
2. Marketing - Helping to sustain agricultural prices, let market forces operate on their own, and seeking market channel aboard.
3. Finances - Providing support which might be in the form of low-interest loans so as to create opportunity for farmers and allow farmers to easier fund accessibility.
4. Promote agricultural processing – This is done by creating added value to products which would develop product quality and enable to export.

Government support on production and its strategy to restructure agricultural products to make it in line with market needs and create competitiveness for the country, will improve farmers' situation and living standards. In the private sector, the Crop Protection Association has collaborated with the government to control and inspect the quality of products to meet standards. This is an important part in creating the quality of agricultural products to be of good quality according to the market demand, and thus, increase the sales of the company.

Raw material prices rising higher with world market conditions are a risk factor, making the cost price of products higher. The fluctuation of oil prices, THB fluctuation and weakening, drought and flooding, the new regulation from the government enforced recently, the pandemic of COVID-19, and Russain-Ukraine war are also external factors which are beyond control. However, the company has devised a policy to ease the effects from these risk factors.

1. Company policy to manage forex on raw material imports, for example, with an extension of account payable and the using of forward contract to reduce risks with prudent consideration of favorable exchange rate.
2. Practicing more caution when ordering raw materials, seeing that it concords with needs. This will reduce damage from excessive inventory. However, other factors affecting transportation system and lead time are considered to meet the market demands and avoid short of inventory.

3. Making careful consideration before opening new trade accounts and expanding credit lines to prevent damage from bad debts and strictly performing in accordance with collection policy.
4. Disseminate knowledge on technology and correct usage of product to increase yields, promote safety, with no environmental effects.
5. Arrange enough budget to handle with the Hazardous substance Act (No.3) B.E. 2551 enforced.

These above factors affect the company's operations and financial position. Therefore, it is the policy of the company to try and reduce the adverse effects from these various factors through the above mentioned measures. Although, these are outside factors that cannot be controlled, it is expected that this policy will reflect in better operations for the company.





General and Other Information

5.1 General Information

Pato Chemical Industry Public Co., Ltd

Full Company Name	:	PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED (PATO)
Core business	:	Manufacturer and distributor of Agrochemical products
Registration No.	:	0107536001214
Head office	:	Pato Building 3388 New Petchburi Road, Bangkokpi, Huaykwang, Bangkok 10310
Tel	:	0 2318 5612-19, 0 2318 0360-9
Fax	:	0 2318 0367
Email Address	:	parichart.m@pato.co.th, kanokwan.m@pato.co.th
Independent Directors	:	auditcom.pato@gmail.com
Factory	:	569/1 Bangpoo Industrial Estate, Soi 12 Patana 3 Road, Praksa Sub-district, Muang District, Samutprakarn
Tel	:	02 324 0890 - 1
Fax	:	02 324 0187
Website for Shareholders	:	www.patochemical.com
Registered capital	:	142,372,000.00 Baht (One Hundred Forty Two Million Three Hundred Seventy Two Thousand Baht)
Paid up Capital	:	142,372,000 Baht (One Hundred Forty Two Million Three Hundred Seventy Two Thousand Baht)
Total share	:	142,372,000 Shares (One Hundred Forty Two Million Three Hundred Seventy Two Thousand Shares)
Par value per share	:	1 Baht
Companies of which Pato hold share greater than 10%		

Name: Pato Crop Care Co., Ltd.

Office and Factory	:	569/1 Bangpoo Industrial Estate, Soi 12 Patana 3 Road, Praksa Sub-district, Muang District, Samutprakarn
Registration No.	:	0115554017320
Tel	:	0 2324 0890-1
Fax	:	0 2324 0187
Type of Business	:	Manufacturer and distributor of Agrochemical products.
Registered and paid capital:	:	5 million baht of total 1 million shares.
Par value 5 baht per share. Pato's stake in Pato Crop Care 99.99 %		

Other References

Registrar : Thailand Securities Depository Co., Ltd.

Auditor : Mr. Pradit Rodloytook Registration No. 218 or
Ms. Nongram Laoha-Areedilok Registration No. 4334 or
Ms. Champorn Rodloytook Registration No. 9211 or
Mrs. Porntip Lerttanongsak Registration No. 7633 or
Mrs. Sunanta Kumsuk Registration No. 8207 from
AST Master Co., Ltd.
790/12 Thonglor Tower Soi Thonglor 18
Sukhumvit 55, Klongtoey, Bangkok 10110
Tel: 0 2185 0342, 0 2714 8842-3 Fax: 0 2185 0225

Legal Advisor : Rompoh Law Office
719/86 Moo 10 Petkasem Road Nongkam, Bangkok 10160

Tel : 0 2812 1756, 081 494 9224

5.2 Other Significant Information

- None -

5.3 Legal Disputes

- None -

5.4 Secondary Market

- None -

5.5 Financial institutions of constant contact (In case of debt securities issuance)

- None -



Management and Corporate Governance



Corporate Governance Policy

6.1 Overview of Corporate Governance Policies and Practices

Corporate Governance Policies

The company's Board of Directors is aware of the importance of Corporate Governance in increasing operational transparency and shareholder confidence, creating thorough management and acting with caution for the greatest benefit, and which can be subject to auditing. The company is steadfast in its aim to undertake business for the satisfaction of shareholders and provision of good return on a continuous and secure basis. The company has written Good Governance Policy approved by the board of directors as follows:

1. Accountability
2. Responsibility
3. Transparency
4. Equitable Treatment to Stakeholders
5. Vision to Create Sustainability
6. Ethics and Moralities
7. Anti-Corruption

6.1.1 Policies and Practices Related to Nomination and Remuneration of Directors and Managements

The board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the company, and strengthen good governance, including:

- (1) Defining objectives and goal;

“Supply good quality products with fair price to Thai farmers, secure in the performance stability with the engagement of social and environment responsibility”

- (2) Determining operational strategies and recruitment of key personnel to achieve objectives and goals. The board of directors has important roles in the governance to achieve maximum benefits for the company and is responsible for duties and responsibilities of directors.

The structure of good governance and area of authority of the board of directors which comprise of qualifications, recruitment, appointment, position roles as well as operations of directors, and operators are clearly set including policy, regulations, practices and working manuals which are entirely in written documents in order to achieve mutual balance and monitoring. At the same time, an independent internal auditor which has roles and duties as approved by the audit committee will monitor the operations to ensure that the company has effectively complied with the guidelines of related laws and regulations.

- (3) Monitoring, evaluating, and reporting on performance.

To achieve sustainable value creation, the board should exercise its leadership role and pursue the following governance outcomes:

- (1) Competitiveness and performance with long-term perspective;

The company has well managed to get good performance to win SET AWARDS award for outstanding and best performance for many years.

- (2) Ethical and responsible business; The Board of Directors perform as a good model to set the standard for employees by strictly adhering to the Code of Business Conduct and Corporate Governance Policy.

- (3) Good corporate citizenship to society by developping or reducing the negative impact on the environment as per CSR report

- (4) Corporate resilience

Society has developed into globalization or the borderless society as a result of progress and development. Information Technology impacts on Thai society on social, economic and political aspects. The company has to adjust itself to survive, which has been done during the past years round. The style and method of adaptation

reflect the policies and methods of a visionary management team who understand the condition, reality and implement a prudent policy to maintain or increase market share and this leads to better performance.

6.1.2 Policies and Practices Regarding Shareholders and Stakeholders.

The board ensures that all directors and executives perform their responsibilities in compliance with their Duty of Care and Duty of Loyalty, and that the company operates in accordance with applicable law, standards, and shareholders resolutions.

The company's board of directors has fulfilled its duties with honesty, transparency, caution, carefulness and understanding of their roles and responsibilities on the basis of law, regulations, rules, the company's restrictions, consensus of shareholders' meeting and good governance by considering relevant regulations, such as The Securities and Exchange Act BE 2535. Decisions are made with honesty and rationality to assume that they are done for maximum benefits of the Company.

The board of directors has policies for shareholders with the following guidelines;

1. Taking care of shareholders and stakeholders equally.
2. Promoting the exercise of shareholders' rights
3. Decisions are within the scope of power.
4. No conflict interest with the Company.

5. Review the compliance with anti-corruption policy and related manuals which have been approved by the Board of Directors. The board is ready to not demand, accept, pay, or do business with individuals and juristic persons related to corruption. The Company has also joined the Thai Private Sector Collective Action Coalition against Corruption to gain confidence from shareholders and investors.

The board understand the scope of duties and responsibilities and clearly define the roles and responsibilities of Managing Director and management as well as monitor and supervise the performance of Managing Director and the managements to their assigned duties independently.

The board is independent of the management. Knowledge development program and evaluation of the performance of the directors including supervision of subsidiary company are arranged occasionally. The Board of Directors generally holds a meeting on a quarterly basis with advanced schedule set every year. Special additional sessions can be hold when necessary with a clear agenda set in advance. The company's secretary is the person to prepare invitations to meetings and related documents 7 days before the meeting takes place. This is so that the Directors have time to consider and study information. Each meeting takes about two and a half hours. In 2022, the board held 4 regular meetings, 4 audit committee meetings, one

risk committee meeting and one general shareholder meeting.

While there is no meeting, directors can contact the management for a report of the company performance so that it can monitor management and company performance continuously and promptly.

The company has set a policy of minimum quorum and number of committee of at least two third of the entire board present for voting procedure.

At the board of directors meeting, the managements are invited to provide information and details required from the person in charge with the issue as well as to recognize the senior management for consideration of the succession plan.

At the first Board Meeting and Audit Committee meeting of the year, the non-executive directors shall conduct the meetings without the executive directors or management attend the meeting. So they can consult and find guidelines independently and transparently. They shall also evaluate the work of the Managing Director and report to the Company Secretary before going to the full board or committee meeting. The non-executive directors and the Audit Committee may ask for an increase in number of meetings without the executive directors or management by informing their requirement to the Company Secretary.

The minutes of the meeting have been record and endorsed by directors, so they can be checked by related parties.

6.2 Business Ethics

The company has come out with a written code of ethics for the Board of Directors and employees, to serve as a guideline for those concerned in executing their duties with honesty. The company also holds staff meetings on a regular basis. Stakeholders will be able to learn about Board and Employee ethics may visit our website https://drive.google.com/file/d/11jTz3-VNQD6v_kXVchr33vSLcpFMdMML/view

6.3 Significant changes and developments in policies, practices, and systems of corporate governance during the past year

6.3.1 Information on major changes and developments related to policy reviews

The company has consistently reviewed its corporate governance policies and guidelines in the board of directors' meeting in 2022.

- Revise and improve human rights policy
- Establish greenhouse gas reduction policy

6.3.2 The Company has not yet applied the Good Corporate Governance Principles for Listed Companies 2017 (CG Code) as follows:

1. Selection process for the director position did not pass the nomination committee because the company has not yet appointed this committee. However, the board of directors informs shareholders that they can assemble shares holders combine not less than 5 % of the total number of shareholders to nominate suitable candidates including the board of directors jointly consider and nominate suitable candidates according to the qualifications that should be proposed to the shareholders' meeting for approval.

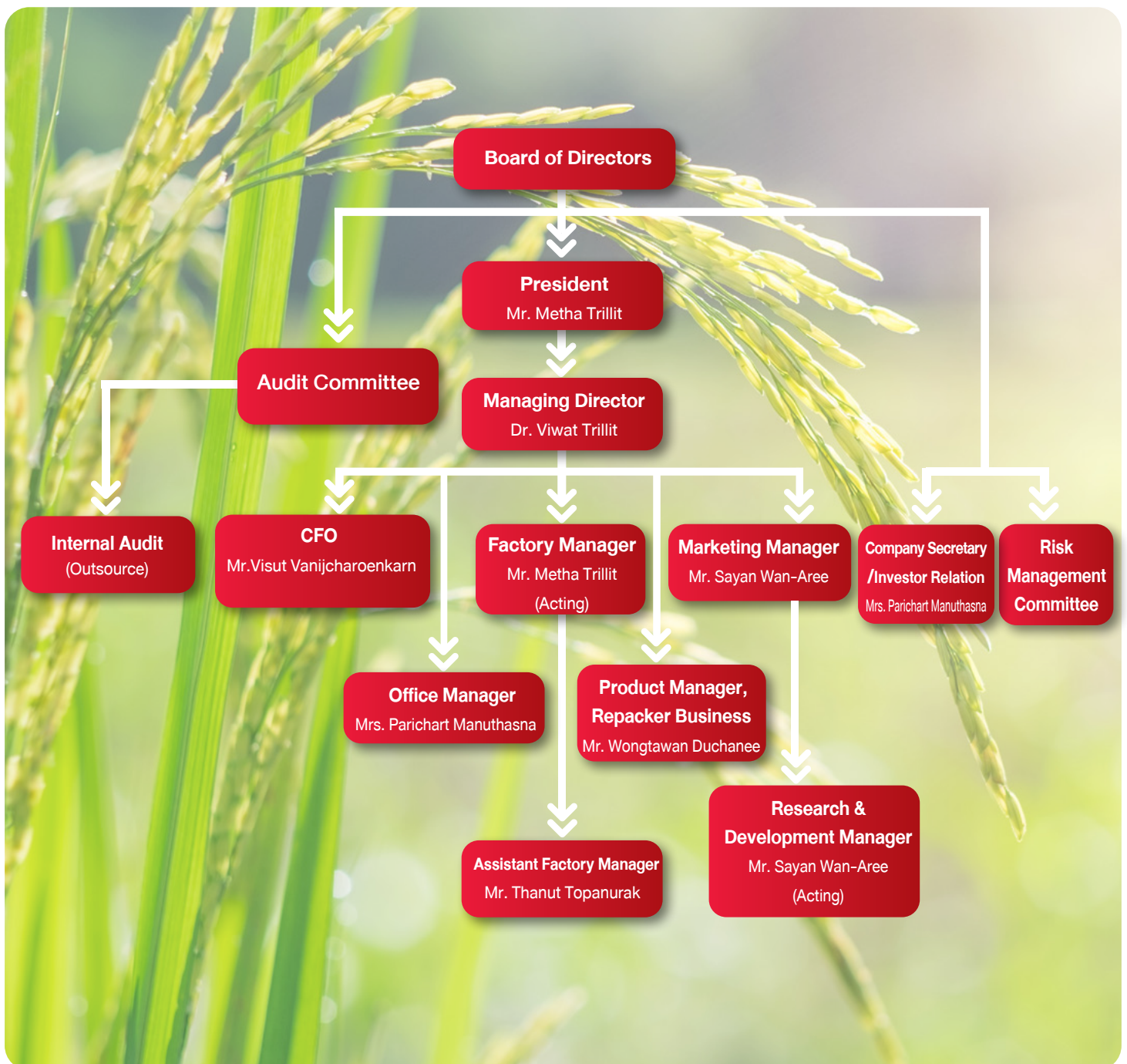
2. The company also cannot determine the position of independent director for a period of not more than 9 years because the agrochemical industry needs someone who understands the complexity of the company's business. Since it is also related to hazardous materials, it requires a person with positive attitude towards the business to drive the business to success and sustainability.



7

Corporate Governance Structure and Significant Information about Directors, Sub-Committees, Executives, Employees and Others

7.1 Corporate Governance Structure



7.2 Information about the Board of Directors

7.2.1 The composition of the Board of Directors, showing the total number of directors, the ratio of independent directors to the total board of directors, and the proportion of non – executive directors to the total directors.

The board is responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the company's objectives. The Board of Directors consists of a number of qualified directors in the area of skills experience, expertise, gender and age to achieve the organization's goals

The composition of the Board of Directors in 2022 are as follows ;

The company's Board consists of 11 directors;

- 4 Independent Directors represent the percentage of 36.36
- 3 Female Directors represent the percentage of 27.27
- At least 1 Director has knowledge of accounting and finance.
- At least 1 Non-Executive Director has experience in agrochemical business.

Balanced composition of Directors who are not management

2 Executive Directors represent a percentage of 18.18 namely;

- Mr. Metha Trillit President/ Acting Factory Manager
- Dr. Viwat Trillit President

9 Non-Executive Directors including 4 Independent Directors as a percentage of 81.81 namely;

- Mrs. Wantana Pojanalai Authorized Director
- Mr. Suvit Wesaratchawest Authorized Director
- Mr. Surachai Cheongwiwatkit
- Ms. Ratchanee Trillit
- Ms. Charina Pojanalai
- Mr. Lertchai Leelayonkul Independent Director
- Mr. Chaiwat Chandarasrivongs Independent Director
- Mr. Cheng Ming Chang Independent Director
- Mr. Sahai Supsoontornkul Independent Director

3 Members of Audit Committee namely;

- Mr. Lertchai Leelayonkul: A qualified audit committee with accounting experiences to perform review of financial statements of the company.
- Mr. Chaiwat Chandarasrivongs
- Mr. Cheng Ming Chang

The Company has not yet been able to set term of independent director for up to 9 years, since the agro-chemical industry needs people who actually understand the company's business, which is quite complicated. The company is a formulator of various and seasonal agricultural chemicals for a variety of crops. The raw materials are hazardous substances that must be registered, produced, imported and sold under licenses from the Department of Agriculture, Department of Livestock, Commissioner of Food and Drug.

Moreover, the agrochemical business is viewed by the general public as the one of the causes for destroying environment and harming farmers. In fact, agrochemicals are comparable to medicines for plants, which same as medicines to heal human beings from various life threatening diseases. In the case of incorrect administration of drugs to patients such as misuse or overuse medicines would result in negative impacts as well as agrochemicals. The proper use of agrochemicals according to the methods, doses and time period with plants and diseases will help to protect the plants from insects, pests and this will increase the quality of the crops and leave no toxic residue to the environment. Therefore, independent committee of the company, in addition to having to understand the business, must have a positive attitude toward the agrochemical business.

Even though, the Independent Committee has hold the position for a long time, they strongly believe in independent decision making for the maximum benefits of the Company and its shareholders.

The Board of Directors oversees the disclosure the roles and duties of the Board of Directors and subcommittees in accordance The number of meetings and the number of times of each director attended the meeting.

The board understands the structure and relationship of shareholders that may affect the management and operations of the business.

All directors understand that the company has grown from family business. The directors come from family representatives according to the principle that the shareholder has the rights of ownership by controlling the company through the appointment of the board of directors to act on their behalf and the rights to make a decision regarding to the major changes in the company. However, the company has the independent committee that can monitor the performance of its directors as well as ensure that the disclosed information is transparent and complete. The company also encourages its shareholders to exercise their rights to attend the meetings and to allow the shareholders to propose the agenda and the list of directors for consideration at the annual general meeting.

7.2.2 Information of the Board of Directors and the person with the authority to supervise the company individually by specifying the name of chairman, list of directors and the person who has the power to control the company (if any) and an independent directors, Audit Committee or other committees.

The Board of Directors as of December 31, 2022 are as follows:

Name	Position	Holding office from
1. Mr. Metha Trillit	Chairman/President (Signatory Director)	April 22, 2021
2. Dr. Viwat Trillit	Managing Director/ Chairman of Risk Committee (Signatory Director)	July 21, 2020
3. Mrs. Wantana Pojanalai	Signatory Director	July 21, 2020
4. Mr. Suvit Wesaratchawest	Signatory Director	April 22, 2021
5. Mr. Surachai Choengvivatkit	Director	July 21, 2020
6. Ms. Ratchanee Trillit	Director	July 21, 2020
7. Ms. Charina Pojanalai	Director	April 22, 2022
8. Mr. Sahai Supsoontornkul	Independent Director	April 22, 2022
9. Mr. Lertchai Leelayonkul	Independent Director/ Chairman of Audit Committee/Risk Committee	April 22, 2022
10. Mr. Chaiwat Chandarasrivongs	Independent Director/ Audit Committee Member/ Risk Committee	April 22, 2022
11. Mr. Cheng Ming Chang	Independent Director/ Audit Committee Member/ Risk Committee	April 23, 2019

Directors authorized to bind the company as per the Company Affidavit: Mr. Metha Trillit or Dr. Viwat Trillit is to co-sign with Mrs. Wantana Pojanalai or Mr. Suvit Wesaratchawest with company seal affixed to affect company documents.

- Mr. Lertchai Leelayonkul, Chairman of the Audit Committee has strong knowledge and experiences to review and ensure the reliability of financial statements.

7.2.3 Information about the roles and duties of the Board in order to control, supervises, and monitors the operation with transparent and efficient manner and also identify the roles and duties of the Chairman of the Board.

Authority and Obligation of the Board of Directors

1. To supervise and manage in order to make sure that the operations of the company are in accordance with the law, the objectives and Articles of Association of the company as well as the resolution of the Shareholders' Meeting, and to protect the company's interest based on good corporate governance.
2. To establish the policy and operation direction of the company and to supervise the management to operate as approved plan.
3. To be responsible for policy formulation and oversight of effective anti-corruption and prevent human rights violations so as to make the management realize its importance and implant it as a corporate culture.
4. To make the arrangement of the Shareholders' Meeting as an Annual Ordinary Shareholders' Meeting within 4 months as from the end of the fiscal year of the company and the arrangement of the Shareholders' Meeting as an Extraordinary Shareholders' Meeting when necessary.
5. To hold the Board of Directors' Meeting every three months and not less than half of the directors will attend the meeting. The resolutions of any meeting of directors are decided by the majority of votes, in case of an equality of votes, the chairman has a casting vote.
6. To make an arrangement of the balance-sheet and the profit and loss statement as at the end of the fiscal year of the company in order to present to the General Ordinary Shareholder's Meeting to scrutinize the balance-sheet and the profit and loss statement, and the Board of Directors shall have the auditor to finish the auditing prior to the presentation to the Shareholders' Meeting.
7. To assign the power of management to the Managing Director to carry out the business of the company including the power to appoint or remove the staff of the company as well as the fixing of the remuneration.
8. To scrutinize and approve the annual budget for investment and for business operation of the company.
9. To implement the internal control and internal audit including financial control system, operation and to supervise the performance as well as risk control risk management including corruption risk and human rights violation.
10. To make an arrangement of financial information report, information and general information important for the shareholders properly, completely and sufficiently together with the verification of the report.

11. A director must not, without the notification to the general meeting of shareholders prior to the appointment, undertake commercial transactions, nor he or she be a partner, an executive or a shareholder in another juristic person of the same nature as and compete with that of the company.
12. The director who has a special interest in the contract entered with the company or the increase or decrease of the shareholders or of the debentures of the company, must notify the company without delay.
13. The non-executive director, independent committee, auditor, as well as internal auditor hold joint meetings at least once a year to open up an opportunity for various consultancy with freedom and appropriateness. Then the results of the meeting shall be reported to the managing director in case there is any need to make amend regarding the management. It is set at the first Board of Directors' meeting and additional such meeting can be done by informing Company secretary.

Authority and Obligations of Executive Directors

1. To establish the strategic directions and business operation with highest effectiveness and efficiency.
2. To evaluate and to scrutinize the investment project and annual budget in order to be approved by the Board of Directors.
3. To sign in the documents binding on the company as appointed by the Board of Directors.
4. To consider and approve the executing of forward contract as risk management of currency and foreign exchange.
5. To allot the resources and recruit the personnel of potential for the highest benefit of the company.
6. To establish a system and promote anti-corruption and prevent human rights violations. Communicate to employees and all parties involved and to review the appropriateness of the system, measures to be in line with the business, regulation and law required.

The CFO is responsible for monitoring the financial position of the Company and reporting to the Board of Directors on financial ratios and financial liquidity at the Board of Directors meeting quarterly.

- The board has set significant transaction level as follows :

Summary of Significant Transaction Approved

Transaction approved	Board of Directors	President and Managing Director
1. Approval for purchasing and procurement per transaction	Above 40 Million Baht	Less than 40 million Baht
2. Approval for sale of inventories, and fix assets per transaction	Above 40 Million Baht	Less than 40 million Baht

The board ensures that it does not consciously approve any transactions or propose any transactions for shareholder approval which could negatively affect business continuity, financial liquidity, and solvency

Authority and obligations of Managing Director

1. To oversee and implement normal management and operations of the company in accordance with regulations, policies, and resolutions of the Board of Directors and / or the resolutions of the shareholders' meeting.
2. To prepare business policy, business strategy and planning, and budget funding for various projects to the Board of Directors for approval and report on progress.
3. To supervise, consider and approve the appointment, dismissal and disciplinary action against employees in accordance with the company regulations.
4. To sign the contract, orders, or documents on behalf of the company.
5. To authorize other person to act on behalf for specific operations under the scope of the mandate or orders prescribed by the Board.
6. To approve the appointment of consultants required by any project through the Board of Directors.
7. To be a leader and a role model for ethical conduct, business ethics, anti-corruption policies and prevent human rights violations.
8. To follow up the anti-corruption and human rights violations measures taken from the Internal Auditor and report to the Audit Committee and the Board regularly.
9. To hold positions of managing director of no more than two companies and the other company must not be a business rival to the company in order to ensure maximum administrative efficiency.

Authority and Obligations of Audit Committee

An audit committee has the duties as delegated by the Company's board of directors, as follows:

- (1) to review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit. This includes appropriateness and adequacy of potential corruption risks.
- (3) to review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
- (4) to consider, select, nominate or terminate an independent person to be the Company's auditor, and to propose such person's remuneration.
- (5) to attend a meeting with the external auditors without participation of management at least once a year.
- (6) to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
- (7) to prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (7.1) an opinion on the accuracy, completeness and creditability of the Company's financial report.
 - (7.2) an opinion on the adequacy of the Company's internal control system, and propose to the Board of Directors for the appointment and removal of the Chief Internal Auditor.
 - (7.3) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
 - (7.4) an opinion on the suitability of an auditor.
 - (7.5) an opinion on the transactions that may lead to conflicts of interests.
 - (7.6) the number of the audit committee meetings, and the attendance of such meetings by each committee member.
 - (7.7) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
 - (7.8) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.

- (8) to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

The board selects an appropriate person as the chairman and ensure that the board composition serves the best interest of the company, enabling the board to make its decisions as a result of exercising independent judgment on corporate affairs.

The Chairman of the Board of Directors comes from the major shareholder group which holds 35.19% of total shares. He has been in this business for quite a long time with beneficial experiences to the company. The Chairman and the managing director are not the same person but from the same family. All work and administration must have the approval from the board which comprises representatives of various major shareholder groups and includes the auditing committee which helps to re-examine and provide a counter-balance. The chairman of the Audit committee who is the independent director also requested to

consider board agenda.

Authority and Obligations of the Chairman.

1. To be Chairman of the Board of Directors and control such meeting to go smoothly.
2. To oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the company's objective.
3. To ensure that all directors contribute to the company's ethical culture and good corporate governance.
4. To set the meeting agenda by discussing with managing director which important matter should be included.
5. To allocate sufficient time for management to propose topics and for directors to debate important matters should be included and encourage directors to exercise discretion and give independent opinions.
6. To promote culture of openness and debate through ensuring constructive relations between executive and non- executive directors, and between the board and management.
7. To sign the document in accordance with the regulations and company's requirements.
8. To perform any other act designated by the Board under the laws and regulations of the Association and/or the resolutions of the Board of Directors or resolutions of the shareholders' meeting.

The board should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the board.

7.3 Information about Sub-committees

7.3.1 Information and appointed committees

Sub-Committees namely;

- Audit Committee consists of 3 independent directors, 1 of which is knowledgeable in accounting and finance. They are independent in doing their duties in the same manner as stipulated in the regulations of the Stock Exchange of Thailand.
- Risk Management Committee consists of Independent Director, Managements and Internal Auditor.

7.3.2 Name of each Sub-Committees

(1) Audit Committee

The board establishes an audit committee that can act effectively and independently. The auditing committee was set up on December 17, 1999.

Names of members of the Audit Committee, 2022 are as follows:

Chairman of the Audit Committee	Mr. Lertchai Leelayonkul
Member of the Audit Committee	Mr. Chaiwat Chandarasrivongs
Member of the Audit Committee	Mr. Cheng Ming Chang
Secretary to the Audit Committee	Ms. Navaporn Pohthai (Internal Audit)

Terms for holding office: 3 Years. Latest renewal of terms for holding office is 2022. Mr.Lertchai Leelayonul is a qualified audit committee with accounting experiences to perform review of financial statements of the company.

Qualifications of Audit Committee

1. Appointed by the board of directors or shareholders
2. All Audit Committee must be independent director.
3. Not a director appointed by the board of directors to make decision in the business of the company, parent company, subsidiary company, associated company of the same level or the person who may have the conflict of interests.
4. Not a director of the parent company, affiliated companies or affiliated companies of the same level.
5. Having duties prescribed by the Securities Exchange.
6. At least 1 Audit Committee shall have knowledge and experience sufficient to perform his duties to review the reliability of financial statement.

(2) Risk Management Committee

Board of Directors' meeting in 2014 approved the setting up of Risk management Committee. Risk committee consist of directors and/or executives of the company and the internal auditor, 2022 are namely;

1. Dr. Viwat Trillit	Managing Director/Chairman of Risk Management Committee
2. Mr. Lertchai Leelayonkul	Chairman of Audit committee
3. Mr. Chaiwat Chandarasriwongs	Audit Committee
4. Mr. Cheng Ming Chang	Audit Committee
5. Mr. Visut Vanitcharoenkarn	CFO
6. Mr. Sayan Wan-Aree	Marketing Manager
7. Mrs. Parichart Manuthasna	Company Secretary/Office manager
8. Ms. Navaporn Pohthai	Internal Auditor

Risk management committee's duties and responsibilities

1. To consider company's policy and overall risk management guidelines that including significant types of risk including corruption risk, human rights violations risk and present to audit committee for making a report for company board of Directors.
2. To define company's strategy and guideline process for risk management by evaluating, tracing, and controlling the company's risk to be in an appropriate level.
3. To lay down measures for risk management that suite with situation and risk appetite.
4. To follow up on the risk management policy under the risk management guidelines along with the policies set forth.
5. Review the adequacy of policies and risk management systems, including the effectiveness of the system.

The Risk Management Committee report 2022

The Risk Management Committee appointed by the resolution of the Board of Directors' meeting to serve on the oversight of risk management.

In 2022, The Risk Management Committee is responsible for overseeing the risk management of the company by considering the risk management policy that to be in line with company's objectives, strategies, and risk appetite. The committee regularly review the risk management policy. The report reviewed the results of the risk assessment and set the internal audit plan for 2022 by taking into account the significant risk factors of company in order to reduce the opportunities, potential risk, and minimize the impact to a minimum. Risk management guidance is proposed to the Board of Directors including problems and obstacles for acknowledgment.

Corruption Risk, Human Rights Violation Risk, Privacy Rights, and Measures to Control the Impact of the Business on the Environment Risk are factors that the Board of Directors attaches importance to governance by considering the appropriateness of the relevant company policies and also closely monitor the risk management results incurred in the company.

The Risk Management Committee has reviewed the plan of the internal audit in quarterly basis in 2022. This is to evaluate the impact that might occur from significant risk factors of the company in order to ensure that the risk management has been processed each quarter according to guidelines specified and also prepare for the uncertain situation that might happen and affect the company in the future.

Sincerely,



(Dr. Viwat Trillit)

Chairman of Risk Management Committee

7.4 Information about Managements

7.4.1 Names and Position of Managements

6 Managements as of December 31, 2022 are as follows

Name	Position
1. Mr. Metha Trillit	President/ Acting Factory Manager
2. Dr. Viwat Trillit	Managing Director Chairman of Risk Committee
3. Mr. Visut Vanijcharoenkarn	CFO/ Risk Committee
4. Mr. Sayan Wan-Aree	Marketing Manager/ Acting R&D Manager/ Risk Committee
5. Mr. Wongtawan Duchanee	Product Manager-Repacker Business
6. Mrs. Parichart Manuthasna	Office Manager/ Company Secretary/ Risk Committee/IR

The Board is responsible for overseeing the establishment of an appropriate compensation and evaluation structure. The remuneration for managements is in accordance with the principles and policies set by the Board of Directors which is linked to the performance of the company and the individual performance of each executive and to be in line with the industrial group.

7.4.2 Remuneration Policy for Executive Directors and Managements

The board plays an important role in formulating policies in accordance with good practice and supervise the operation of the company in considering appropriate remuneration packages for executive directors and executives consistent with their responsibilities, comparable to those of similar businesses, and sufficient to motivate and retain qualified personnel. Individual Annual performance assessment is used in the consideration process to determine the remuneration of each high-level executive.

7.4.3 Total Remuneration of Executive Directors and Managements

Remuneration

6 executives received total remuneration 14,202,945.558 baht which includes salary, bonus, commission, vehicle fee, social security expense, life, accident and health insurance

Other remuneration - Provident Fund

The company has established a Provident Fund to the executives paid at the rate of 5 % of salary. In 2022, the company has contributed funds for the 6 executives totaled 515,600 baht.

7.5 Information about Employees

Personnel

The company pays remuneration to employees, including salary, overtime, diligence allowance, living allowance, bonus, social security, and the provident fund. The company has a recruitment process which includes selection, evaluation, compensation, as well as promotion by determining the following indicators: qualifications, diligence, and honesty. In addition to the efficiency and effectiveness of each position are considered in order to reflect the company's commitment to anti-corruption measures

Subsidiary company applies remuneration and rules of the parent company. There are 125 employees in 2022, the company paid compensation to employees totaled 50,568,271 baht, which include salary, overtime, bonuses, insurance, social security welfare and voluntary provident fund. The subsidiary company has paid the same types of compensation to employees as below :

Year	2020		2021		2022	
	PATO	PCC	PATO	PCC	PATO	PCC
Operations (People)	99	6	90	6	80	6
Head Office Employees (People)	43	-	39	-	38	-
Managements (People)	6	-	6	-	7	-
Total	148	6	135	6	125	6
Remuneration	55,573,614	1,220,492	64,700,855	1,514,830	49,276,377	1,291,895

Remarks : 1) Numbers of employee who voluntary join Provident Fund are 123 members, represent the percentage of 93.89
2) No significantly change in number of employees in the past 3 years.

Guidelines for selecting provident funds

The company selected the fund managers who follow to the principles of Investment Governance Code for Institutional Investors (I Code), manage investments responsibly, considering environmental factors and good governance, revealing investment guidelines leading to investments that take into account the best interests for the company's long-term provident fund members. The selection criteria for considering investment are as follows:

1. Aim for higher earning than the benchmark index.
2. Consider the investment risks.
3. Consider the investment policy, that is expecting higher returns than general bond policy,

can accept lower returns compare to term deposits on some occasion and can tolerate the volatility of stock prices, which may rise or fall below the investment value and cause losses in the short term, and also for members who want to receive benefits in the form of interests, dividends and capital gains from debt and equity instruments, focus on getting a fixed amount of return or keeping the principal in full.

4. Consider the investment ratio of Government bonds/Treasury bills/Bank of Thailand bonds/ State enterprise bonds/deposits/Certificates of deposit/Debt instruments issued by banks or financial institutions/certifier of debt securities issued by the company/common shares/preferred shares/investment units/alternative assets.
5. Consider the investment performance.

7.6 Other Significant Information

7.6.1 Persons assigned as CFO and Company Secretary

The Board ensure that personnel involved in the preparation and disclosure of information have knowledge, skills, and experience appropriate to their responsibilities and with a sufficient number of such personnel namely; the Chief Executive of Accounting and Finance, Accountants, Internal Auditor, Company Secretary and Investor Relations.

Chief Financial Officer (CFO)

Mr. Visut Vanijcharoenkarn graduated with bachelor's degree in Accounting from Ramkhamhaeng University and M.B.A. from Bangkok University. He has been working with Pato Chemical Industry Public Company Limited in the position of Accounting Manager since 1987 and appointed as the Chief Financial Officer in 2017.

Scope of duties and responsibilities:

1. Supervise on the disbursement, payment, accounting, closing the budget, and financial reports to send to relevant parties including the Revenue Department, Ministry of Commerce, auditor, stock market, Securities and Exchange Commission, shareholders, and financial reports for the management.
2. Analyze, assess, and evaluate the main risks impacting the company's finances, accounting for the financial movements of the company, estimating the growth prospects of the company.
3. Provide advice to the management of the company, especially to the company's executives.
4. Perform other duties as assigned by the board.

Last Year's Training

1. CFO Refresher, Class 3/2022, "Sustainable Business Operations (ESG) Issues Related to Listed Companies' Operational Strategy, Disclosure and Financial Reporting"
2. Summary of TFRS that have been changed and to be effective in 2023

3. Disclosure of Company Operations Analysis (MD&A)
4. Summary of important issues and problems encountered in the practice of TFRS 9, TFRS 15 and TFRS16
5. Tax Issues for Professional Accountants in 2022

Company Secretary

The Board of Directors' Meeting No.6/2007 dated November 12, 2007 appointed

Mrs. Parichart Manuthasna to be the Company's secretary for the responsibility of monitoring the compliance to the rules and the Company's regulations and also in line with principles of Good Corporate Governance to allow effective management.

Scope of Duties of Company's Secretary

1. To give initial recommendations to the Board concerning the issues of legality, the Articles of Association to ensure that all regulations properly adhered, including to report to the Board concerning changes which are deemed significant.

2. To organize shareholders' meetings and the Board of Directors' meeting in accordance with the Articles of Association and to record the minutes of the shareholders' and the Board of Directors' meeting, and also follow up activities that have been approved at the meetings to be done.

3. To disclose information in accordance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and other regulatory authorities concerned.

4. To communicate with the shareholders, investors and regulatory authorities, including to provide information to interested persons and stakeholders.

5. To perform any other duties assigned by the Board or Directors.

The Company's Secretary has the experiences in the company since 1987 and completed a training course "Corporate Secretary Development Program" arranged by Thai Listed Companies Association with The Faculty of Commerce and Accountancy Chulalongkorn University, sponsored by Stock Exchange of Thailand and Thai Company Secretary Club. Besides, the company's Secretary has been attending various trainings to develop her knowledge for the programs related consistently and regularly. In 2022 company secretary attended following seminars and workshops;

1. Inclusive Leadership Means Better Business
2. Manual preparation of greenhouse gas emissions report for listed companies.
3. Business and human rights and guidelines to fill out human rights information in 56-1 One Report.
4. Preparation of changes for sustainability with One Report

7.6.2 Investor Relations

The Board of Directors places importance on presenting correct, complete, transparent and thorough information in financial reports and in the presentation of general information, as well as vital information concerning company assets. The various information is disseminated via stock market channels and communications. The company has not yet established an investor relations work unit due to small number of shareholders so far, but has assigned Mrs. Parichart Manuthasna, the Office Manager and Company Secretary, to undertake contacts with institutional investors, shareholders and as well as analysts and related government sectors. Investors can contact for more information at Tel 0-2318-0360-9 ext. 118 or e-mail: parichart.m@pato.co.th

The company allows an opportunity for analysts or investors to schedule telephone interview directly with the managing director or other related administrative members as well as responding to enquiries via email. Due to the pandemic of Covid -19, there were no analysts from financial institutions to meet with the Managing Director in 2022.

The board ensures the effective use by the company of information technology in disseminating information. All stakeholders can reach www.patochemical.com for more information

The board ensures that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.

The Company is committed to operating its business to satisfy shareholders by creating good and continuous return. The Company arranges shareholders meeting for shareholders to consider various agendas and acknowledge the performance. The Company takes into account that attendees should receive accurate, adequate and timely information.

Shareholders will be able to propose any agendas to the board for consideration before 10 February 2023 by mail, fax or e-mail: auditcom.pato@gmail.com. The company has made an announcement to shareholders to propose agendas or nominate director through website of the SET on December 16, 2022.

7.6.3 Audit fees and Auditor's Office

The Audit Committee has presented its recommendation to the Board of Directors to nominate Mr. Pradit Rodloytook or Ms. Nongram Laoha-areedilok or Ms. Chamaporn Rodloytook, or Mrs. Porntip Lerttanongsak, or Ms. Sunanta Kumsuk from AST Master Co., Ltd. to be the Company's auditor for approval by the shareholders' meeting. The auditors proposed are independent and has no relations or interest with any managements or major shareholders. Annual auditing fee will be at 770,000 baht, an increase of 35,000 baht from 2022 and no other service fee for the year 2023.



Report on Important Results of Corporate Governance

8.1 Summary of the Board of Directors' duties in previous year

The Board of Directors provides an annual performance evaluation of the Board of Directors, sub-committees and individual directors, the evaluation results should be used for further development of duties.

Responsibility of the Board of Directors over 2022 Financial Statements

The company's Board of Directors is responsible for the balance sheet of the company, and for financial information appearing in the annual report. The said balance sheet is prepared under an accounting standard certified throughout Thailand, with an appropriate accounting balance that has been practiced on a regular basis chosen, and prepared with utmost consideration and estimation. The disclosure of sufficient key information, including the auditor's opinion on the internal control system in the financial statements.

The Board of Directors shall supervise the personnel involved in the preparation of information disclosure on their knowledge, skills and experience to be appropriate to the duties and responsibilities with adequate number of such persons including top management, CFO, accountants, Internal auditor, Company Secretary, and Investor Relations.

The board of directors has prepared the evaluation form to evaluate the board of directors' operations in order to set guidelines to achieve concrete effectiveness.

The Board of Directors has seen to it that effective internal control system is maintained, so that there is good reasonable confidence that the recorded financial information is correct, complete and sufficient enough to maintain assets and to be aware of weak spots in order to prevent corrupt or dubious practices. The audit committee and managing directors have done the evaluation test of sufficiency in internal control and assigned an independent internal auditor to summarize the evaluation in order to receive advices on necessary adjustments.

The Board of Directors promotes to arrange the Management Discussion and Analysis for the quarterly financial statements disclosure, in order to provide investors with better information and understanding of changes in financial position and performance of each quarter.

For these reasons, the company's Board of Directors has appointed an Audit Committee which

comprises Directors not dealing in management and who are responsible for quality of financial reports and internal control. The views of the Audit Committee on these matters appears in the report by the Audit Committee, which is shown in the annual report.

The Board of Directors views that the company's overall internal control system is at a satisfactory level and is able to create good reasonable confidence in the consolidated balance sheet for the company as at December 31, 2022.

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a cursive flourish.

(Mr. Metha Trillit)
President

8.1.1 Recruitment, Developing, and evaluating the performance of the Board of Directors

(1) Independent Directors, elected from persons with the following qualifications:

Definition of Independent Directors is indistinguishable to the qualifications prescribed by the SEC and SET;

1. Holding shares not more than 1% of total voting shares of the company, the affiliated company, the associated companies or person who may have the conflict of interests (counting of the person concerned according to Section 258 of Securities and Exchange Act).
2. No participation in management including employee, staff, business consultant who receives permanent salary or the person who has the power to control the company, parent company, subsidiary company, associated company or subsidiary companies in the same level or juristic person which may have the conflict of interests (at present and 2 years prior periods to an appointment).
3. No blood relations, nor by way of registration in the manner of father or mother, spouses, brothers and sisters of full blood and legitimate child including spouse of legitimate child and executive, major shareholders or person who has power to control or person who is supposed to be nominated as an executive or person who has power to control the company or subsidiary companies.
4. Business relation with the company
 - (a) Nature of relation
 - Relation in the manner of professional service
 - Nature of relation: Auditor, person who renders professional service, such as legal consultant, financial consultant, properties appraiser etc.
 - Key definition included in the meaning of dependence
 - In case of auditor: Not allowed in all respects.
 - In case of person who renders professional service: Value of transaction more than 2 million baht per year.
 - Commercial/business relations
 - Nature of relation: Extending to all kinds of business transactions, i.e. normal transactions, transaction of letting/renting, transaction relating to asset/service and transaction of giving or receiving financial assistance.
 - Key definition included in the meaning of dependence: value of transaction \geq 20 million Baht or \geq 3% of NTA of the company whichever is lower. In this matter, to consider the value of transactions, it is to include transactions during 6 months prior to the day of doing this transaction.

- (b) In case of nature of relation under (a) with juristic person, person deemed to be dependent i.e. major shareholders, director (except independent directors/audit committee) and executive or partners of such juristic person.
 - (c) In case of nature of relation under (a) and (b): at present and 2-years prior periods to appointment.
 - (d) Exception: In case of necessity or suitability which rarely happens, independent directors/ audit committee may have relation more than level of key definition prescribed during in office with prior approval of the board of directors and such resolution must be unanimous.
5. Not a director appointed as proxy of the company, major shareholders or shareholder related to major shareholders of the company.
 6. No any qualifications not be able to give an opinion independently.
 7. Independent director who has the qualifications according to 1-6 may be appointed by the board of directors to make decision in the business of the company, parent company, subsidiary company, and associated company, subsidiary company of the same level or juristic person which may have conflict of interests by collective decision.

(2) Nomination of directors and recruitment of senior managements.

- The selection of director has not been undertaken by the nominating committee but the board of directors or shareholders holding more than 5 % of shares desires to nominate through the screening process of the board. The board should have come from a variety of professions, field, knowledge, gender, age, and experiences (Board Diversity) to empower the organization with their various knowledge and a person who believe in anti-corruption and against human rights violations. List of nominees will then be proposed to shareholders for consideration and appointment in the annual general meeting of shareholders.
- Shareholder(s) collectively holding shares amounting to at least 5% of total shares may submit their names to nominate a qualified director to the board of directors and propose to general shareholders meeting for consideration. Presently, seven directors represent major shareholders.
- The company shall have a board of directors comprising of at least 5 directors to conduct the business of the company, not less than half of whom shall reside within the Kingdom.
- The directors shall be elected at the shareholder meeting in accordance with the following rules and procedures:
 - Each shareholder shall have a number of votes equal to the number of shares held.
 - In voting for the election of the Company's directors, the shareholders shall

use the ballot for electing the directors individually by having all the shareholders cast their own votes to select the person nominated as the director one by one.

- Each shareholder shall have a number of votes equal to the number of shares held.
- After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman shall make the decision for the remaining appointment.

Recruitment of Senior Executive

The committee employs the selection criteria and methods of nominating qualified persons for the position of senior management and nominate more than one person, with reasons for consideration. In the selection process, the candidates are screened with complete qualifications, suitability, knowledge, abilities, skills and experiences that are beneficial to the company's operations and have a good understanding of the Company's business and able to manage the work to achieve the objectives goals set by the Board of Directors by;

1. Set qualification for candidates on experiences, gender, knowledge and skills that benefit the company and being honest, committing to anti-corruption policy and having qualification that do not conflict with the laws and regulations of the company.
2. Promote continuous development and education of the key executives with beneficial knowledge for the company
3. Select potential staff to be promoted and support with appropriate curriculum in preparation for higher level executive development.
4. Nominate qualified and potential candidates to the board of the directors for consideration and approval.
5. Propose a succession plan of a managing director to the board of directors for approval.

Vacancy of Directors

- At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire for the first year. For the second year after the registration of the company, the retirement shall be selected by drawing lots. In subsequent years, the director who has held office longest shall retire.
- Apart from vacation upon the expiry of his or her term, a director shall vacate office upon:
 - 1) death;

- 2) resignation;
 - 3) lack of qualifications or possession of prohibited characteristics under Section 68; of Public Limited Companies Act BE.2535.
 - 4) Removal by a resolution of the shareholder meeting of not less than three quarters of the number shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.
 - 5) Removal by a court order.
- In the case of a vacancy in the board of directors for reasons other than the expiration of the director's term of office, the board of directors shall elect a person who has the qualifications and who possesses no prohibited characteristics under Section 68; of Public Limited Companies Act BE.2535 as the substitute director at the next meeting of the board of directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces. The resolution of the board of directors shall be by a vote of not less than three-quarters of the number of directors remaining.

Succession plans

The company has prepared a plan of succession for key managements to accommodate the expansion and replacement of retirees to ensure continuity in the administration. The company also develop staff to be ready for such succession by considering from knowledge, ability, experience, and vision.

Board of Directors Development

The company sponsors the board of directors to join trainings related to roles and responsibility awareness in accordance with good governance principle.

In 2022, Mr. Lertchai Leelayonkul, Chairman of the Audit Committee, Mr. Chaiwat Chandarasrivongs members of the Audit Committee attended a seminar arranged by the Securities and Exchange Commission : “Easy listening: Accounting knowledge that AC should not miss.”

Managing Director Performance Evaluation

Board members who are not holding executive positions and the independent committee evaluate the managing director's performance at the first Board Meeting of every year. Each quarter, the managing director proposes a management strategy, announces the performance of previous quarter, reports successes, problems, and obstacles, analyzes financial ratio, reports financial status, elaborate his vision, project future planning, as well as provides update on strategic planning modification to encountering problems and obstacles to ensure company's mission accomplishments. From the past, Dr. Viwat Trillit has always been trusted by the board for his services to extend the term of the managing director position.

The Board takes care of the use of human resources consistent with direction and strategy. Employees are knowledgeable and are treated fairly. They get appropriate and right payment. Provident Funds have been set up to provide adequate savings for retirees.

Board of Directors Self-Assessment

The Board of Directors has been evaluated as a collective body and individually once a year to review the sufficiency and effectiveness of good governance in order to set guidelines to achieve concrete effectiveness. The result will be used as information supporting the management to revise their works and duties as appropriate.

The company used a board self-assessment (brief) to self-evaluate the sub-committees and the self-assessment questionnaire for individual evaluation following SET's guideline. The assessment criteria comes with percentile scales where :

Above 90% = Excellent, Above 80% = Very Good, Above 70% = Good,
50% = Fair, Under 50% = Need improvements

The score will be used as a framework for monitoring the performance of the Board of Directors to ensure that the Board has implemented as per Corporate Governance policy approved and/ or in accordance with the Good Practices in order to improve the performance of the Board of Directors in line with the established policy and to review the problems and obstacles that occurred during the year. The evaluation process of the entire board/ sub-committee/ individual is as follows.

- 1) The Board of Directors reviews and approves the evaluation form to ensure accuracy and completeness and in accordance with the criteria that the regulators view and define.
- 2) The Company Secretary send the self-evaluation form to each Directors and collect back.
- 3) The Company Secretary summarizes and analyzes of the performance evaluation of the Board of Directors and report the results to the Board of Directors for acknowledgement. The analytical results and additional comments from directors will be used for plan improvement.

Criteria used in the performance of the entire board/ sub-committee/ individual, covering the following content:

Evaluation Subject	Entire Board	Sub-Committee	Individual
Structure and Qualification of Director	✓	✓	✓
Board Meeting	✓	✓	✓
Role/Duty/Responsibility of Directors	✓	✓	✓
Relation of Directors and Management	✓		
Development	✓		

The company's secretary collected the assessment for analysis then reported the result to the board. The result indicated that in 2022, the assessment score came over 80% in all dimensions which means very good.

The board ensures that the board and each individual director understand their roles and responsibilities, the nature of the business, the company's operations, relevant law and standards and other applicable obligations. The board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and board committees.

8.1.2 Meeting attendance and remuneration of the Board of Directors individually.

Each director shall attend the meeting of not less than 75% of total meetings annually.

Name	Regular Board Meeting	A/C Meeting	Risk Committee	AGM
1. Mr. Metha Trillit	4/4	-	-	1/1
2. Dr. Viwat Trillit	4/4	-	1/1	1/1
3. Mrs. Wantana Pojanalai	4/4	-	-	1/1
4. Mr. Suvit Wesaratchawest	4/4	-	-	1/1
5. Mr. Surachai Choengvivatkit	4/4	-	-	1/1
6. Ms. Ratchanee Trillit	4/4	-	-	1/1
7. Ms. Charina Pojanalai	3/4		-	1/1
8. Mr. Lertchai Leelayonkul	4/4	4/4	1/1	1/1
9. Mr. Chaiwat Chandarasrivongs	4/4	4/4	1/1	1/1
10. Mr. Sahai Supsoontornkul	4/4	4/4	1/1	0/1
11. Mr. Cheng Ming Chang	4/4	4/4	1/1	0/1

Remark: Mr. Cheng Ming Chang was unable to attend the shareholder meeting due to being abroad and the outbreak of COVID-19

In proposing the Board of Directors' remuneration for shareholders' approval, the Board has considered the structure and remuneration rates appropriate to their responsibilities and incentivize the Board to lead the organization to set target.

- Remuneration for directors : There is no remuneration committee. The remuneration of directors was considered by the board of directors and was approved in 2022 shareholders' meeting as follows:

Financial remuneration:

The Board of directors of 11 persons received meeting allowances at 10,000 Baht/meeting. Chairman of audit committee' remuneration 34,000 Baht/ month totaling 408,000 baht.

Member of audit committee's remuneration 14,000 Baht/ month totaling 168,000 baht per person.
 Meeting Allowance for audit committee members at 5,000 Baht/meeting
 Signatory Director, Mrs. Wantana Pojanalai's remuneration 20,000 Baht/month totaling 240,000 Baht.
 Total remuneration for 11 directors in 2022 was 1,652,000 Baht

Name	Position	Remuneration in 2022
1. Mr. Metha Trillit	Chairman	40,000 Baht
2. Dr. Viwat Trillit	Managing Director/ Chairman of Risk Management Committee	40,000 Baht
3. Mrs. Wantana Pojanalai	Director	280,000 Baht
4. Mr. Suvit Wesarachawest	Director	40,000 Baht
5. Mr. Surachai Choengvivatkit	Director	40,000 Baht
6. Ms. Ratchanee Trillit	Director	40,000 Baht
7. Mr. Chaovut Pojanalai Ms. Charina Pojanalai	Director Director	10,000 Baht 30,000 Baht
8. Mr. Sahai Supsoontornkul	Director	208,000 Baht
9. Mr. Lertchai Leelayonkul	Independent Director/ Chairman of Audit Committee/ Risk Committee	468,000 Baht
10. Mr. Chaiwat Chandarasrivongs	Independent Director/ Audit Committee/ Risk Committee	228,000 Baht
11. Mr. Cheng Ming Chang	Independent Director/ Audit Committee/ Risk Committee	228,000 Baht

8.1.3 The governance of the subsidiary's operations

Pato Chemical Industry Public Company Limited holds 99.99% stake of its subsidiary, Pato Crop Care Company Limited, directors and management of both companies are entirely the same. Same guideline, principles, scope of practice, policies and responsibilities are all applied in equal manner. PCC uses the same auditor as PATO.

8.1.4 Monitoring to ensure compliance with policies and guidelines for corporate governance

The Board of Directors attaches great importance to good corporate governance. The relevant policies and guidelines have been set in the Company's corporate governance policy and business ethics as well as promoting real practice to build confidence among all stakeholders.

During the past year, the Company has monitored to ensure compliance with good corporate governance covering various matters such as; Employees Equally Treatment, Anti-Unfair Competition, Environmental Care, Organizational Hygiene and Safety, Technology Information Security.

In addition, the Company monitors and manages conflicts of interest that may arise between the Company and the managements, Board of Directors, or shareholders, including the prevention of improper use of assets, company information, and opportunities to go into transactions with those who are related to the Company in an unreasonable manner by complying with good corporate governance in the following 4 issues:

(1) Prevention of conflicts of interest

The Board of Directors has received knowledge of items with conflict of interest, and related items. These have come under careful consideration so as to void actions that may pose a conflict of interest, on the other hand promote liberal trade and competition. Besides, stock market regulations concerning the revelation of such items have been adhered to. In 2009, as required by Section 89/14 of the Securities and Exchange Act, all directors and managements are to submit their first report on interest of Directors, Executives to Chairman of Audit committee and Chairman of the Board of Directors to sign for acknowledgement. The reports must be submitted for every change. The Company secretary will be responsible for the filing of the report.

For flexibility and dedication to their responsibilities, the Board of Directors, has set a rule for directors to be appointed as director of other listed company for a maximum of 5 companies. The Managing Director is an exception, in order to be able to devote time to manage fully and efficiently, the Board of Directors, therefore, has set a policy and procedures in order to comply with good corporate governance principles, the Managing Director has the duty to report and disclose information about the company name, type of business, and position to the Board of Directors for consideration and approval before entering the position of such companies at least 3 months in advance. The number of companies is limited to 2 listed companies. Subsidiary or affiliated companies are not included as it is necessary for the managing director to supervise and manage to protect the interests of the company.

The board ensures that the company's policy prohibit and prevent director from creating conflict of interest with the company, including by using the company's asset, information or opportunities for his or her own benefit as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Information about a directors' other directorship should be reported to shareholders as appropriate.

The Board of Directors has established a system for reporting on the director's other positions and disclosed them to the company secretary to report to the committee for further consideration.

At present, the directors and managing director of the Company do not hold a position as a director of other listed companies.

(2) The use of inside information for own benefits

The company has a policy and method to prevent company executives from using the company's inside information for personal gain or for the purchase of securities before the company's financial statement is disclosed to public.

1. The company has set a policy for the directors and the executives to inform the board of the directors or an authorized person about the execution of shares, 1 day prior to the trading date.
2. The company has kept its directors, management and staff informed about relevant announcements from Securities and Exchange Commission (SEC). The company's directors, management and staff are required to report their changes in security holding to SEC in accordance with section 59 of the Securities and Exchange Act B.E. 2535 within 3 days from the date of changes in their security holding. At the same time, they have to inform the company's secretary to record the changes and update the amount of security of each director and management in order to present to the company's board of directors. The company's directors, management and staff are also informed about their punishments in case of violation or failure to abide by the aforementioned regulations.
3. The company has regulations to prohibit its staff to reveal its financial information and other information that may affect the price of its security to the public. The company's staff are also forbidden to sell their securities within one month prior to the disclosure of the company's security prices to the public. Those who fail to comply with the aforementioned regulations will be considered violently breaking the company's discipline and shall receive penalties ranging from warning, wage reduction, suspension without pay to termination of employment.

(3) Anti-Corruption

In 2018, the company has been approved with a certificate from The Collective Action Coalition against corruption. The company implements policy not paying to government officials, not involving and opposing related parties over corruptions. The risk assessment of the Company or its subsidiaries are done to identify the risk that involve with corruption. Communication

and employee training to provide knowledge about policies and regulation in term of anti- corruption to ensure the implementation are provided. The policy is revised for appropriateness by the board of directors annually. Thai Private Sector Collective Action against Corruption (CAC) Meeting for Q3 / 2020 passed a resolution to renew the certification of Pato Chemical Industry Public Company Limited, effective from 31 December 2020 until 31 December 2023.

The company encourages staff at all levels of awareness on anti-corruption and fraud of all types and has set policies to prevent corruption or bribery within corporate governance policy which comply with laws and regulations both organization and society level as follows:

1. Help reduce the corruption problems from Thai society through good governance and internal audit. Do not provide opportunity for anyone to take advantage of.
2. The values of hard working, honesty, and the greater good are cultivated among the employees. The training sessions have also been organized to inform the employees of the company's policies and guidelines against corruptions. The aims not only to pass on the knowledge but also the conscience at the same time. However, the administrative section believes that if high level executive members demonstrate appropriate behavior worth respecting to be role models, this would much help inspiring and motivating the employees to follow the same path, which is considerably as valuable as sending them to trainings. When the chairman/president and the managing director preserve their dignity of becoming role models to the employees especially on honesty, discipline, value of hard working, and justice, the employees would become more loyal which eventually help reduce the risk of corruption in the organization to a certain level of extent.
3. Avoid taking part in any activities that will lead to private and public corruptions.

The company establish an anti-corruption policy, declare the intention, organize staff training, make a plan to assess the risk of corruption, and arrange training to understand the manual so that it can be put into practice. PATO has been certified by the Thai Private Sector Collective Action Coalition against Corruption in February 2018, and the certificate was renewed in December 2020, with policy reviews every year. Stakeholders can study the manual with guidelines from

<https://drive.google.com/file/d/1aw8xiZYwsijBBSvBAIqYj9sP5ehv-BCs/view>

The Internal Audit Report on Fraud

The internal audit report on fraud has objective to consider risks from fraud and proper risk management.

In considering risks from fraud, these factors are taken into account:

1. Need and motivation - to consider whether the company has a policy or factor to create need or motivation for the fraud.
2. Opportunity - to consider whether the company has structure or process to encourage the fraud.
3. Reason and honesty - to consider factors which affect the reason and honesty of the company's personnel.

The consideration of risk management aims to ensure that the company has three important processes:

1. Preventive - the company has policy or system for internal control to prevent the risk of fraud
2. Detective - the company has channel or process to detect the abnormality in the organization
3. Responsive - the company has clear and strict penalties for those who broke the agreement

The company has an internal audit on fraud by considering the risk of fraud as follows.

1. Needs and Motivations - Considering company's policy whether they create needs or motivation of fraud.
2. Opportunities - Considering organizational structure or work procedures whether they create opportunity for corruption.
3. Rationality and honesty - Considering factors that affect the validity and integrity of company's personnel.

From the audit of the company's structure, policy and internal control, it is found that:

1. The company has structure that clearly separates duties for each department.
2. The company has efficient internal control system for each department to check each other's work. For example, Sales Department is responsible for sales order while Operation Department is responsible for warehouse control, operation and delivery. When the Sales Department receives the money from customers, the payment will be delivered and monitored by the Accounting Department.
3. The management has a clear anti-corruption policy to help reduce fraud in Thai society by avoiding to get involved with any activities that can lead to corruption both government and private sector.

4. The company is careful in preparing any promotional plans that may lead to any corruption.
5. The management is personally close to employees so they will know if something is likely to go wrong in the company.
6. So far, there has been no fraud incident in the company.



(Ms. Navaporn Pohthai)

Independent Internal Auditor

(4) Whistleblowing

The Company has set a process to deal with complaints by employees about misconduct by defining policies and/or guidelines to protect employees or whistleblowers.

An employee may report an illegal action in the organization by filing an anonymous complaint with clues of violation enclosed (if any), and submit to the suggestion box where the managing director is the only one with the access key, otherwise, an employee may send an email directly to the audit committee at auditcom.pato@gmail.com and/or company secretary at parichart.m@pato.co.th so that the company bring up the issue during an executive meeting to open up a further investigation or fact finding. However, in 2022, the firm received no filed complaint.

8.2 Report on the performance of the Audit Committee in the past year

8.2.1 Number of meetings and attendance of the individual audit committee

Each director should attend at least 75% of the total number of Board meetings held during the year as follows:

Name	A/C Meeting
1. Mr. Lertchai Leelayonkul (Chairman of Audit Committee)	4/4
2. Mr. Chaiwat Chandarasrivongs (Audit Committee)	4/4
3. Mr. Cheng Ming Chang (Audit Committee)	4/4

8.2.2 Report on performance of Audit Committee

Report of the Audit Committee

The Audit Committee of Pato Chemical Industry Public Company Limited compose of 3 Independent Directors and Internal Auditor serves as secretary to the Committee.

The duties and responsibilities of the Audit Committee are to review the financial statements to be conformed to the generally accepted accounting principles, to review the effectiveness and adequacy of internal control system, to review the Company's activities to abide by the rules and laws concerned, to give recommendation to the Board of Directors to propose external auditor to the shareholders' meeting for appointment, and to execute any other duties as assigned by the Board of Directors. The Board of Directors by the audit committee appoints the Chief Internal Auditor, Ms. Navaporn Pohthai who has appropriate education and adequate training experience to perform such duties and evaluate risks of all business units of the company and reviewed the internal control relatively with the significant risk level evaluated.

During 2022, the Audit Committee convened 4 meetings with the external auditors, internal auditor, and the managements to review the Company's risk evaluation result, annual audit plan, and the result of internal control to be in compliance with standard set for the mentioned objectives. It also reviewed the Company's financial statements prior to its publication. At the Board Meeting 1/2022, the managements did not attend the first part of meeting in order that the audit committee, the external auditors, and the internal auditor would be able to discuss freely and appropriately. The Audit Committee has come to the opinion that fiscal year ended December 31, 2022, the Company has an adequate and appropriate system of internal control covering operational risk. The preparation and disclosures of the financial statements of the Company is also adequate and reliable.

The board of directors acknowledges the connected transactions from the management that review by the internal and external auditors on a quarterly basis. This is to ensure that all transactions are carefully approved with transparent process by honest and responsible directors and executives. In addition, the related parties will not participate in any decision making process. Currently, there are only rental properties transaction between PATO and its subsidiaries and the management fees from its subsidiaries. and some products trading.

The Audit Committee has presented its recommendation to the Board of Directors to nominate Mr. Pradit Rodloytook or Ms. Nongram Laoha-areedilok or Ms. Chamaporn Rodloytook, or Mrs. Porntip Lerttanongsak, or Ms. Sunanta Kumsuk from AST Master Co., Ltd. to be the Company's

auditor for approval by the shareholders' meeting. The auditors proposed are independent and has no relations or interest with any managements or major shareholders. The audit fee 770,000 baht with as increase from the year 2022 by 35,000 baht and no other fees for the year 2023.



(Mr.Lertchai Leelaryonkul)

Chairman of Audit Committee

February 17, 2023



Internal Control and Connected Transactions

9.1 Internal control

The Company has realized the importance of the effective internal control system at the levels of both executive and operation. Therefore, they have supervised the utilization of the company resources and separated the internal control work from other functions. The external internal auditor has been engaged in order to independently inspect the operations with the balance of monitoring and supervision. In addition, the financial internal control has been established to supervise the financial issues. The concerned issues shall be reported to the in-charge executives and the regulations in writing have been given to be used as operational guidelines. The internal auditing team shall report the audit result directly to the Board of Auditing Committee.

Audit Committee of the company has independently evaluated and reviewed regarding the efficiency of the internal control system of the company to ensure that it conforms to Good Governance including the review of the investigation result from Internal Audit Department on issues and suggestions for the department to rectify or improve the internal control system. From the evaluation results of the Audit Committee, the internal control of the company is efficient, suitable, effective, and efficiency conform to the Good Governance. The conclusion can be shown as the following;

Organization and Environment

The current organizational structure is suitable and can facilitate the business of the company. The company has issued the policy to require board of directors, executives, and employees prioritize ethics as the first priority in the work and avoid the behavior which creates the conflict between the company benefit and person interest or any corruption. Moreover, the company expects all transactions whether it is conducted between employees, suppliers, clients, and other parties shall be in fair market conduct manner.

Risk Management

The company has the process to evaluate the risk which can affect the company including the setting of the measure to eliminate or limit the severity from that effect by considering both the internal and external factors as well as having the ongoing monitoring process to minimize the risk.



9.1.1 The adequacy and appropriateness of the Company's internal control system and adequate personnel arrangements for effective outcome

The company provides the effective internal control system which shows the clear process for sales, procurement, and production. The responsibilities are separated and evaluated between departments by the internal control as a part of the work to ensure that the work is conformed to the policy and measure. Moreover, the work is evaluated and investigated officially by the independent internal auditor and certified public accountant. This verification covers the review and the efficiency of internal control for both of financial and the operation.

9.1.2 In the past, what kind of errors or mistakes did the Company have in relation to internal control? If so, has the company completely corrected the aforementioned errors or mistakes and how?

The company has internal auditor that is independent to conduct the audit and evaluate the results of each unit to ensure that the various operations of the company comply with policies and practices under a strict control system. Major errors or mistakes in the control system, irregularities or actions that may violate the Code of Business Conduct will be fixed and report to management and review by the Audit Committee. The person in charge of each unit will follow up on the progress of the recommendations from the internal auditor's report until the problem is solved. The Audit Committee has assessed and reviewed according to the agenda on the effectiveness of the management's follow-up process and found that the errors or mistakes have been fixed according to the instructions.

9.1.3 Specify the opinion of the Audit Committee in cases where it differs from the opinion of the Board of Directors.

- None -

9.1.4 Opinion of the Audit Committee to the person holding the position of Head of Internal Audit

The head of internal audit is an external unit. In the meeting of Board of Auditing Committee No. 1/2023 on February 17, 2022, Miss Navaporn Pohthai has been designated as the Company's internal auditor for 2023. The Board of Auditing Committee has considered that Miss Navaporn has suitable qualification for this responsibility as she has worked independently in the auditing field, and joined in Pato Chemical Industry PCL for 13 years. The designation, dismissal and transfer of the chief internal auditor shall be considered and

approved by the Board of Auditing Committee. The qualification of the internal auditor has been shown in the Attachment No. 3.

9.1.5 Appointment, removal and transfer of the person holding the position of Head of Internal Audit

The consideration and approval, appointment, removal, transfer of the person holding the position of the head of the internal audit the company must be approved by the Audit Committee.

9.2 Connected Transaction

9.2.1 Specify the name of the group of persons who may be in conflict of interest

The company relies on the following principles when executing a transaction:

- A transaction must be approved through a transparent process by the board or executive with responsible, cautious, and honest consideration while the stakeholders are not part of the decision making.
- A transaction must be executed in the purpose of making highest profit to the company as if making a transaction with other external bodies under normal business condition according to the market pricing and details specified in the agreement.
- There must be a tracking and inspecting measure in place to ensure the executed transaction is in consistent with the right procedure.

Space Rent (1)

Company	Company	Connected Transaction
Pato Chemical Industry PCL.	Kentex Properties Co.,Ltd.	- Pato rents office space in Pato Building, which belongs to Kentex Properties Co.,Ltd.

Pato rents office space in Pato Building as per following details:

Location	:	Pato Building, 3388 New Petchburi Road Bangkok, Huay Kwang, Bangkok 10310
Building ownership	:	Kentex Properties Co.,Ltd. (a related company)
Significant Content of the rent contract	:	Pato Chemical Industry PCL. rents the 1 st -3 rd floor of the building with usable space of 745.82 square meters. Rental fee has been adjusted from 80,000 baht per month to 100,000 baht per month. Yearly rental period is from 1 August 2022 - 31 July 2023. Rental fee is adjustable every 2 years. Each adjustment shall not exceed 25% of the prevailing rental rate. The contract stipulates that the lessor is responsible for the property tax and land tax. Other out-of-pocket expense, including tax on electricity, water and other utility services are for the lessee.

(2)

Company	Company	RPT
Pato Chemical Industry Public Co., Ltd.	Pato Crop Care Co., Ltd.	Pato Crop Care Co., Ltd. rents space owned by Pato Chemical Industry PCL. as office, manufacturing plant, and warehouse.

Pato Crop Care rent space at the factory of Pato Chemical Industry PCL. as office, manufacturing plant and warehouse as per following details:

Location	:	569/1 Bangpoo Industrial Estate, Soi 12, Patana 13 Road, Praksa, Muang Samutprakarn
Building Ownership	:	Pato Chemical Industry PCL.
Significant Content of the rent contract	:	Pato Crop Care Co., Ltd. rents building no. 5 and 6 for the total area of 1,080 sq. meter with machinery of Pato Chemical Industry PCL. as office, manufacturing plant and warehouse. Monthly rental fee is 50,000 baht. The contract is renewed for another 5 years' rent, from 1 January 2020-31/12/2025.

Service Fee

Summary of Service Contracts on Administration and Sales Management	<ul style="list-style-type: none"> - Pato Crop Care Ltd. has been hiring Pato Chemical Industry PCL. to recruit management team or personnel to do the organization administration and product sales management. - Fee will be calculated equally for administration and sales management on quarterly net sales basis as follows: <ol style="list-style-type: none"> 1. Net sales from 1 baht up to 50 million baht subject to 1.5% each for administration and sales management. (1.5%+1.5%) 2. Net sales exceeding 50 million baht subject to 1.0% each for administration and sales management. (1.0%+1.0%)
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9.2.2 Explain the necessity and reasonableness of the transaction.

The Hazard Substances Act B.E. 2551 (2008) allows only 3 trade names to be registered under one product. So, Pato Crop care has been established to solve the problem of insufficient trade names for formulation to customers' order under customers' trade names.

9.2.3 Explain the policy and trend of future related party transactions.

Same as above list without any changes or additions.

9.2.4 In the event that the appraisal price is shown in conjunction with related transactions, the company shall disclose the information.

- None -

Independent Auditor's Report

To the Board of Directors and Shareholders of

Pato Chemical Industry Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of **Pato Chemical Industry Public Company Limited and its subsidiary** ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of **Pato Chemical Industry Public Company Limited** for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Pato Chemical Industry Public Company Limited and its subsidiary** and of **Pato Chemical Industry Public Company Limited** as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Key audit matter and how audit procedures respond are described below.

Revenue recognition

The Group's revenue are mainly derived from the sales of pesticide, representing of 99% of total revenue. Revenue from the sales of goods are considered as significant transaction and have a direct effect on the profit and loss of the Group. In addition, the Group has a large number of customers and a variety of different commercial terms. As a result, the Group's revenue recognition based on the commercial term in sale agreement and sale document which are determined. Furthermore, the trend of economic slowdown and high competition, therefore there are risks with respect to the amount and timing of revenue recognition.

I examined the Group's revenue recognition by assessing and testing the effectiveness of internal controls over the revenue cycle, applying a sampling method to select sales transactions to examine the accuracy and appropriateness of the revenue recorded whether they were in compliance with the conditions set out in the agreements or sales documents and in compliance with the Group's policy. On a sampling basis, I examined supporting documents to sales incurred during the year and near the end of the accounting period. I examined the credit notes issued after the period-end and examined the significant adjustment made to the revenues. I also analyzed revenues disaggregated by products group to determine the accuracy and the appropriateness of revenues recognized throughout the accounting period.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

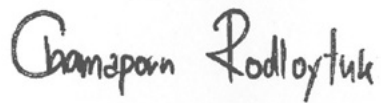
As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



CHAMAPORN RODLOYTUK
Certified Public Accountant
Registration No. 9211

AST Master Co., Ltd.
27 February 2023

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

EXPRESSED IN THAI BAHT

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
<u>Notes</u>		2022	2021	2022	2021
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	6	42,179,530	69,102,110	40,380,721	59,932,379
Other current financial assets	7	127,227,379	219,077,011	127,207,300	219,056,976
Trade and other current receivables	8	78,778,920	101,625,550	81,078,524	106,236,558
Inventories	9	201,066,745	171,124,790	195,446,070	168,735,044
Total current assets		449,252,574	560,929,461	444,112,615	553,960,957
NON-CURRENT ASSETS					
Other non-current financial assets	10	61,187,309	63,983,184	61,187,309	63,983,184
Investment in subsidiary	11	-	-	5,000,000	5,000,000
Property, plant and equipment	12	44,833,762	38,238,827	44,772,883	38,152,868
Intangible assets	13	18,827,571	17,865,540	15,744,367	14,813,907
Deferred tax assets	24	5,496,999	4,487,535	5,496,999	4,487,535
Other non-current assets		197,326	116,000	45,586	116,000
Total non-current assets		130,542,967	124,691,086	132,247,144	126,553,494
TOTAL ASSETS		579,795,541	685,620,547	576,359,759	680,514,451

The notes to the financial statements are an integral part of these financial statements.



PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CON'T)
AS AT 31 DECEMBER 2022

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2022	2021	2022	2021
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	14	13,495,215	19,499,335	13,495,215	19,499,335
Trade and other current payables	15	37,786,746	52,603,798	36,020,274	50,730,840
Accrued income tax		4,475,199	13,037,395	4,475,199	12,120,900
Other current liabilities		882,441	714,027	876,657	705,045
Total current liabilities		56,639,601	85,854,555	54,867,345	83,056,120
NON-CURRENT LIABILITY					
Employee benefit obligations	16	27,150,146	27,874,678	27,150,146	27,874,678
Total non-current liability		27,150,146	27,874,678	27,150,146	27,874,678
Total liabilities		83,789,747	113,729,233	82,017,491	110,930,798
SHAREHOLDERS' EQUITY					
Share capital-Baht 1 each					
Authorized shares capital					
142,372,000 ordinary shares		142,372,000	142,372,000	142,372,000	142,372,000
Issued and paid-up share capital					
142,372,000 ordinary shares		142,372,000	142,372,000	142,372,000	142,372,000
Premium on share capital		162,014,708	162,014,708	162,014,708	162,014,708
Retained earnings					
Appropriated for legal reserve		14,237,700	14,237,700	14,237,700	14,237,700
Unappropriated		177,954,437	249,404,495	176,290,911	247,096,834
Other components of equity		(573,051)	3,862,411	(573,051)	3,862,411
Total shareholders' equity		496,005,794	571,891,314	494,342,268	569,583,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		579,795,541	685,620,547	576,359,759	680,514,451

The notes to the financial statements are an integral part of these financial statements.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2022	2021	2022	2021
	Sales	447,010,492	645,842,629	441,147,812	624,968,819
	Cost of sales	(325,697,833)	(428,454,403)	(324,347,917)	(420,628,342)
	Gross profit	121,312,659	217,388,226	116,799,895	204,340,477
	Other income	731,886	961,507	2,373,822	3,368,649
	Profit before expenses	122,044,545	218,349,733	119,173,717	207,709,126
	Cost of distributions	(25,403,458)	(33,861,683)	(24,554,003)	(32,717,593)
	Administrative expenses	(37,031,676)	(40,572,121)	(36,767,422)	(40,237,797)
	Loss on exchange rate	(6,589,418)	(5,104,249)	(6,468,566)	(4,877,289)
	Total expenses	(69,024,552)	(79,538,053)	(67,789,991)	(77,832,679)
	Profit from operating activities	53,019,993	138,811,680	51,383,726	129,876,447
	Financial income	3,330,786	8,222,375	5,130,705	14,722,337
	Finance costs	(1,041,484)	(235,296)	(1,029,261)	(225,781)
	Profit before income tax expenses	55,309,295	146,798,759	55,485,170	144,373,003
	Income tax expenses	(10,391,465)	(28,103,466)	(9,923,205)	(26,336,970)
	Net profit for the year	44,917,830	118,695,293	45,561,965	118,036,033
	Other comprehensive income				
	Other comprehensive income not to be reclassified				
	to profit or loss in subsequent year				
	Gain(loss) from investments in equity securities				
	measured at fair value through other comprehensive income	(5,544,327)	18,352,601	(5,544,327)	18,352,601
	Less : Income tax effect	1,108,865	(3,670,520)	1,108,865	(3,670,520)
	Net	(4,435,462)	14,682,081	(4,435,462)	14,682,081
	Remeasurements of post-employment benefit obligations				
	actuarial gain(loss)	468,263	(3,523,947)	468,263	(3,523,947)
	Less : Income tax effect	(93,653)	704,789	(93,653)	704,789
	Net	374,610	(2,819,158)	374,610	(2,819,158)
	Other comprehensive income for the year	(4,060,852)	11,862,923	(4,060,852)	11,862,923
	Total comprehensive income for the year	40,856,978	130,558,216	41,501,113	129,898,956
	Profit for the year attributable to:				
	Equity holders of the parent	44,917,830	118,695,293	45,561,965	118,036,033
	Total comprehensive income for the year attributable to:				
	Equity holders of the parent	40,856,978	130,558,216	41,501,113	129,898,956
	Basic earnings per share				
	Profit attributable to equity holders of the parent	0.32	0.83	0.32	0.83

The notes to the financial statements are an integral part of these financial statements.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

		In Baht					
		Consolidated financial statements					
		Retained earnings				Other components	
		Issued and paid - up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Gain(loss) from investments in equity securities	
						Total	
Balance as at 1 January 2021		142,372,000	162,014,708	14,237,700	212,325,449	(8,466,429)	522,483,428
Dividends paid	18	-	-	-	(81,150,330)	-	(81,150,330)
Decrease in gain from sale of investment in equity instrument - net of income tax		-	-	-	2,353,241	(2,353,241)	-
Profit for the year		-	-	-	118,695,293	-	118,695,293
Other comprehensive income for the year		-	-	-	(2,819,158)	14,682,081	11,862,923
Total comprehensive income for the year		-	-	-	115,876,135	14,682,081	130,558,216
Balance as at 31 December 2021		142,372,000	162,014,708	14,237,700	249,404,495	3,862,411	571,891,314
Balance as at 1 January 2022		142,372,000	162,014,708	14,237,700	249,404,495	3,862,411	571,891,314
Dividends paid	18	-	-	-	(116,742,498)	-	(116,742,498)
Profit for the year		-	-	-	44,917,830	-	44,917,830
Other comprehensive income for the year		-	-	-	374,610	(4,435,462)	(4,060,852)
Total comprehensive income for the year		-	-	-	45,292,440	(4,435,462)	40,856,978
Balance as at 31 December 2022		142,372,000	162,014,708	14,237,700	177,954,437	(573,051)	496,005,794

The notes to the financial statements are an integral part of these financial statements.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

		In Baht					
		Separate financial statements					
		Retained earnings				Other components	
		Issued and paid - up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Gain(loss) from investments in equity securities	
						Total	
Balance as at 1 January 2021		142,372,000	162,014,708	14,237,700	210,677,048	(8,466,429)	520,835,027
Dividends paid	18	-	-	-	(81,150,330)	-	(81,150,330)
Decrease in gain from sale of investment in equity instrument - net of income tax		-	-	-	2,353,241	(2,353,241)	-
Profit for the year		-	-	-	118,036,033	-	118,036,033
Other comprehensive income for the year		-	-	-	(2,819,158)	14,682,081	11,862,923
Total comprehensive income for the year		-	-	-	115,216,875	14,682,081	129,898,956
Balance as at 31 December 2021		142,372,000	162,014,708	14,237,700	247,096,834	3,862,411	569,583,653
Balance as at 1 January 2022		142,372,000	162,014,708	14,237,700	247,096,834	3,862,411	569,583,653
Dividends paid	18	-	-	-	(116,742,498)	-	(116,742,498)
Profit for the year		-	-	-	45,561,965	-	45,561,965
Other comprehensive income for the year		-	-	-	374,610	(4,435,462)	(4,060,852)
Total comprehensive income for the year		-	-	-	45,936,575	(4,435,462)	41,501,113
Balance as at 31 December 2022		142,372,000	162,014,708	14,237,700	176,290,911	(573,051)	494,342,268

The notes to the financial statements are an integral part of these financial statements.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax expenses	55,309,295	146,798,759	55,485,170	144,373,003
Adjustments to reconcile net profit to net cash provided by operating activities				
Loss on amortization of defective inventories	333,165	1,053,665	333,165	1,009,005
Unrealized loss(gain) on exchange rate	(1,075,479)	121,766	(1,075,479)	121,766
Loss(gain) on disposal of investments in equity investment units-open-end fund	1,911,141	(2,824)	1,911,141	(2,824)
Gain from changes in value of investments	(381,509)	(609,029)	(381,465)	(608,991)
Dividend income	(4,858,409)	(7,608,441)	(4,858,409)	(7,608,441)
Dividend income from subsidiary	-	-	(1,800,000)	(6,500,000)
Loss(gain) on disposal of assets	249,303	(62,990)	249,303	(62,990)
Depreciation and amortization	8,553,209	9,030,380	8,038,610	8,582,958
Retirement employee benefit	1,122,261	1,103,462	1,122,261	1,103,462
Interest expenses	1,041,484	235,296	1,029,261	225,781
Profit from operational activities before change in operational assets and liabilities	62,204,461	150,060,044	60,053,558	140,632,729
Decrease(increase) in operational assets				
Trade and other current accounts receivable	22,846,630	(47,623,720)	20,458,034	(45,475,893)
Inventories	(30,275,120)	(42,363,606)	(27,044,191)	(43,526,053)
Other non-current assets	70,414	(64,069)	70,414	(64,069)
Increase(decrease) in operational liabilities				
Trade and other current accounts payable	(13,869,506)	19,774,540	(13,763,020)	19,297,320
Other current liabilities	122,708	78,704	125,906	75,831
Employee benefit obligations retirement	(1,378,530)	(646,580)	(1,378,530)	(646,580)
Cash received from operations	39,721,057	79,215,313	38,522,171	70,293,285
Income tax paid	(19,099,653)	(27,770,588)	(17,563,158)	(26,239,713)
Net cash provided by operating activities	20,621,404	51,444,725	20,959,013	44,053,572

The notes to the financial statements are an integral part of these financial statements.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2022

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease(increase) investments in unit trust-open-end fund	90,320,000	(9,512,712)	90,320,000	(9,512,712)
Cash paid for purchase of investments in equity instruments	(2,916,493)	(13,618,477)	(2,916,493)	(13,618,477)
Proceeds from disposal investments in equity instruments	-	20,254,725	-	20,254,725
Cash received from investments in equity instruments	168,041	74,211	168,041	74,211
Cash received from dividend income	4,858,409	7,608,441	11,358,409	11,608,441
Cash paid for acquisition of equipment and vehicles	(14,337,384)	(1,272,372)	(14,337,384)	(1,272,372)
Proceeds from disposal of assets	2,383,738	242,991	2,383,738	242,991
Cash paid for acquisition of intangible asset	(4,405,832)	(1,907,636)	(3,884,742)	(1,776,026)
Net cash provided by investing activities	<u>76,070,479</u>	<u>1,869,171</u>	<u>83,091,569</u>	<u>6,000,781</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase(decrease) in short-term loan from financial institutions	(5,876,187)	2,932,727	(5,876,187)	2,932,728
Payment of lease liabilities	-	(475,519)	-	(475,519)
Interest paid	(1,041,484)	(235,296)	(1,029,261)	(225,781)
Dividends paid	(116,696,792)	(81,196,014)	(116,696,792)	(81,196,014)
Net cash used in financing activities	<u>(123,614,463)</u>	<u>(78,974,102)</u>	<u>(123,602,240)</u>	<u>(78,964,586)</u>
Net decrease in cash and cash equivalents	<u>(26,922,580)</u>	<u>(25,660,206)</u>	<u>(19,551,658)</u>	<u>(28,910,233)</u>
Cash and cash equivalents, beginning of year	<u>69,102,110</u>	<u>94,762,316</u>	<u>59,932,379</u>	<u>88,842,612</u>
Cash and cash equivalents, end of year	<u><u>42,179,530</u></u>	<u><u>69,102,110</u></u>	<u><u>40,380,721</u></u>	<u><u>59,932,379</u></u>

Supplement disclosures of cash flows information

Non cash transactions:

(Increase)decrease in accrued dividend income	-	-	4,700,000	(2,500,000)
Increase(decrease) in dividend payable	45,706	(45,684)	45,706	(45,684)

The notes to the financial statements are an integral part of these financial statements.

1. GENERAL INFORMATION

The Company's general information

Pato Chemical Industry Public Company Limited was a public company limited and was listed on the Stock Exchange of Thailand in 1993. The Company is engaged in the business of formulating and distributing of pesticides.

The address of its registered office is at 3388 New Petchburi Road, Bangkapi, Huai Khwang, Bangkok.

2. BASIS FOR THE FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("TFAC"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest unit unless otherwise stated.

"The Company" represents "Pato Chemical Industry Public Company Limited," while "The Group" represents "Pato Chemical Industry Public Company Limited" and its subsidiary which is "Pato Crop Care Company Limited".

The consolidated financial statements are prepared based on the same accounting policies for the same accounting items or similar accounting events. Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During current year, the revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022 were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some financial reporting standards, providing temporary reliefs or temporary exemptions for users of the standards.

The adoption of these standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standard that will become effective for fiscal years beginning on or after 1 January 2023 onwards

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards making financial reporting standards clearer and more appropriate and for some standards, providing temporary reliefs or temporary exemptions for users.

The Group's management believes that the adoption of these amendments will not have any significant impact on the Group's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.2. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventories.

4.3. Investment in subsidiary

Subsidiary is all entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains(losses) on transactions between group companies are eliminated; accounting policies of subsidiary have been changed to ensure consistency with the policies adopted by the Group, respectively(if any).

In the Company's separated financial statements, investments in subsidiary is accounted for at cost less impairment(if any).

4.4. Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All assets except for land are stated at historical cost less accumulated depreciation(if any).

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

Depreciation of plant and equipment are calculated on the straight line method over their estimated useful lives are as follows :

	<u>No. of Years</u>
Buildings and building improvement	10-20
Machinery and equipment	5
Vehicles	5-10
Office equipment and fixtures	5

When assets are sold or retired, the Company will eliminated their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the profit or loss.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Building in progress and machine and equipment under installation are stated at cost less accumulated depreciation(if any). These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.5. Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses(if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful life of computer software is approximately 5 years.

Direct costs for obtaining a license to operate a business, the useful life is approximately 6 years.

4.6. Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.7. Foreign currency transactions

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the profit or loss.

4.8. Leases

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use the underlying assets and lease liabilities based on lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of their estimated useful lives and the lease term, as follows:

Office building	3 Years
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Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and Leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.9. Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in other comprehensive income not to be reclassified.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

4.10. Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

4.11. Revenue recognition

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. A receivable is recognized when the goods are delivered to the customer's specific location at which the Company has right to receive payment of that consideration is due. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts.

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of distinct goods or service from the customer.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognized on an accrual basis using the effective interest method by the book value of the financial assets multiplied by the effective interest rate.

Dividend income is recognized when the right to receive payment is established.

4.12. Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13. Basic earnings per share

Basic earnings per share is calculated by dividing the net income by weighted average number of paid-up ordinary shares during the years.

4.14. Financial instruments

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Moreover, Equity instruments designated at FVOCI are not subject to impairment assessment.

Classification and measurement of financial liabilities

At initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified and recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.15. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.16. Critical accounting estimates and assumption

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Property, plant and equipment and Intangible assets

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of The Group plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for net realizable value

The Group considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Leases

In determining the lease term, the management is required to exercise judgment in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease, considering all relevant factors and circumstances that create an economic incentive for the Group to exercise either the extension or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

Lease classification-The Group as a lessor

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4.17. Related parties

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company, including holding companies, subsidiary and fellow subsidiary are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

5. TRANSACTIONS WITH RELATED PARTIES

5.1 Relationships and pricing policies

	Relationships
<u>Subsidiary</u>	
Pato Crop Care Co., Ltd.	Shareholding by the Company and Directorship
<u>Related company</u>	
Kentex Properties Co., Ltd.	Common Shareholders and Directors
	Pricing policy
Sales	Compared to market price
Purchase	Cost plus margin
Management fee	At Contract price which had been agreed upon
Rental income/Rental expenses	At Contract price which had been agreed upon
Guarantees	No additional fee

5.2 Balance of transaction between the Company with subsidiary

Balances of transactions between the Company with subsidiary as at 31 December 2022 and 2021 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade accounts receivable				
Subsidiary	-	-	6,377,262	12,073,359
Other accounts receivable				
Subsidiary	-	-	1,660,116	1,152,361
Accrued dividend income				
Subsidiary	-	-	1,800,000	6,500,000

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

5.3 Business transactions with subsidiary, related persons and companies

Business transaction with subsidiary, related person and companies for the years ended 31 December 2022 and 2021 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Revenue from sales				
Subsidiary	-	-	28,022,779	35,616,327
Accrued dividend income				
Subsidiary	-	-	1,800,000	6,500,000
Rental income				
Subsidiary	-	-	600,000	600,000
Management income				
Subsidiary	-	-	1,060,116	1,843,142
Purchase				
Subsidiary	-	-	1,310,800	4,000,600
Rental expenses				
Related company	1,060,000	960,000	1,060,000	960,000
Directors' and managements' remuneration				
Short-term employee benefits	14,247,686	10,449,039	14,247,686	10,449,039
Post-employment benefits	198,911	178,861	198,911	178,861
Total	14,446,597	10,627,900	14,446,597	10,627,900

6. CASH AND CASH EQUIVALENTS

	In Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2022	2021	2022	2021
Cash	541,065	571,643	541,065	571,643
Saving Accounts	5,240,080	872,973	3,496,300	835,972
Current Accounts	36,398,385	67,657,494	36,343,356	58,524,764
Total	42,179,530	69,102,110	40,380,721	59,932,379

The weighted average effective interest rates of deposits at financial institutions were 0.05 - 0.35% per annum (2021: 0.25% per annum).

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

7. OTHER CURRENT FINANCIAL ASSETS

Changes in unit trusts in open-ended funds measured at fair value through profit or loss for the years ended 31 December 2022 and 2021 can be analyzed as follows:

	In Bath			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Opening balance	219,077,011	208,952,446	219,056,976	208,932,449
Additions during the year	80,000,000	160,270,011	80,000,000	160,270,011
Disposal during the year	(172,231,141)	(150,754,475)	(172,231,141)	(150,754,475)
Gain on change in fair value	381,509	609,029	381,465	608,991
Ending balance	127,227,379	219,077,011	127,207,300	219,056,976

8. TRADE AND OTHER CURRENT RECEIVABLES

	In Baht			
	Consolidated		Separate	
	financial Statements		financial Statements	
	2022	2021	2022	2021
Trade accounts receivable -				
Subsidiary (Note 5.2)	-	-	6,377,262	12,073,359
Trade accounts receivable -				
Other companies	74,461,824	96,430,331	67,019,835	81,392,369
Total trade accounts receivable	74,461,824	96,430,331	73,397,097	93,465,728
Other accounts receivable -				
Subsidiary (Note 5.2)	-	-	1,660,116	1,152,361
Accrued dividend -				
Subsidiary (Note 5.2)	-	-	1,800,000	6,500,000
Prepaid expenses	3,207,322	2,580,445	3,121,537	2,513,695
Advances payment	1,109,774	2,614,774	1,099,774	2,604,774
Total	78,778,920	101,625,550	81,078,524	106,236,558

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

Aging of trade accounts receivable as at 31 December 2022 and 2021 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade accounts receivable -				
Subsidiary				
Within credit terms	-	-	4,716,005	12,073,359
Overdue				
Less than 3 months	-	-	1,661,257	-
Total trade accounts receivable -				
Subsidiary - net	-	-	6,377,262	12,073,359
Trade accounts receivable -				
Other companies				
Within credit terms	73,519,264	96,430,331	66,077,275	81,392,369
Overdue				
Less than 3 months	942,560	-	942,560	-
Total trade accounts receivable -				
Other companies - net	74,461,824	96,430,331	67,019,835	81,392,369

The normal credit term for general customers ranging 60 days - 150 days after the Group has the right to bill for the goods or services already transferred to customers.

9. INVENTORIES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Finished Goods	24,009,494	4,832,660	21,301,334	4,463,861
Work in Process	591,551	772,220	591,551	772,220
Raw Material and Packaging Supplies	167,275,899	139,817,982	164,383,541	137,797,035
Raw Material in Transit	9,189,801	25,701,928	9,169,644	25,701,928
Total	201,066,745	171,124,790	195,446,070	168,735,044

Cost of sales recognized in the statement comprehensive income between 2022 and 2021 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cost of sales	325,364,668	427,400,738	324,014,752	419,619,337
Loss on amortization of				
defective inventories	333,165	1,053,665	333,165	1,009,005
Total	325,697,833	428,454,403	324,347,917	420,628,342

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

10. OTHER NON-CURRENT FINANCIAL ASSETS

Changes in equity investments measured at fair value through other comprehensive income for the years ended 31 December 2022 and 2021 can be analyzed as follows:

Consolidated and Separate financial statements

	In Baht	
	2022	2021
Opening balance	63,983,184	52,341,042
Additions during the year	2,916,493	13,618,477
Disposal during the year	-	(20,254,725)
Capital reduction the year	(168,041)	(74,211)
Gain(loss) on change in fair value	(5,544,327)	18,352,601
Ending balance	61,187,309	63,983,184

During the year ended 31 December 2021, the Company has sold the investment in listed securities. Such investments has a fair value of Bath 20.25 million, it recognizes gain from investment in equity securities measured at fair value through comprehensive income of Baht 2.94 million and transfer gain from sale of investment in equity securities to retained earnings, net of the tax in the amount of Baht 2.35 million.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

Investments in equity instruments measured at fair value through other comprehensive income

Company's name	Nature of business	Investments (cost)		Consolidated and separate financial statements	
				Dividend income during the years	
		2022	2021	2022	2021
<u>Investments held by the Company</u>					
Investments in listed equity securities					
Samui Airport Property Fund (Lease Hold)	Raising funds to invest in real estate	-	-	-	74,340
BTS Mass Transit Growth Infrastructure Fund	Transportation & Logistics	4,420,699	4,588,739	-	-
Prime Office Leasehold Property Fund	Property Fund & REITs	2,749,595	2,749,595	232,883	236,895
Krungthai Car Rent And Lease Public Co., Ltd.	Finance & Securities	2,334,714	2,334,714	66,150	57,330
Intouch Holdings Public Co., Ltd.	Information & Communication Technology	-	-	-	330,075
TMT Steel Public Co., Ltd.	Steel and Metal Products	7,407,130	7,407,130	853,400	944,400
Asia Plus Group Holding Public Co., Ltd.	Finance & Securities	8,998,543	8,998,543	667,440	791,040
Pruksa Holding Public Co., Ltd.	Property Development	6,001,309	6,001,309	226,176	226,176
Asia Sermkij Leasing Public Co., Ltd.	Finance & Securities	7,346,527	5,343,535	352,830	297,500
Advanced Information Technology Public Co., Ltd.	Information & Communication Technology	5,914,514	5,001,014	411,075	356,265
Thai Vegetable Oil Public Co., Ltd.	Food & Beverage	6,998,768	6,998,768	260,700	497,700
Ratchathani Leasing Public Co., Ltd.	Finance & Securities	8,731,655	8,731,655	357,000	-
Thai DEX SET High Dividend ETF	Investment management	1,000,169	1,000,169	37,845	21,025
Accumulated fair value adjustment of investments		(716,314)	4,828,013	-	-
Total investments in equity instruments measured at FVOCI		61,187,309	63,983,184	3,465,499	3,832,746

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

11. INVESTMENTS IN SUBSIDIARY

Separate financial statements as at 31 December 2022 and 2021

	Activities	Paid up Capital (In Baht)	% Holdings	At Cost (In Baht)
Pato Crop Care Co., Ltd.	formulating and distributing of pesticide	<u>5,000,000</u>	100	<u>5,000,000</u>



PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements

	In Baht					
	Land	Building and building improvement	Machinery and equipment	Vehicles	Office equipment and fixtures	Total
As at 1 January 2021						
Cost	10,962,000	101,811,229	57,924,015	39,705,329	23,266,214	233,668,787
<u>Less</u> Accumulated depreciation	-	(92,737,728)	(54,525,556)	(21,469,746)	(22,303,261)	(191,036,291)
Net book amount	<u>10,962,000</u>	<u>9,073,501</u>	<u>3,398,459</u>	<u>18,235,583</u>	<u>962,953</u>	<u>42,632,496</u>
Transactions during the year ended 31 December 2021						
Opening net book amount	10,962,000	9,073,501	3,398,459	18,235,583	962,953	42,632,496
<u>Add</u> Acquisition	-	-	385,114	633,000	254,258	1,272,372
<u>Less</u> Disposals	-	-	-	(180,001)	-	(180,001)
Depreciation	-	(1,144,829)	(1,535,834)	(2,416,849)	(388,528)	(5,486,040)
Closing net book amount	<u>10,962,000</u>	<u>7,928,672</u>	<u>2,247,739</u>	<u>16,271,733</u>	<u>828,683</u>	<u>38,238,827</u>
As at 31 December 2021						
Cost	10,962,000	101,811,229	58,309,128	39,669,329	23,520,472	234,272,158
<u>Less</u> Accumulated depreciation	-	(93,882,557)	(56,061,389)	(23,397,596)	(22,691,789)	(196,033,331)
Net book amount	10,962,000	7,928,672	2,247,739	16,271,733	828,683	38,238,827

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT (CON'T)

	In Baht					
	Land	Building and building improvement	Machinery and equipment	Vehicles	Office equipment and fixtures	Total
As at 1 January 2022						
Cost	10,962,000	101,811,229	58,309,128	39,669,329	23,520,472	234,272,158
<u>Less</u> Accumulated depreciation	-	(93,882,557)	(56,061,389)	(23,397,596)	(22,691,789)	(196,033,331)
Net book amount	<u>10,962,000</u>	<u>7,928,672</u>	<u>2,247,739</u>	<u>16,271,733</u>	<u>828,683</u>	<u>38,238,827</u>
Transactions during the year ended 31 December 2022						
Opening net book amount	10,962,000	7,928,672	2,247,739	16,271,733	828,683	38,238,827
<u>Add</u> Acquisition	-	1,580,187	3,932,923	8,416,960	407,314	14,337,384
<u>Less</u> Disposals	-	(73,028)	(4)	(2,560,009)	-	(2,633,041)
Depreciation	-	(1,132,764)	(1,338,939)	(2,256,897)	(380,808)	(5,109,408)
Closing net book amount	<u>10,962,000</u>	<u>8,303,067</u>	<u>4,841,719</u>	<u>19,871,787</u>	<u>855,189</u>	<u>44,833,762</u>
As at 31 December 2022						
Cost	10,962,000	103,252,316	62,035,541	40,457,679	23,927,786	240,635,322
<u>Less</u> Accumulated depreciation	-	(94,949,249)	(57,193,822)	(20,585,892)	(23,072,597)	(195,801,560)
Net book amount	10,962,000	8,303,067	4,841,719	19,871,787	855,189	44,833,762

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT

Separate financial statements

	In Baht					
	Land	Building and building improvement	Machinery and equipment	Vehicles	Office equipment and fixtures	Total
As at 1 January 2021						
Cost	10,962,000	101,811,229	57,798,611	39,705,329	23,266,214	233,543,383
<u>Less</u> Accumulated depreciation	-	(92,737,728)	(54,511,191)	(21,469,746)	(22,303,261)	(191,021,926)
Net book amount	<u>10,962,000</u>	<u>9,073,501</u>	<u>3,287,420</u>	<u>18,235,583</u>	<u>962,953</u>	<u>42,521,457</u>
Transactions during the year ended 31 December 2021						
Opening net book amount	10,962,000	9,073,501	3,287,420	18,235,583	962,953	42,521,457
<u>Add</u> Acquisition	-	-	385,114	633,000	254,258	1,272,372
<u>Less</u> Disposals	-	-	-	(180,001)	-	(180,001)
Depreciation	-	(1,144,829)	(1,510,754)	(2,416,849)	(388,528)	(5,460,960)
Closing net book amount	<u>10,962,000</u>	<u>7,928,672</u>	<u>2,161,780</u>	<u>16,271,733</u>	<u>828,683</u>	<u>38,152,868</u>
As at 31 December 2021						
Cost	10,962,000	101,811,229	58,183,724	39,669,329	23,520,472	234,146,754
<u>Less</u> Accumulated depreciation	-	(93,882,557)	(56,021,944)	(23,397,596)	(22,691,789)	(195,993,886)
Net book amount	<u>10,962,000</u>	<u>7,928,672</u>	<u>2,161,780</u>	<u>16,271,733</u>	<u>828,683</u>	<u>38,152,868</u>

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT (CON'T)

	In Baht					
	Land	Building and building improvement	Machinery and equipment	Vehicles	Office equipment and fixtures	Total
As at 1 January 2022						
Cost	10,962,000	101,811,229	58,183,724	39,669,329	23,520,472	234,146,754
<u>Less</u> Accumulated depreciation	-	(93,882,557)	(56,021,944)	(23,397,596)	(22,691,789)	(195,993,886)
Net book amount	<u>10,962,000</u>	<u>7,928,672</u>	<u>2,161,780</u>	<u>16,271,733</u>	<u>828,683</u>	<u>38,152,868</u>
Transactions during the year ended 31 December 2022						
Opening net book amount	10,962,000	7,928,672	2,161,780	16,271,733	828,683	38,152,868
<u>Add</u> Acquisition	-	1,580,187	3,932,923	8,416,960	407,314	14,337,384
<u>Less</u> Disposals	-	(73,028)	(4)	(2,560,009)	-	(2,633,041)
Depreciation	-	(1,132,764)	(1,313,859)	(2,256,897)	(380,808)	(5,084,328)
Closing net book amount	<u>10,962,000</u>	<u>8,303,067</u>	<u>4,780,840</u>	<u>19,871,787</u>	<u>855,189</u>	<u>44,772,883</u>
As at 31 December 2022						
Cost	10,962,000	103,252,316	61,910,137	40,457,679	23,927,786	240,509,918
<u>Less</u> Accumulated depreciation	-	(94,949,249)	(57,129,297)	(20,585,892)	(23,072,597)	(195,737,035)
Net book amount	<u>10,962,000</u>	<u>8,303,067</u>	<u>4,780,840</u>	<u>19,871,787</u>	<u>855,189</u>	<u>44,772,883</u>

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. INTANGIBLE ASSETS

	In Baht			
	Consolidated financial statements			
	Computer Software	Licenses	Licenses in process	Total
As at 1 January 2021				
Cost	575,286	37,749,105	8,195,802	46,520,193
<u>Less</u> Accumulated amortization	<u>(575,284)</u>	<u>(26,829,420)</u>	<u>-</u>	<u>(27,404,704)</u>
Closing net book value	<u>2</u>	<u>10,919,685</u>	<u>8,195,802</u>	<u>19,115,489</u>
Transactions for the year ended 31 December 2021				
Opening net book value	2	10,919,685	8,195,802	19,115,489
<u>Add</u> Additions	<u>18,491</u>	<u>-</u>	<u>1,889,145</u>	<u>1,907,636</u>
Transfer to intangible assets	-	3,532,887	(3,532,887)	-
<u>Less</u> amortization	<u>(1,172)</u>	<u>(3,156,413)</u>	<u>-</u>	<u>(3,157,585)</u>
Closing net book value	<u>17,321</u>	<u>11,296,159</u>	<u>6,552,060</u>	<u>17,865,540</u>
As at 31 December 2021				
Cost	593,777	41,281,991	6,552,060	48,427,828
<u>Less</u> Accumulated amortization	<u>(576,456)</u>	<u>(29,985,832)</u>	<u>-</u>	<u>(30,562,288)</u>
Closing net book value	<u>17,321</u>	<u>11,296,159</u>	<u>6,552,060</u>	<u>17,865,540</u>
Transactions for the year ended 31 December 2022				
Opening net book value	17,321	11,296,159	6,552,060	17,865,540
<u>Add</u> Additions	<u>-</u>	<u>-</u>	<u>4,405,832</u>	<u>4,405,832</u>
Transfer to intangible assets	-	1,963,307	(1,963,307)	-
<u>Less</u> amortization	<u>(6,163)</u>	<u>(3,437,638)</u>	<u>-</u>	<u>(3,443,801)</u>
Closing net book value	<u>11,158</u>	<u>9,821,828</u>	<u>8,994,585</u>	<u>18,827,571</u>
As at 31 December 2022				
Cost	593,777	43,245,299	8,994,585	52,833,661
<u>Less</u> Accumulated amortization	<u>(582,619)</u>	<u>(33,423,471)</u>	<u>-</u>	<u>(34,006,090)</u>
Closing net book value	<u>11,158</u>	<u>9,821,828</u>	<u>8,994,585</u>	<u>18,827,571</u>

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

	In Baht			
	Separate financial statements			
	Computer Software	Licenses	Licenses in process	Total
As at 1 January 2021				
Cost	575,286	35,754,005	6,441,203	42,770,494
<u>Less</u> Accumulated amortization	(575,284)	(26,422,086)	-	(26,997,370)
Closing net book value	<u>2</u>	<u>9,331,919</u>	<u>6,441,203</u>	<u>15,773,124</u>
Transactions for the year ended 31 December 2021				
Opening net book value	2	9,331,919	6,441,203	15,773,124
<u>Add</u> Additions	18,491	-	1,757,535	1,776,026
Transfer to intangible assets	-	2,622,987	(2,622,987)	-
<u>Less</u> amortization	(1,172)	(2,734,071)	-	(2,735,243)
Closing net book value	<u>17,321</u>	<u>9,220,835</u>	<u>5,575,751</u>	<u>14,813,907</u>
As at 31 December 2021				
Cost	593,777	38,376,991	5,575,751	44,546,519
<u>Less</u> Accumulated amortization	(576,456)	(29,156,156)	-	(29,732,612)
Closing net book value	<u>17,321</u>	<u>9,220,835</u>	<u>5,575,751</u>	<u>14,813,907</u>
Transactions for the year ended 31 December 2022				
Opening net book value	17,321	9,220,835	5,575,751	14,813,907
<u>Add</u> Additions	-	-	3,884,742	3,884,742
Transfer to intangible assets	-	1,834,907	(1,834,907)	-
<u>Less</u> amortization	(6,163)	(2,948,119)	-	(2,954,282)
Closing net book value	<u>11,158</u>	<u>8,107,623</u>	<u>7,625,586</u>	<u>15,744,367</u>
As at 31 December 2022				
Cost	593,777	40,211,899	7,625,586	48,431,262
<u>Less</u> Accumulated amortization	(582,619)	(32,104,276)	-	(32,686,895)
Closing net book value	<u>11,158</u>	<u>8,107,623</u>	<u>7,625,586</u>	<u>15,744,367</u>

The average remaining of useful life of Licenses is 3-4 years.

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trust Receipts	<u>13,495,215</u>	<u>19,499,335</u>	<u>13,495,215</u>	<u>19,499,335</u>

As at 31 December 2022, the Group has the facilities available with bank overdrafts and loans from banks in the amount of Baht 855.39million (2021 : Baht 910.07 million) which bear interest at the rate of 0.40% - 5.24% per annum (2021 : 0.40% - 0.90% per annum).

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

15. TRADE AND OTHER CURRENT PAYABLES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade accounts payable -				
Other companies	20,039,447	25,998,487	19,147,032	25,845,236
Advances for inventories	28,225	19,122	28,040	13,957
Accrued expenses	17,719,074	26,586,189	16,845,202	24,871,647
Total	<u>37,786,746</u>	<u>52,603,798</u>	<u>36,020,274</u>	<u>50,730,840</u>

16. PROVISIONS FOR EMPLOYEE BENEFIT

Changes in the provisions for employee benefits for the years ended 31 December 2022 are summarized below.

	In Baht	
	Consolidated and Separate	
	financial statements	
	2022	2021
For the year ended 31 December		
Defined benefit obligations at 1 January	27,874,678	23,893,849
Included in profit or loss:		
Current service costs	851,373	928,714
Interest on obligation	270,888	174,748
Actuarial loss(gain) arising from		
Demographic assumptions changes	(922,863)	193,907
Financial assumptions changes	-	1,472,119
Experience adjustments	454,600	1,857,921
Employee benefit paid during the year	(1,378,530)	(646,580)
Defined benefit obligations at 31 December	<u>27,150,146</u>	<u>27,874,678</u>

Consolidated and Separate financial statements

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	In Baht	
	2022	2021
Administrative expenses	<u>1,122,261</u>	<u>1,103,462</u>

The Company expect to pay of long-term employee benefits during the next year amount Baht 13.51 Million.

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 7 years (2021 : 8 years).

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal actuarial assumptions at the reporting date

	2022	2021
Discount rate	1.77% per annum	1.09% per annum
Salary increase rate	5.00%	5.00%
Employee turnover rate	Scale related to Age ranging from 1.91% - 22.92%	Scale related to Age ranging from 1.91% - 22.92%
Mortality rate	According to Thailand TMO 2017 male and female tables	According to Thailand TMO 2017 male and female tables

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Consolidated and Separate financial statements

	In Baht	
	Increase	Decrease
Defined benefit obligation at 31 December 2022		
Discount rate (1.0% movement)	(1,217,347)	1,388,295
Future salary growth (1.0% movement)	1,329,242	(1,192,849)
Employee turnover rate (20.0% movement)	(892,382)	1,028,017
	In Baht	
	Increase	Decrease
Defined benefit obligation at 31 December 2021		
Discount rate (1.0% movement)	(1,225,459)	1,392,295
Future salary growth (1.0% movement)	1,323,701	(1,193,203)
Employee turnover rate (20.0% movement)	(941,329)	1,091,216

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

17. LEGAL RESERVE

The legal reserve of the Company was established in accordance with the provisions of the Thai public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year (if any) until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

18. DIVIDENDS PAID

At the ordinary shareholders' meeting dated on 22 April 2022, the shareholders approved the payment of dividends at Baht 0.82 per share for 142.4 million shares totaling Baht 116.74 million out of operating of the year 2022. The Company has already paid for such dividends on 10 May 2022.

At the ordinary shareholders' meeting dated on 22 April 2021, the shareholders approved the payment of dividends at Baht 0.57 per share for 142.4 million shares totaling Baht 81.15 million out of operating of the year 2021. The Company has already paid for such dividends on 10 May 2021.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT INCOME

Investment income for the years ended 31 December 2022 and 2021 are summarised below.

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Gain(loss) on disposal of investments in equity investment units-open-end fund	(1,911,141)	2,824	(1,911,141)	2,824
Gain from changes in value of investments in equity investment units-open-end fund	381,509	609,029	381,465	608,991
Dividends income-other companies	4,858,409	7,608,441	4,858,409	7,608,441
Dividend income-subsiary	-	-	1,800,000	6,500,000
Interest income	2,009	2,081	1,972	2,081
Total	3,330,786	8,222,375	5,130,705	14,722,337

20. OTHER INCOME

Other income for the years ended 31 December 2022 and 2021 are summarised below.

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Rental income - Subsidiary (Note 5.3)	-	-	600,000	600,000
Management income - Subsidiary (Note 5.3)	-	-	1,060,116	1,843,142
Gain from disposal of assets	-	62,990	-	62,990
Social security compensation income	423,000	852,000	405,000	816,000
Other income	308,886	46,517	308,706	46,517
Total	731,886	961,507	2,373,822	3,368,649

21. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Changes in raw material, work in process and finished goods	(46,454,082)	(15,439,182)	(43,243,310)	(16,815,120)
Purchase raw material	371,070,783	464,570,163	338,255,800	419,447,303
Promotion expenses	7,406,514	12,255,849	7,406,514	12,255,849
Transportation expenses	1,954,820	2,395,564	1,940,233	2,313,247
Depreciation and amortization	8,553,209	9,030,380	8,038,610	8,582,958
Staff costs	50,568,272	66,215,685	49,276,377	64,700,855

22. BUSINESS SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group engaged in a business of formulating and distributing of pesticide. The Group operates in one geographical area in Thailand. Therefore, these financial statements present the financial information by segment.

Timing of revenue recognition is recognized at a point in time.

Major customers

In 2022 and 2021, the Group has no major customer with revenue of 10% or more of its revenues.

23. EMPLOYEE'S PROVIDENT FUND

The Company established a contributory registered provident fund in accordance with the provident fund Act, B.E.2530. The provident fund plan was registered on 29 May 1996.

Under the plan, the employees contribute monthly the amounts equivalent 5% of their basic salaries. The Company contributes at the rates of 5% of the employees basic salaries. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No.2 (B.E. 2532) issued under the Provident fund Act. B.E. 2530. The Company's contributions charged to expenses for the years ended 31 December 2022 and 2021 amounted to Baht 1.96 million and Baht 1.95 million, respectively.

24. INCOME TAX

Tax expense for the the years ended 31 December 2022 and 2021 are made up as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Current income tax:				
Corporate income tax charge	10,385,717	28,073,044	9,917,457	26,306,548
Deferred tax:				
Relating to origination and reversal of temporary differences	5,748	30,422	5,748	30,422
Total	<u>10,391,465</u>	<u>28,103,466</u>	<u>9,923,205</u>	<u>26,336,970</u>
Income tax recognised in other comprehensive income				
Gain(loss) from measurement of investments in the fair value of equity instruments	(1,108,865)	3,670,520	(1,108,865)	3,670,520
Actuarial loss(gain)	93,653	(704,789)	93,653	(704,789)
Total	<u>(1,015,212)</u>	<u>2,965,731</u>	<u>(1,015,212)</u>	<u>2,965,731</u>

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

Reconciliation of effective tax rate

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Profit before tax	55,309,295	146,798,759	55,485,170	144,373,003
Income tax using the Thai corporation tax rate (rate : 20%)	11,061,859	29,359,752	11,097,034	28,874,600
Income not subject to tax	(1,118,260)	(2,309,716)	(1,478,260)	(3,602,516)
Additional expense deductions allowed	(352,647)	(236,217)	(349,047)	(258,528)
Non-deductible expenses	652,101	1,292,992	647,730	1,292,992
Eliminated	142,664	(33,767)	-	-
Current income tax	10,385,717	28,073,044	9,917,457	26,306,548
Relating to temporary differences	5,748	30,422	5,748	30,422
Income tax expenses reported in the statement of comprehensive income	10,391,465	28,103,466	9,923,205	26,336,970

Deferred tax assets in the statements of financial position as at 31 December 2022 and 2021 are summarised below.

Consolidated and Separate financial statements

	In Baht	
	2022	2021
Statements of financial position		
Deferred tax assets		
Provisions for employee benefit obligations	5,430,029	5,574,936
Change in fair value of equity instruments	143,263	-
Deferred tax liabilities		
Change in fair value of unit trusts in open-ended funds	(76,293)	(121,798)
Change in fair value of equity instruments	-	(965,603)
Deferred tax assets - net	5,496,999	4,487,535

25. FINANCIAL INSTRUMENTS

25.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, short-term loans, and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Trade and other receivables

The Group's exposed to credit risk. However, due to the large number and diversity of the entities comprising the Group's customer base, The Group's does not anticipate material losses from its debt collection. The Group's estimated the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate was made by considering the customer's past collection experiences. An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off in accordance with the Group's policy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate risk through a counterparty's potential failure to make payments.

Interest rate risk

The Group's exposure to interest rate risk relate primarily to their deposits at bank, short-term loans and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. Therefore, the Group does not use derivative financial instruments to hedge such risk.

Interest rate sensitivity analysis

There is no significant impact on the Group's profit before tax arising from the change in the interest rate of financial assets and short-term loans with interest rates fluctuating according to market rates

Foreign currency risk

The Group exposures to foreign currency risk relates primarily to their business transactions which are denominated in foreign currencies. The Group has policies to hedge such risks by using derivative financial instruments. The Group primarily utilizes forward exchange contracts to hedge exchange rate risk relating to the repayment all of the trust receipts and accounts payable foreign as appropriate.

As at 31 December 2022, the Group has foreign currency liabilities, which did not enter into foreign exchange hedging contracts as follows:

	Currency	Amount	(Unit : Baht) Exchange rate
Trust Receipts	USD	388,536	34.7335
Trade Account payable	USD	334,944	34.7335
Trade Account payable	JPY	16,715,200	0.264486

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

As at 31 December 2021, the Group has foreign currency liabilities, which did not enter into foreign exchange hedging contracts as follows:

	Currency	Amount	(Unit : Baht) Exchange rate
Trust Receipts	USD	580,460	33.5929
Trade Account payable	USD	540,055	33.5929

Foreign currency sensitivity analysis

There is no significant impact on the Group's profit before tax arising from the change in the fair value of monetary assets and liabilities due to the possible change in exchange rates of assets and liabilities that are denominated in foreign currencies.

Liquidity risk

The Group's monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations including providing short-term credit lines from various banks to back up if necessary and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2022 based on un discounted contractual cash flows to present value. It can be represented as follows:

	(Unit : Baht)			
	Consolidated financial statements			
	Less than 1 year	1 to 5 years	> 5 years	Total
Financial liabilities				
Short-term loans from financial institutions	13,495,215	-	-	13,495,215
Trade and other payables	20,039,447	-	-	20,039,447
Total financial liabilities	33,534,662	-	-	33,534,662

	(Unit : Baht)			
	Separate financial statements			
	Less than 1 year	1 to 5 years	> 5 years	Total
Financial liabilities				
Short-term loans from financial institutions	13,495,215	-	-	13,495,215
Trade and other payables	19,147,032	-	-	19,147,032
Total financial liabilities	32,642,247	-	-	32,642,247

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

In applying the above-mentioned valuation techniques, the company endeavor to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows.

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As at 31 December 2022 and 2021, the Group's has the assets measured at fair value using different levels of inputs as follows:

	In Bath			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
As at 31 December 2022				
Assets measured at fair value				
Investments in debt securities measured at FVTPL	-	127,227,379	-	127,227,379
Investments in equity measured at FVOCI	61,187,309	-	-	61,187,309
As at 31 December 2021				
Assets measured at fair value				
Investments in debt securities measured at FVTPL	-	219,077,011	-	219,077,011
Investments in equity measured at FVOCI	63,983,184	-	-	63,983,184
	In Bath			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
As at 31 December 2022				
Assets measured at fair value				
Investments in debt securities measured at FVTPL	-	127,207,300	-	127,207,300
Investments in equity measured at FVOCI	61,187,309	-	-	61,187,309
As at 31 December 2021				
Assets measured at fair value				
Investments in debt securities measured at FVTPL	-	219,056,976	-	219,056,976
Investments in equity measured at FVOCI	63,983,184	-	-	63,983,184

During the current year, there was no change in method and assumption using in estimate the fair value of financial instruments and no transfer within the fair value hierarchy.

27. GUARANTEES

PATO CHEMICAL INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2022

As at 31 December 2022, the Company has contingent liabilities from letters of guarantee issued by banks for the payment of electricity amounting to Baht 294,500.

28. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2022, debt to equity ratio in the consolidated financial statements is 0.17:1(the separate financial statements: 0.17:1).

29. EVENTS AFTER THE REPORTING YEAR

On 27 February 2023, in accordance with the resolution of the Board of Directors Meeting No.1/2023, it was resolved to approve the payment of dividends to shareholders at the rate of Baht 0.41 per share for 142.4 million shares in the amount to Baht 58.37 million, paid from retained earnings as at 31 December 2022.

Such resolution will be proposed to the annual general meeting of shareholders for the year 2023 for further approval.

30. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on 27 February 2023.

Board of Directors and Management Team



ATTACHMENT 1



Company Name	Company	Subsidiary Company	Affiliated Company	Related Companies	
Name		1	None	1	2
1. Mr. Metha Trillit	○ □ M	○ □			○ □
2. Dr. Viwat Trillit	□ MR	□			
3. Mr. Surachai Choengvivatkit	●	●			
4. Mr. Suvit Wesaratchawest	●	●			●
5. Mrs. Wantana Pojanalai	●	●		□	□
6. Ms. Ratchanee Trillit	●	●			
7. Ms. Charina Pojanalai	●	●		□	
8. Mr. Lertchai Leelayonkul	I AR	I A			
9. Mr. Chaiwat Chandarasrivongs	I AR	I A			
10. Mr. Sahai Supsoontornkul	I	I			
11. Mr. Cheng Ming Chang	I AR	I A			
12. Mr. Visut Vanitcharoenkarn	MR				
13. Mr. Sayan Wanaree	MR				
14. Mrs. Parichart Manuthasna	M © R				
15. Mr. Wongtawan Duchanee	M				



Remark:



1) Company = Pato Chemical Industry Plc.
 Subsidiary Company = Pato Crop Care Co.,Ltd.
 Related Company 1 = Asia Mineral Industry Co., Ltd.
 2 = Kentex Properties Co., Ltd.


2) ○ = President
 □ = Executive Director
 ● = Director
 I = Independent Director
 A = Audit Committee
 R = Risk Committee
 M = Manager
 © = Company Secretary


Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/ Type of Business
Mr. Metha Trillit 	85	DAP 36/2005 from IOD B. Sc. in Chemical Engineering, Tunghai University, Taiwan	21,000,000 Shares and Mrs. Vipanee Trillit 2,600,000 shares represents 16.58% No change during the year	Father of Dr.Viwat and Ms.Ratchanee Trillit	2011 - Present 1983 - Present 1973 - Present 2016 - Present	- Chairman / President - Signatory Director - Chairman / President - Signatory Director Chairman / President Signatory Director Acting Factory Manager	Company Limited Pato Crop Care Co., Ltd. Kentex Properties Co., Ltd. Listed Company Pato Chemical Industry Plc. Pato Chemical Industry Plc. Directorship : 49 Years
Dr. Viwat Trillit 	54	DAP 2004 from IOD ELP 3/2016 The Journey of Family Business 2018 DBA International Business Alliant International University, USA MBA., Rutgers University, USA B. Sc. in Chemical Engineering, University of Rochester, USA	15,000,000 Shares represents 10.54% No change during the year	Mr.Metha Trillit's Son Ms.Ratchanee Trillit's Brother	2011 - Present 2004 - Present 2014 - Present 1988 - 2004	- Signatory Director - Managing Director/ - Signatory Director - Managing Director/ - Chairman of Risk Committee - Director/Vice President	Company Limited Pato Crop Care Co., Ltd. Listed Company Pato Chemical Industry Plc. Pato Chemical Industry Plc. Pato Chemical Industry Plc. Directorship : 34 Years


Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/ Type of Business
Mr. Surachai Choengvivatkit 	74	DAP 36/2005 from IOD Secondary School (M.S. 3)	3,471,350 Shares represents 2.44% No change during the year	-	2011 - Present 1989 - Present 1973 - Present 1973 - Present	- Director - Managing Director - Managing Director - Director	Company Limited Pato Crop Care Co., Ltd. Senta Quilting Ltd. Part. Tang Jin Yoo Shop Listed Company Pato Chemical Industry Plc. Directorship : 49 Years
Mr. Suvit Wesaratchawest 	71	DAP 2019 from IOD Mini MBA, Thammasart University	2,194,000 Shares or 1.54% No change during the year	-	2011 - Present 1995 - Present 1983 - Present 1992 - Present	- Signatory Director - Director - Director - Signatory Director	Company Limited Pato Crop Care Co., Ltd. Sahawat Enterprise Co., Ltd. Kentex Properties Co., Ltd. Listed Company Pato Chemical Industry Plc. Directorship : 30 Years

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
Mrs. Wantana Pojanalai 	69	DAP 36/2005 from IOD Diploma, Silom Panichayakarn College	7,000,000 Shares represents 4.92% No change during the year	-	2011 - Present 1983 - Present 1983 - Present 2005 - Present	- Signatory Director - Executive Director - Executive Director - Signatory Director	Company Limited Pato Crop Care Co., Ltd. Asia Mineral Processing Co., Ltd. Kentex Property Co., Ltd. Listed Company Pato Chemical Industry Plc. Directorship : 18 Years
Ms. Ratchanee Trillit 	51	DAP 36/2005 from IOD The Journey of Family Business 2018 “Strengthening Good Corporate Governance by Audit Committee & Independent Director : Experience from Fraud cases” 2021 “Inclusive Leadership Means Better Business” 2022 Master of Arts in Philosophy, The Graduate Faculty of Political and Social Science, New School University, New York, USA Certificate in English Language Teaching (ELT), Department of English Language Studies, New School University, USA Bachelor of Arts in Sociology, The New School for Social Science, New School University, USA	11,500,000 Shares represents 8.08% No change during the year	Mr.Metha Trillit’s Daughter and Dr.Viwat Trillit’s Sister	2011 - Present 2002 - 2011 2009 - 2013 2014 - Present 2004 - Present	- Director - Special Instructor - Special Instructor - Special Instructor - Director	Company Limited Pato Crop Care Co., Ltd. Faculty of Social Science/ Department of Sociology Srinakharin Wirot University Faculty of economics/ International College, Thammasat University Faculty of Social Science/ Mahidol University International College Listed Company Pato Chemical Industry Plc. Directorship : 19 Years




Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
Ms. Charina Pojanalai 	48	Bachelor of Science Program in Statistics, King Mongkut's Institute of Technology Ladkrabang MBA Mercer University Atlanta, Georgia, USA	2,000,000 share No Change during the year	Daughter of Mrs. Wantana Pojanalai	2009 - Present 2007 - Present 2008 - 2009 2004 - 2008 2001 - 2004 2022 - Present	Sales and Marketing Director Director Assistant Manager - Acquisition MIS / Analysis and Process Management Information System Manager Account Manager Director	Company Limited Asia Mineral Processing Co., Ltd Asia Mineral Processing Co., Ltd American Express (Thai) co. Ltd. Thailand Privilege Card Co., Ltd. (Thailand Elite) NCR (Thailand) LTD Listed Company Pato Chemical Industry Plc. Directorship : 1 Year
Mr. Lertchai Leelayonkul 	84	Director Certification Program and Audit Committee Program from IOD. "Strengthening Good Corporate Governance by Audit Committee & Independent Director :	- share No change during the year	-	2011 - Present 2004 - Present 1997 - Present 1979 - Present 2014 - Present	Independent Director Director Director Director Risk Committee	Company Limited Pato Crop Care Co., Ltd. Boonsangthai Co., Ltd. L.A Holdings Co., Ltd. Kaitas Development Co., Ltd Listed Company Pato Chemical Industry Plc.

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
		Experience from Fraud cases”2021 2021 “Roles and Duties of the Audit Committee in Good Corporate Governance” 2022 “Easy listening: Accounting knowledge that AC should not miss.” Master of Economics NDSU USA Bachelor in Economics Thammasat University		-	1997 - Present 1993 - Present	Chairman of Audit Committee Independent Director	Pato Chemical Industry Plc. Pato Chemical Industry Plc. Directorship : 30 Years
Mr. Chaiwat Chandarasrivongs 	86	DAP 36/2005 from IOD Audit Committee Program of IOD 2021 “Roles and Duties of the Audit Committee in Good Corporate Governance” 2022 “Easy listening: Accounting knowledge that AC should not miss.”	- share No change during the year	-	2011 - Present 2002 - 2003 2001 - 2002 1995 - 1996	Director Advisor Advisor Inspector General	Company Limited Pato Crop Care Co., Ltd. Minister of Education Ministry Mr. Pongphol Adireksarn Minister to the Office of the Prime Minister (Prof. Dr. Krasae Chanawongse) Ministry of Agriculture and Co-operative

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
		M. Sc. in Plant Pathology & Mycology, University of London - D.I.C. Imperial College - B. Sc. In Botany, Chulalongkorn University			2014 - Present 1997 - Present 1993 - Present	Risk Committee Audit Committee Independent Director	Listed Company Pato Chemical Industry Plc. Pato Chemical Industry Plc. Pato Chemical Industry Plc. Directorship : 30 Years
Mr. Sahai Supsoontornkul 	81	- DAP and DCP from IOD - Bachelor of Law Thammasart University - Thai Barrister Bar Association - Certificate Royal Thai Army War College - Certificate National Defense College NDC class 368 - Certificate Executive Leadership Program National Institute of Development Administration (NIDA)	- share No change during the year	-	2011 - Present Present Present Present 1994 - 2002 2000 2009 - Present 2003 - 2007	Director Dean Vice President Evaluation and Audit Committee Deputy Attorney-General Committee of the Office of the Attorney-General (Committee7) Independent Director President	Company Limited Pato Crop Care Co., Ltd. Faculty of Law, Ratana Bundit University Tapee College, Suratthani Labor Ministry Public Company Limited Office of the Attorney-General Office of the Council of State Listed Company Pato Chemical Industry Plc. Directorship : 14 Years Shun Thai Rubber Gloves Industry Plc.

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
Mr. Cheng Ming Chang Thai Nationality 	74	DAP 2019 from IOD 2021 “Roles and Duties of the Audit Committee in Good Corporate Governance” Master Degree Department of Agricultural Education National Chung Hsing University, Taiwan	- share No change during the year	-	Present	Highest Agricultural Consultant	Company Limited TCC Groups
					Present Present Previous	President Member 30 th , 32 nd Vice Chairman 25 th President 5 th Chairman 17 th , 19 th Representative Inspector President Member	Kun Sun Machinery Co., Ltd. - Thailand’s Northern Taiwanese Chamber of Commerce - Thailand Taiwan Association - The Chinese Association in Thailand (Chong Hua) - Thailand Asian World Chinese Business Association of Economic and Trade - Party Congress of the Chinese Nationalist Party Congress - Thai-Chinese International School Board - Thai-Chung Hsing University Alumni of Chung Hsing University - China Youth Corps for Thailand - Overseas Chinese Listed Company Pato Chemical Industry PCL. Directorship : 4 Years
					2019-Present	Independent Director	

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
Mr. Visut Vanijcharoenkarn 	62	M.B.A in Finance, Bangkok University Bachelor in Accounting, Ramkamhaeng University - CFO Refresher 3/2022; “Sustainable Business Operations (ESG) Issues Related to Listed Companies’ Operational Strategy, Disclosure and Financial Reporting” - Summary of TFRS that have changed and are effective in 2023 - Disclosure for Company Operations Analysis (MD&A) - Summary of important issues and problems encountered in the practice of TFRS 9, TFRS 15 and TFRS16 - Tax Issues for Pro- fessional Accountants in 2022	- Share No change during the year	-	2017 - Present 2014 - Present 1987 - 2016	Chief Financial Officer Risk Management Committee Accounting Manager	Pato Chemical Industry Plc. Pato Chemical Industry Plc Pato Chemical Industry Plc.

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
Mr. Sayan Wan-Aree 	55	B. Sc. Faculty of Education-Agriculture, Kasetsart University	- Share No change during the year	-	2015 - Present 2007 - 2015 1997 - 2007	Marketing Manager Acting Research and Development Manager Risk Management Committee Sales Manager Sales Representative	Pato Chemical Industry Plc. Pato Chemical Industry Plc. Pato Chemical Industry Plc.
Mr. Wongtawan Duchanee 	53	B Sc. Faculty of Animal Science, King Mongkut's Institute of Technology Lat Krabang	- Share No change during the year	-	2016 - Present 1993 - 2015	Product Manager- Repacking Business Sales Representative	Pato Chemical Industry Plc Pato Chemical Industry Plc
Mrs. Parichart Manuthasna 	62	M.B.A. Sukhothai Thammathirat Open University B.A. Faculty of Arts Chulalongkorn University Corporate Secretary Development Program 8 th	300,370 Shares represents 0.21% No change during the year	-	2014 - Present 2007 - Present 1987 - Present	Risk Management Committee Company Secretary Office Manager	Pato Chemical Industry Plc Pato Chemical Industry Plc Pato Chemical Industry Plc

Name	Age	Education	Percentage of Shares	Relation Between Management	5 Years Experiences		
					Duration	Position	Company/Type of Business
		Faculty of Commerce and Accountancy, Chulalongkorn University 2022 - Inclusive Leadership Means Better Business - Training and preparation for greenhouse gas emission report for listed companies - Training on business and human rights and guidelines for 56-1 One Report - Change for sustainability with One Report					



Prominent Directors and Independent Directors

Independent directors of 4 persons, namely Mr. Lertchai Leelayanakul, Mr.Chaiwat Chandarasrivongs, Mr.Sahai Supsoontornkul and Mr. Cheng Ming Chang are neither the company's executive nor employee who receives salary from the company or its group. They are independent from major shareholders and are well capable to protect the benefits of minority shareholders. They are not current shareholders of the company.

Qualifications of the Management

- Pato Chemical Industry PLC. verifies that all of its directors and executives are well qualified by the Public Company Act clause 68, Securities Act clause 89/6, and the announcement of Capital Market Supervisory Board Notification No. Tor Jor 24/2009 regarding directors and executive officers of the issuing company clause 3.

Record of Unlawful Conduct

During the past 10 years prior to the submission of approval, all of the company's directors and executives has no criminal records of insolvent or unlawful conduct related to assets or misconduct according Stock Exchange of Thailand Act B E 2535. There are not currently having any lawsuits pursuing in court.

Loans between the company and its management or affiliated companies

- None -

Information about Chief of Internal Audit

Name: Navaporn Pohthai

Qualifications

Miss Navaporn has knowledge, expertise and experiences including consulting services on the review and design of financial accounting, cost accounting, internal auditing and operating systems, both manual and package software. In addition, her experiences also include giving advices for computer software development for offices; providing advices and training for operators and users of computer software; preparing the report on the demand of computer software for financial and banking system; and giving advices on ISO 9000 quality management system including auditing in industrial, retail, and service businesses, as well as financial institutions and state enterprises.

Experiences

Year	Name	Position	Details
2009-Present	Pato Chemical Industry Public Company Limited	Internal Auditor	Internal control system review to present to the company's auditing committee
2013	The Association of Thai Securities Companies	Project Consultant	Design and install ERP and SAP Business One software
2012	Lamination (Thailand) Co., Ltd.	Project Consultant	Design and install ERP and SAP Business One software
2012	Nippon Steel Galvanizing (Thailand) Co., Ltd.	Project Manager	Design and install ERP and SAP Business One software
2010	Don Muang Tollway Public Company Limited	Project Manager	Design and install ERP and SAP Business One software
2009	Kiatnakin Bank Public Company Limited	Project Manager	Design and install ERP and SAP Business One software
2010	Kiatnakin Bank Public Company Limited	Consultant	Consultant for preparing program for purchasing and crediting
2009	Nathalin Group	Chief Consultant	Preparing working manual for 4 groups - personnel management, inventory, safety and maintenance
2009	Nanmeebooks Co., Ltd.	Consultant	Design working process for financial accounting system

Year	Name	Position	Details
2007	Thailand Tobacco Monopoly	Chief Consultant	Design cost accounting system for Thailand Tobacco Monopoly
2007	Nanmeebooks Co., Ltd.	Consultant	Design working process for financial accounting system
2007	Mappoint Co., Ltd.	Co consultant	Review project management process

Review services for internal control system from 1991-2007

- Eternity Transport 2002 Co., Ltd. (Company)-Evaluating the internal control system in order to be listed on the Stock Exchange of Thailand
- City Steel Public Company Limited-Reviewing internal control system and designing internal audit system
- The Mae Fah Luang Foundation-Doi Tung Development Project
 - ✓ Reviewing and designing internal control system and operational process
 - ✓ Reviewing and designing cost accounting system
 - ✓ Preparing financial statement and financial report system for the management
- The Electricity Generating Authority of Thailand (EGAT)-Evaluating EGAT in accordance with Good State Enterprise Project, including the study and development of target and variable of operational evaluation
- Provincial Electricity Authority (PEA)-Designing internal control system for construction and maintenance unit
- Aromatics (Thailand) Public Company Limited-Designing, developing and operating trial on internal audit system
- Amarin Printing and Publishing Public Company Limited-Reviewing, giving advices on purchasing process, stock and distribution system and implementing computer software for the working system
- S.C. Standard Co., Ltd.-Reviewing and giving advices on working system development

Designing services for accounting and operating system from 1991-2007

- Dusit Thani Hotel-Designing revenue, debtor, budget and accounting system
- Bangkok Metropolitan Administration-Designing computer software for 6 working systems -revenue, budget, finance, accounting, personnel and payroll
- The Chulalongkorn University Book Center-Designing working process and accounting system for implementation and guidelines for book system program development
- Navanakorn Co., Ltd.-Developing and designing working steps and process for revenue and purchasing

- Thai Industrial Standards Institute-Consulting and training services for ISO 9000 quality management system for small businesses
- The Communications Authority of Thailand-Developing and designing financial accounting system in details on computer software for telecommunications business
- General Engineering Public Company Limited: Platinum Developing and designing financial and cost accounting system for concrete product manufacturing business on Platinum program
- SSUP (1991) Co., Ltd.: Developing and designing financial accounting system on Platinum program
- Thai Carbon Product Co., Ltd.: Developing and designing financial accounting system on Platinum program
- LPN Plate Mill Co., Ltd.: Developing and designing financial accounting system
- Country (Thailand) Public Company Limited: Developing and designing financial accounting system
- Thai Melon Textile Co., Ltd.: Developing and designing financial accounting system on Platinum program
- Srinakorn Karnyotha Public Company Limited : Developing and designing financial accounting system on Platinum program

Education

Year	Degree / Certificate	Educational Institution
2004	Certificate for Taxation Course	University of the Thai Chamber of Commerce
2000-2002	Master of Accountancy	Kasetsart University
1987-1990	Bachelor of Accountancy	Thammasat University
1996 -Present	Certified Public Accountant (Thailand)	

Experiences

Year	Position	Company
Present	Consulting Director	Kernel Consulting Co., Ltd.
2007-2010	Independent Consultant	-
2005-2006	Senior Manager	BT Business Consulting Co., Ltd.
2004	Manager	KPMG Phoomchai Business Advisory Ltd.
2001-2004	Manager	Arthur Andersen Consulting Co., Ltd.
1997-2000	Assistant Manager	SGV Na Thalang Co., Ltd.
1991-1996	Consultant	SGV Na Thalang Co., Ltd.



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