

Ref: PCL 2020/018

November 14, 2020

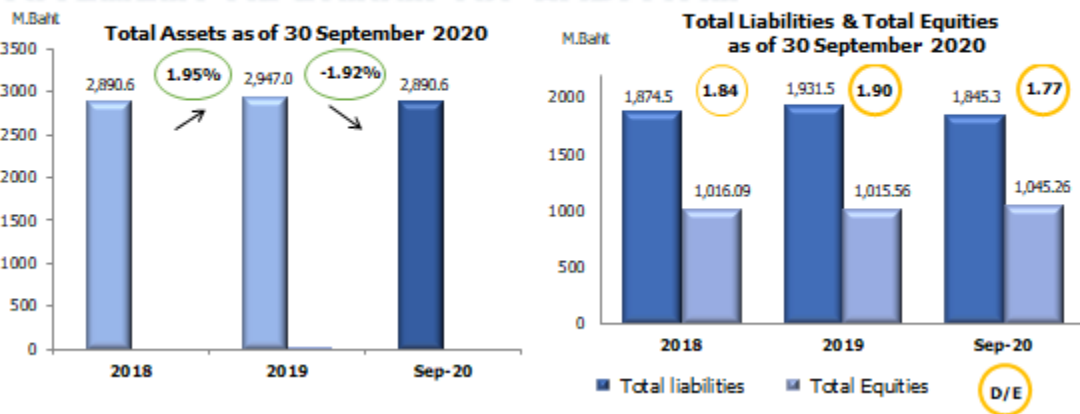
Subject: Management Discussion and Analysis for the 9-month period ended 30 September 2020

To: The President of the Stock Exchange of Thailand

Panjawattana Plastic Public Company Limited and its subsidiaries ("the Company") would like to clarify herewith the financial position and operating result for the 9-month period ended 30 September 2020 as follows:-

**Financial Position**

**STATEMENT OF FINANCIAL POSITION**



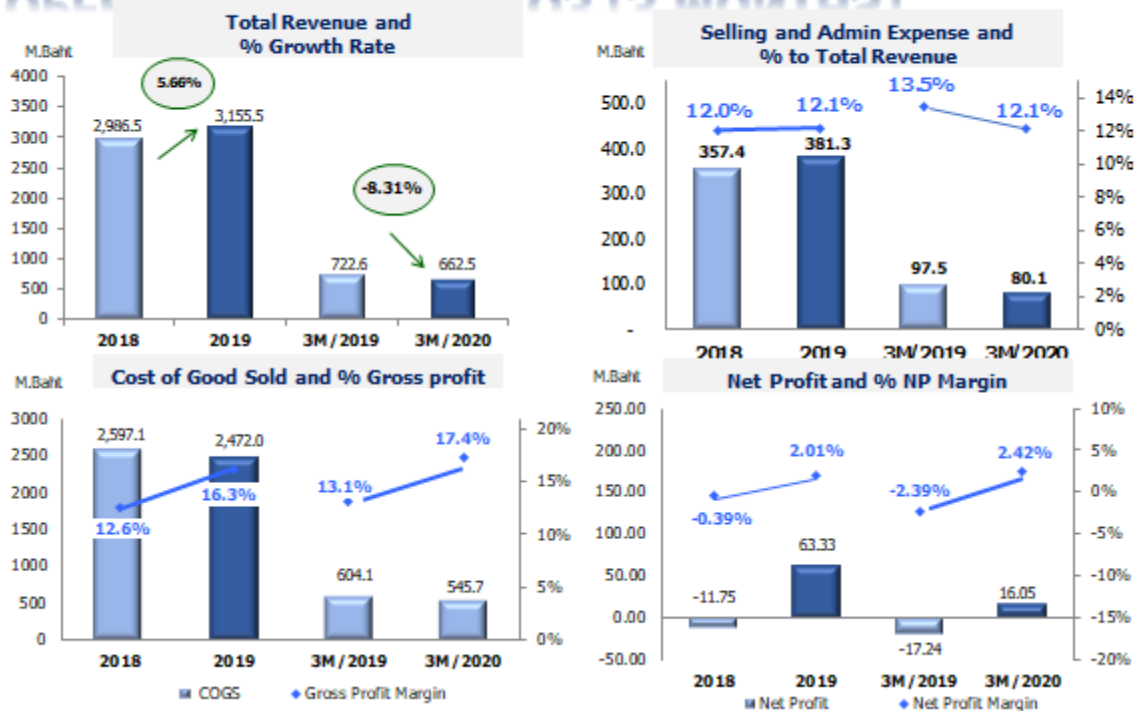
As at 30 September 2020, total consolidated assets of the Company and its subsidiary reduced by 56.45 million baht or 1.92% compare to the previous year, which was a decrease from current assets of 153.38 million baht, most of which were trade receivables amount of 105.64 million baht due to lower sales from the COVID-19 situation. Next, the inventories decreased by 81.46 million baht due to the company managed the inventory level appropriately to reduce storage costs and reduce the burden of working capital. In addition, unbilled income for project work decreased by 33.82 million baht from payments. While cash and cash equivalents increased by 71.28 million baht. In terms of non-current assets, an increase of 96.92 million baht, mainly due to an increase in the right to use assets of 83.13 million baht from the adoption of TFRS 16 on lease agreements since the beginning of the year, while property, plant and equipment decreased 1.04 million baht. During this year, the Company and its subsidiary acquired new fixed assets amounting to 135.46 million baht in which derived from purchase of land and factory building from related person for the subsidiary's lease for operation amounting to 60.34 million baht. The other acquisitions were for the replacement of old assets and for the efficiency improvement. In addition, other non-current assets increased 11.08 million baht mainly from mold to be amortized of new model increase.

As of September 30, 2020, the consolidated financial statements of the Company and its subsidiaries had a decrease in total liabilities of 86.16 million baht or decreased 4.46% compared to the previous year, due to a decrease from current liabilities amount of 218.76 million baht due to the decrease in raw material purchases in line

with sales volume and the adjustment of loan portfolio from short-term to long-term. As a result, non-current liabilities increased of 132.60 million baht. The Company's debt to equity ratio as at 30 September 2020 is 1.77 times. (as at 31 December 2019 is 1.90 times).

### Operating result

## OPERATING RESULT: Q3 (3 MONTHS)

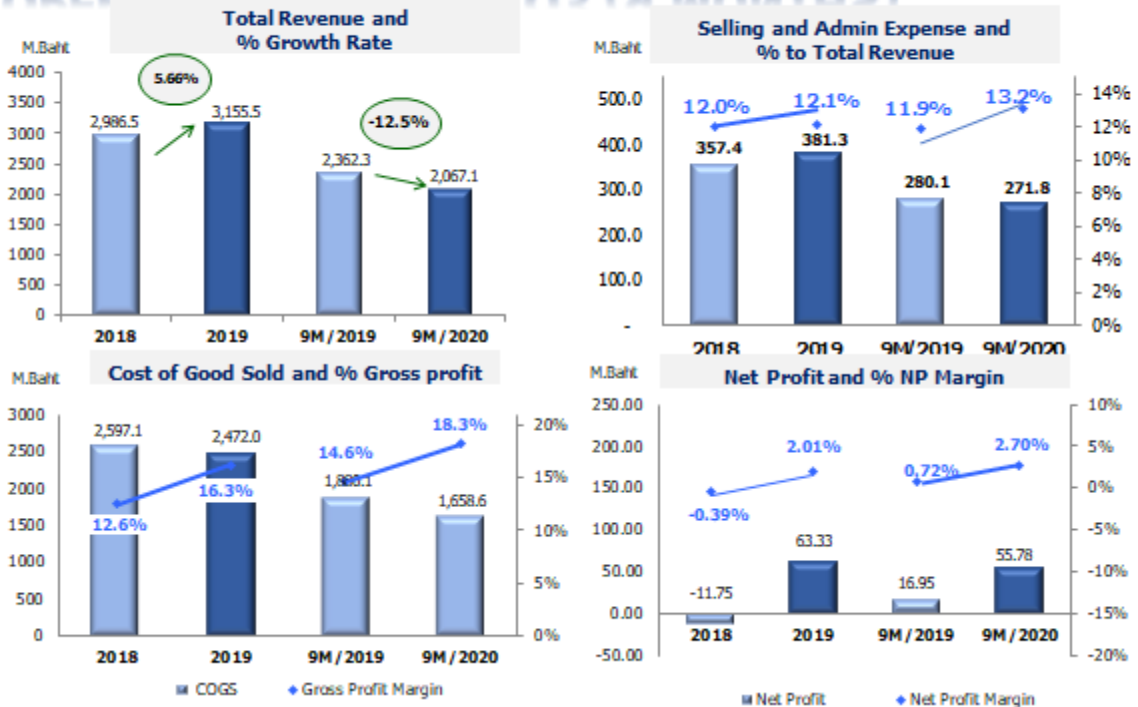


The consolidated net profit of the Company and its subsidiary for the period 3-month ended 30 September 2020 was 16.05 million baht, increased compare with same quarter of last year. The main reasons were as follows:-

1. Total revenues decreased 60.06 million baht or 8.31%, as sales revenue decreased 35.08 million baht due to the COVID-19 situation affecting the auto parts industry and the plastic packaging for lubricants. However, the packaging of milk and yogurt was slightly affected and continued to grow from the dairy export market. While sales in China has recovered back since the beginning of the second quarter. In addition, the company recognized the revenue from project work decreased by 28.56 million baht since most of the work was completed since last year and nearly to the end of the project.
2. The consolidated gross profit margin was 17.4%, increased from the previous year at 13.1% since the company has control of production costs that make the production process more efficient as a result of good cooperation from customers, partners and employees in communicating information to make advance planning that makes cost effective.
3. The consolidated net profit was 2.42%, increased from last year at net loss 2.39%. The main factor is the control of production costs, improving the gross margin and control costs of selling and administrative.

**Operating result**

## OPERATING RESULT: Q3 (9 MONTHS)



The consolidated net profit of the Company and its subsidiary for the period 9-month ended 30 September 2020 was Baht 55.78 million, increased compare with same quarter of last year. The main reasons were as follows:-

1. Total revenues decreased 295.19 million baht or 12.50%, as sales revenue decreased 170.86 million baht. In the first quarter, the Company had sales growth of 54.13 million baht but since the second quarter there has been the COVID-19 situation affecting the auto parts industry and the plastic packaging for lubricants. However, the packaging of milk and yogurt was slightly affected and continued to grow from the dairy export market. In China, the first quarter, was hit by the COVID-19 situation but began to recover from the beginning of the second quarter. In addition, the company recognized the revenue from project work decreased by 130.44 million baht since most of the work was completed since last year and nearly to the end of the project.
2. The consolidated gross profit margin was 18.3%, increased from the previous year at 14.6%. In the first quarter, the Company had gross profit margin at 20.2% but in the second and the third quarter, the Company faced the COVID-19 situation but the company was able to control of production costs that make the production process more efficient as a result of good cooperation from customers, partners and employees in communicating information to make advance planning that makes cost effective. As a result, the gross profit margin just slightly reduced from the first quarter. Moreover, during the third quarter of year 2019, Jiangsu plant had loss from early stage of mass production of new products. However, the problem was resolved at the end of the last year, therefore, this year's gross profit was better than same period of last year.

3. The consolidated net profit was 2.70%, increased from last year at net profit 0.72%. The main factor is the control of production costs, improving the gross margin and control costs of selling and administrative.

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary