

August 11<sup>th</sup>, 2021

Subject: Management Discussion & Analysis (MD&A) for the 2<sup>nd</sup> quarter of 2021  
Attention: The President  
The Stock Exchange of Thailand

The Company wishes to present the Management Discussion & Analysis (MD&A) on the operating and financial status for the 2<sup>nd</sup> quarter of 2021. The MD&A would enable the investors to better understand the Company and its subsidiary's 2<sup>nd</sup> quarter of 2021 reviewed financial statements.

### **An Analysis of Performance** \*

#### Analysis of Income

The Company and its subsidiary recorded the total revenues of 6,489 MTHB of which 6,445 MTHB earned from sales revenues. Sales revenues rose significantly by 2,873 MTHB or 80.4%, compared to prior-year quarter, derived particularly from continued increase in average selling price and growth in sales volume of Caustic Soda and Epichlorohydrin. The selling price increased across all the products primarily due to higher price of raw materials and limited supply availability, especially for PVC and Epichlorohydrin. Volume growth was mainly from demand improvement of Caustic Soda and Epichlorohydrin resulting from ongoing global economic recovery led by major advanced economies, in spite of concerns on resurgence of COVID-19 infections in many countries around the world.

#### Analysis of Cost and Expenses

1. In Q2 2021, Cost of sales was 3,912 MTHB, increased by 1,004 MTHB comparing to Q2 2020 or 34.5% due to the drastic increase in Ethylene and Glycerin price from supply shortages.
2. In Q2 2021, Distribution cost and Administrative expenses was 356 MTHB, increased by 36 MTHB or 11.2% comparing to Q2 2020 primarily due to higher transportation costs which led by increase of export sales volume and surging freight rate.
3. The company and its subsidiary recorded tax expense of 400 MTHB, increased by 327 MTHB comparing to Q2 2020 which mainly from higher earnings before tax and reversal of deferred tax assets due to utilization of unused tax losses brought forward from previous year.

\* Note Please find further information in the consolidated financial statements.

### Summary of Performance

For Q2 2021, the Company and its subsidiary recorded net profit of 1,789 MTHB, increased by 1,482 MTHB or 481.6% as compared to the same period last year. The increment was mainly attributed to the improved products' spread margins, particularly PVC and Epichlorohydrin's spread due to tight supply in the market.

### Financial Ratios

	<u>Q2 2021</u>	<u>Q2 2020</u>
Gross profit margin	39.3%	18.6%
Net profit margin	27.6%	8.5%
Debt to Equity ratio	0.18	0.18
Earnings per share	1.51	0.26
ROA	31.1%	6.1%
ROE	29.7%	5.6%

Gross profit margin	=	Gross Profit (Total Sales – Costs of Sales) to Sales
Net profit margin	=	Net Profit to Total Revenues
Debt to Equity	=	Total Liabilities to Total Equity
Return on Assets (ROA)	=	Profit before financial costs and income tax to average Total Assets
Return on Equity (ROE)	=	Net Profit to average Total Equity

Yours faithfully,

(Mr. Hiroaki Sano)  
Managing Director

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