



บริษัท ปาโตเคมีอุตสาหกรรม จำกัด (มหาชน)
PATO CHEMICAL INDUSTRY PUBLIC CO., LTD.

Pato Building, 3388 New Petchburi Road, Huaykwang, Bangkok 10310, Thailand.
Tel: (+662) 318-0360, 318-5612 Fax: (+662) 318-0367 E-mail: pato1@cscoms.com

August 13, 2021

President

The Stock Exchange of Thailand

The consolidated financial statement of Pato Chemical Industry Plc. and its subsidiary for Q2/2021 and 6-month-period ended June 30, 2021 operational result are as follows:

Unit : Million

	Comparison Q2/2021 and Q2/2020			Comparison 6-Month Period 2021 and 2020		
	Amount	Increase (Decrease)	% Change	Amount	Increase (Decrease)	% Change
Total sales	214.45	33.72	18.66	341.37	59.28	21.01
Cost of Sales	136.19	6.84	5.29	223.98	13.26	6.29
Gross Profit	78.26	26.88	52.31	117.39	46.02	64.47

Main reasons for the above 3-month and 6-month performance are as follows:

1. Drought situation despite higher rainfalls compared to last year, the water level in the irrigation dams was still insufficient for cultivation. However, farmers in many areas have dredged the underground water to alleviate the drought, especially in the lower north region, thus, making it possible to grow rice in many areas. The demand for products in the market increased for all types of agrochemicals used in rice.
2. Outbreaks of rice blast disease in paddy fields as well as the outbreak of mite in fruit crops especially durians that have been exported to China under the FTA agreement signed between Thailand and China.
3. Short supply of some products as a result of the pandemic of COVID-19 which caused the production and transportation of goods from China and India to be delayed and led to the failure to meet the market demand. The production capacity reduced and sales of some products thus decreased.
4. Price competition intensity in the market has decreased compared to last year due to the increasing market demand. However, there are still some products for plantation crops that need



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to be sold at price lower than cost in order to maintain market share, resulting in some loss from sales and stock revaluation in this quarter.

5. Consequences of the COVID-19 outbreak causing the movement of labor back to the agricultural sector.

The above factors result in total sales and gross profit of Q2/2021 and 6-month-period to increase. The cost of sales increased but the rate of increase is lower than the rate of increase in sales, consequently, gross profit margin increased by 52.31% and 64.47% respectively.

Unit : Million Baht

	Comparison Q2/2021 and Q2/2020			Comparison 6-Month Period 2021 and 2020		
	Amount	Increase(Decrease)	% Change	Amount	Increase(Decrease)	% Change
Gain from Investment	1.65	(1.66)	(50.25)	5.21	5.46	2,143.68
Forex Gain (Loss)	(1.31)	(4.07)	(147.71)	(4.33)	(4.60)	(1,709.64)
Other Revenue	0.08	0.06	280.85	0.09	0.04	87.24

Income from investments decreased in Q2/2021 due to volatile stock market condition with slightly increasing SET index during the second quarter. SET index as of end of Q2 is 1,587.79 which is higher than the closing SET index as of March 31, 2021 of 1587.20 or an increase of 0.59 points, in line with global market. This was the impact of the epidemic of COVID-19 situation, the income from investments, which is mainly profits from sale of investments, unrealized capital gain occurred from changes in investment value saw a decrease while the dividend received saw an increase. The Company has the policy to minimize forex risk exposure from fluctuations of depreciated baht with forward contracts and T/R arrangements, but still resulting in an increase of forex loss. Other income increased from the selling of old vehicle.

Income from investments decreased for 6-month period of 2021, due to volatile stock market condition with increasing SET index for the period, with the SET index as of June 30, 2021, closed at 1,587.79 points, an increase from the closing on December 31, 2020 of 1,449.35 points, an increase of 138.44



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points. Net investment income, mainly from profit from sales of investments, unrealized capital gain from equity investments decreased. Dividend received also sees an increase. The Company has the policy to minimize forex risk exposure from fluctuations of depreciated baht with forward contracts, but still resulting in an increase of forex loss. Other income increased from the selling of old vehicle.

Unit: Million Baht

	Comparison Q2/2021 and Q2/2020			Comparison 6-Month Period 2021 and 2020		
	Amount	Increase(Decrease)	% Change	Amount	Increase(Decrease)	% Change
Cost of sales	10.84	3.08	39.65	16.60	3.35	25.24
Administrative Cost	10.75	0.98	10.01	20.29	2.50	14.08
Financial Cost	0.08	0.01	15.01	0.13	(0.01)	(44.92)
Income Tax	10.94	2.86	35.48	15.45	7.30	89.52

Selling Expenses in Q2/2021 sees an increase. The increase in sales is from the uprising in market demand. Price competition decreased in intensity according to market condition to maintain market share. Selling expenses increased at a higher rate than the increase in sales such as sales promotion, commission, and transportation expenses. Administrative expenses see an increase on employee benefits.

Similarly, the selling expenses for 6-month period of 2021 increased. The increase in sales was from the increase in market demand. Price competition decreased in intensity according to market condition to maintain market share. Selling expenses increased at the higher rate than the increase in sales such as sales promotion, commission, and transportation expenses. Administrative expenses see an increase on employee benefits while it was significantly decreased during last year.

Financial Cost of Q2/2021 shows an increase from higher T/R payoff compared to Q2/2020. The fluctuation of baht caused the company to wait for favorable timing and opportunity to cover forex risk exposure with forward contracts to avoid impact from the currency exchange rate fluctuation. In addition, T/R interest rate was lower compared to the previous year, led to the decrease in interest expenses.

Financial Cost for 6-month period of 2021 shows a decrease from lower T/R payoff compared to the previous year. The fluctuation of baht caused the company to wait for favorable timing and opportunity to cover forex risk exposure with forward contracts to avoid impact from the currency exchange rate fluctuation.



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In addition, T/R interest rate decreased compared to the previous year, led to the decrease in interest expenses.

Income Tax for Q2/2020 and the 6-month period increased from the increase in sales revenue. However, the increase in cost of sales was lower than the increase in sales revenue, as a result, profit before tax was increased y-o-y.

From the reasons mentioned above, the company sees a net profit for Q2/2021 and 6-month period of 2021 ended June 30, 2021 of 46.07 and 65.88 million baht, an increase of 14.27 million baht and 33.87 million baht or a difference of 44.90% and 105.83% y-o-y respectively.

Unit: Million Baht

	Comparison Ended June 30, 2021 and December 31 2020		
	Amount	Increase (Decrease)	% Change
Total Assets	684.91	75.96	12.47
Total Liabilities	169.80	83.33	96.37
Shareholders' Equity	515.11	(7.37)	(1.41)

Total assets decreased from the change in cash while cash equivalents increased, and other current financial assets decreased. Account receivables and other receivables increased. Inventories increased due to the increase in sales. The purchase of raw materials also increased to be at appropriate quantity for production to meet market demand in the next quarter. Additionally, an increase in other non-current financial assets was from the difference of fair value due to the upward trend of stock market from the beginning of 2021, and thus resulting in the decrease in deferred tax. Intangible assets were reduced due to the write-offs.

Total liabilities show an increase from short-term loan from financial institutions due to the increase of raw materials purchasing. Because of the fluctuation of baht exchange rate with depreciated baht, the company have to cover the exposure with forward contract and T/R arrangement to mitigate the impact of volatility of forex, and the decrease rate of T/R interest led to longer T/R payoff to wait for favorable timing and opportunity PATO to cover the exposure in order to minimize impact from the currency exchange rate fluctuation. Account payables and other current payables increased from the purchase of raw materials and packing materials domestically and imported raw materials purchased with credit terms and no T/R required, led to an increase of current liabilities. In addition, an increase in the provision for retirement benefits by



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revaluation resulted in an actuarial loss of 3.52 million baht. Service cost and interest also resulted in an increase in total liabilities.

The decrease in shareholders' equity are from dividend payment. Although performance of the company and its subsidiary yielding much higher net profit compared to the previous year, and other items of shareholders' equity which are realized gain on other non-current financial assets of 1.03 million baht and the unrealized gain from other non-current financial assets from the adjustment of the fair value by quarter-end.

The company has a strong financial structure with a current ratio of 3.89 and debt-to-equity ratio of 0.33.



Yours faithfully,

(Metha Trillit)

President