

November 10th, 2021

Subject: Management Discussion & Analysis (MD&A) for the 3rd 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 3rd quarter of 2021. The MD&A would enable the investors to better understand the Company and its subsidiary's 3rd quarter of 2021 reviewed financial statements.

An Analysis of Performance *

Analysis of Income

The Company and its subsidiary recorded the total revenues of 7,608 MTHB of which 7,480 MTHB earned from sales revenues. Sales revenues grew drastically by 3,362 MTHB or 81.7%, comparing to the same period of the year 2020, mainly driven by increases in both sales volume and the average selling price. The overall sales volume increased contributed to growth in demand for PVC and Caustic Soda due to continued global economic recovery and ease of COVID-19 restrictions that help boost industrial activities and consumptions. The average selling price of all the products continued its ascent, particularly for PVC and Epichlorohydrin, following the significant rise of raw materials price and global supply constraints from natural disasters. In addition to these factors, Thai baht depreciation against US dollar also had an impact on the selling price increases.

Analysis of Cost and Expenses

1. In Q3 2021, Cost of sales was 4,729 MTHB, increased by 1,262 MTHB comparing to Q3 2020 or 36.4%. The increase was primarily the result of higher sales volume and the substantial increase of Ethylene and Glycerin price from tight supply and higher crude oil price.
2. In Q3 2021, Distribution cost and Administrative expenses was 449 MTHB, increased by 167 MTHB or 59.2% comparing to Q3 2020 mainly due to higher transportation costs and as a consequence of higher volume of export sales and soaring freight rate.
3. The company and its subsidiary recorded tax expense of 301 MTHB, increased by 264 MTHB comparing to Q3 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 Q3 2021, the Company and its subsidiary recorded net profit of 2,083 MTHB, increased by 1,728 MTHB or 487.7% as compared to the same period of previous year. The increase was mainly owing to an increase of sales volume as mentioned above together with higher products' spread margins despite the rising costs of raw materials, especially in PVC and Epichlorohydrin's spread as supply remained tense amid ongoing logistics disruptions globally.

Financial Ratios

	<u>Q3 2021</u>	<u>Q3 2020</u>
Gross profit margin	36.8%	15.8%
Net profit margin	27.4%	8.5%
Debt to Equity ratio	0.16	0.18
Earnings per share	1.76	0.30
ROA	32.1%	6.3%
ROE	32.7%	6.5%

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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