



บริษัท ปาโตเคมีอุตสาหกรรม จำกัด (มหาชน)

PATO CHEMICAL INDUSTRY PUBLIC CO., LTD.

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November 12, 2021

President

The Stock Exchange of Thailand

The consolidated financial statement of Pato Chemical Industry Plc. and its subsidiary for Q3/2021 and 9-month-period ended September 30, 2021 operational result are as follows:

Unit : Million

	Comparison Q3/2021 and Q3/2020			Comparison 9-Month Period 2021 and 2020		
	Amount	Increase (Decrease)	% Change	Amount	Increase (Decrease)	% Change
Total sales	138.37	(32.10)	(18.83)	479.74	27.18	6.01
Cost of Sales	90.78	(17.31)	(16.01)	314.75	(4.04)	(1.27)
Gross Profit	47.59	(14.80)	(23.72)	164.99	31.22	23.34

Main reasons for the above 3-month and 9-month performance are as follows:

1. The drought caused the water level in the main irrigation dams to be insufficient for cultivation. Although the amount of rainfall during the first 6 months was higher compared to last year, the rainfall slowed down drastically in July and August. Farmers in some areas have dredged groundwater to alleviate drought. Then during September, Thailand encountered several storms, causing severe flooding in many provinces in the northeast, the lower north and the central region, where mostly are agricultural areas. Agricultural produces have been damaged. Farmers were unable to cultivate. The demand for agrochemical products in the market is therefore reduced. These factors led to a decrease in sales of all types of products, especially products used in rice fields.
2. 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.
3. Price competition intensity in the market has increased compared to last year due to the decreasing 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.

The above factors result in total sales and gross profit of Q3/2021 to decrease and 9-month-period to increase. The cost of sales increased but the rate of decrease is lower than the rate of decrease in sales, consequently, gross profit margin of Q3/2021 decreased by (23.72%) and 9-month-period increased by 23.34% respectively.

Unit : Million Baht

	Comparison Q3/2021 and Q3/2020			Comparison 9-Month Period 2021 and 2020		
	Amount	Increase(Decrease)	% Change	Amount	Increase(Decrease)	% Change
Gain from Investment	1.85	2.52	373.80	7.06	7.98	865.42
Forex Gain (Loss)	(4.28)	(3.83)	851.18	(8.61)	(8.43)	4,660.36
Other Revenue	0.01	(0.05)	(77.24)	0.10	0.002	(1.70)

Income from investments decreased in Q3/2021 due to volatile stock market condition with increasing SET index during the third quarter. SET index as of end of Q3 is 1,605.68 which is higher than the closing SET index as of June 30, 2021 of 1,587.79 or an increase of 17.89 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, and 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 decreased from the selling of expired packaging materials.

Income from investments increased for 9-month period of 2021, due to the increasing SET index for the 9-month-period, with the SET index as of September 30, 2021, closed at 1,605.68 points, an increase from the closing on December 31, 2020 of 1,449.35 points, an increase of 156.33 points. Net investment income, mainly from profit from sales of investments, unrealized capital gain from equity investments, and



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dividend received 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 and expired packaging materials.

Unit: Million Baht

	Comparison Q3/2021 and Q2/2020			Comparison 9-Month Period 2021 and 2020		
	Amount	Increase(Decrease)	% Change	Amount	Increase(Decrease)	% Change
Cost of sales	8.41	(0.75)	(8.21)	25.01	2.59	11.58
Administrative Cost	9.26	(0.77)	(7.67)	29.56	1.74	6.24
Financial Cost	0.08	(0.01)	(14.25)	0.20	(0.12)	(36.19)
Income Tax	5.10	(3.04)	(37.31)	20.55	4.26	26.16

Selling Expenses in Q3/2021 sees an increase. The decrease in sales is from the decrease in market demand. Price competition increased in intensity according to market condition to maintain market share. Selling expenses decreased at a lower rate than the decrease in sales such as sales promotion, commission, and transportation expenses. Administrative expenses see a decrease on employee benefits.

Similarly, the selling expenses for 9-month period of 2021 increased. The increase in sales was from the increase in market demand. Price competition increased 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 Q3/2021 shows a decrease from higher T/R payoff compared to Q3/2020. 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, while T/R interest rate was slightly decreased and thus led to the increase in interest expenses.

Financial Cost for 9-month period of 2021 shows a decrease from higher 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. In addition, T/R interest rate decreased, led to the decrease in interest expenses.



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Income Tax for Q3/2021 and the 9-month period of 2021 increased from the decrease in sales revenue in Q3/2021 and the increase in sales revenue for 9-month-period. However, the decrease in cost of sales of Q3/2021 was lower than the decrease in sales revenue, while the decrease in cost of sales of 9-month period of 2021 was higher than the decrease in sales revenue, as a result, profit before tax of Q3/2021 sees a decrease while 9-month period of 2021 see an increase y-o-y.

From the reasons mentioned above, the company sees a net profit for Q3/2021 and 9-month period of 2021 ended September 30, 2021 of 22.32 and 88.21 million baht, a decrease of 11.58 million baht and 22.29 million baht or a difference of (34.16%) and 33.81% y-o-y respectively.

Unit: Million Baht

	Comparison Ended September 30, 2021 and December 31 2020		
	Amount	Increase (Decrease)	% Change
Total Assets	707.45	98.49	16.17
Total Liabilities	169.16	82.69	95.63
Shareholders' Equity	538.29	15.81	3.02

Total assets increased from the change in cash, cash equivalents increased, and other current financial assets increased. 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 volatility and 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 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 increase in shareholders' equity are from 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 2.35 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 4.13 and debt-to-equity ratio of 0.31.



Yours faithfully,

(Metha Trillit)

President