



บริษัท ปาโตเคมีอุตสาหกรรม จำกัด (มหาชน)

PATO CHEMICAL INDUSTRY PUBLIC CO., LTD.

Pato Building, 3388 New Petchburi Road, Bangkok 10310, Thailand

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President

The Stock Exchange of Thailand

The consolidated financial statement of Pato Chemical Industry Plc. and its subsidiary for period ended March 31, 2024 operational performance are as follows:

Unit : Million Baht

	Comparison 2024 and 2023		
	Amount	Increase (Decrease)	% Change
Total sales	119.93	11.16	10.26
Cost of Sales	84.13	(2.25)	(2.60)
Gross Profit	35.80	13.41	59.87

Main reasons for the above performance are as follows:

1. The factors affecting the global economy come from many international disputes causing continuous effect to world oil price fluctuated throughout the year. Currently, the volatility has decreased, inflation has declined, but is still at a higher rate than usual. Overall product prices tended to decrease, causing the cost of imports start to decrease, but still higher than normal. This also includes pesticides whose use processes are related to the use of chemical fertilizers. As a result, the cost of pesticides tends to be in the same direction. It was still affected by the weakening baht volatility. The company had to conservatively take into consideration of the seasonal timing of imports for production and distribution, so that they do not lead to overstocking and eventually getting stuck with unworkable high cost and causing higher selling prices, affecting sales in the market.
2. Although the above economic conditions began to show a better trend, including the recovery of the tourism and higher private consumption, including agricultural products, there is a tendency for prices to increase as well. In particular, the prices of in-season rice and off-season rice increased when compared to the same period of last year. The decrease in productivity is due to drought, shortage of irrigation water, and outbreak of pests. The company is still affected by the average cost of inventory raw materials, which have a high cost than usual from the effect of the volatility of the depreciated baht and have to be formulated to meet market demand. The increased labor costs and production overheads



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- caused higher production costs than it should be. Therefore, it is a factor in considering importing goods for production and distribution, taking into account the seasonal use period in order not to produce too much inventory, so that they do not lead to overstocking and eventually getting stuck with unworkable high cost and causing higher selling prices, affecting sales in the market.
3. From the above factors, it has been observed that many farmers are facing higher production costs. But due to the increased price of in-season rice and off-season rice, the purchasing power of agriculture has increased. The demand for pesticides in the market has increased. There is outbreak of pests such as brown planthopper, rice stem borers, rice leaf folder, and rice blast disease. As a result, various pesticides in rice fields have increased in sales volume compared to last year. Severe natural disasters in India causing the government to apply a policy to restrict and control the export of agricultural products, such as rice and sugar. The demand of agricultural products from Thailand hence increased, and resulting in total sales to increase in all pesticide categories except for herbicides due to the drought situation. All of them are products with good gross profit margins.
4. In addition, price competition intensity in the market increased compared to last year. Although the overall import cost price tends to decrease, there are some products whose import prices have dropped dramatically and continue to decline. In order to maintain market share, the company has to adjust the selling price according to current market conditions, resulting in reduced profits. Current market conditions, multinational suppliers have entered the competition at dealer customers level in Thailand which are the company's main target group. As a result, price competition to maintain market share is even more intense and affect the performance of the company.

The above factors result in total sales of Q1/2024 increase. The decrease in the cost of sales is inversely to the rate of increase in sales, resulting in an increase in gross profit margin by 59.87%.

Unit : Million Baht

	Comparison 2024 and 2023		
	Amount	Increase (Decrease)	% Change
Gain from Investment	2.39	1.44	153.41
Forex Gain (Loss)	(0.64)	(3.56)	(122.07)
Other Revenue	0.28	0.26	1,556.30



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Income from investments in 2024 increased due to the fluctuation of stock market. SET index as of March 31, 2024 closed at 1,377.94 which is lower than the closing SET index as of December 28, 2023 of 1,415.85 or a decrease of 37.91 points, and when compared to the SET index as of March 31, 2023 closed at 1,609.17 points, resulting in income from investments, which mainly is unrealized losses from sales of investments decreased. The unrealized losses from the change in capital value and dividend received sees an increase. The Company has the policy to minimize forex risk exposure from fluctuations of depreciated baht from the exchange rate. The depreciated exchange rate in Q1 was 36.6318 baht at the end of Q1 on March 31, 2024. The company has to cover the exposure with forward contracts and T/R including T/R baht to mitigate the impact of the exchange rate, and resulting in an increase in forex loss. Other income decreased from the selling of old vehicle and obsolete packaging materials.

Unit: Million Baht

	Comparison 2024 and 2023		
	Amount	Increase (Decrease)	% Change
Cost of sales	8.07	1.49	22.62
Administrative Cost	9.92	0.97	10.79
Financial Cost	0.24	0.03	11.96
Income Tax	3.46	1.84	113.93

Selling Expenses of 2024 see an increase. The increase in sales is from the increasing in market demand. Price competition increased in intensity according to market condition to maintain market share. Selling expenses and administrative cost increased at a higher rate than the increase in sales such as salary and welfare of salespersons, promotion expenses, commission, transportation expenses, and depreciation. Administrative expenses see an increase on salary, employee benefits, and previous service costs from actuarial valuations, etc.

Financial Cost in 2024 show a drastically increase due to the all-time fluctuation of baht caused the company to wait for favorable timing and opportunity to cover forex risk exposure with forward contracts and to extend T/R payments both baht and dollar to avoid the impact of the currency exchange rate fluctuation. Such a situation, coupled with the higher T/R interest rate than last year, including net interest costs on obligations under the employee retirement benefit plan, led to an increase in the interest burden.

Income Tax in 2024 increased from the increase in sales resulting in the increase in income before tax.



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From the reasons mentioned above, the company sees a net profit ended of March 31, 2024 of 16.11 million baht or 13.43% of sales volume. An increase of 7.22 million baht represents a difference of 81.25% y-o-y.

Unit: Million Baht

	Comparison Ended March 31, 2024 and December 31, 2023		
	Amount	Increase (Decrease)	% Change
Total Assets	621.73	53.43	9.40
Total Liabilities	113.04	38.85	52.37
Shareholders' Equity	508.69	14.58	2.95

Total assets increased from the change in cash and cash equivalents, other current financial assets, while account receivables, and other receivables decreased. The policy for preparing products, production, and distribution led to increased inventories. The purchase of raw materials increased to be at appropriate quantity for current production and to meet market demand in the next quarter. Additionally, a decrease in other non-current financial assets was from the difference of fair value due to fluctuation of stock market as mentioned earlier and thus resulting in the increase in deferred tax. Intangible assets slightly increased from product registration. Property, building, and equipment increased from the increase of depreciation and the new equipment.

Total liabilities show an increase in short-term loan from financial institutions and account payable increased due to the volatility of the depreciated baht. The company therefore needs to do forward contracts and T/R to mitigate the impact of the exchange rate. T/R interest rate also increased in 2024. The longer T/R payoff was from the waiting for favorable timing to buy forward contracts in order to minimize the impact from currency exchange rate fluctuation. The domestic purchase of raw materials and imported raw materials purchased decreased to appropriate quantity. The corporate income tax payable increased from the increase in profits before taxes. The increase in the revalue provision for retirement benefits including service cost and interest as there were severance payments from employee retirement in 2024, as a result, total liabilities increased.



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The increase in Shareholders' equity is from the Company's performance and its subsidiary's yielding higher net profit, and other items of shareholders' equity which are unrealized gain (loss) from the sale of other non-current financial assets decreased due to the stock's value decreased.

The company has a strong financial structure with a current ratio of 5.82 and debt-to-equity ratio of 0.22.



Yours faithfully,

(Dr. Viwat Trillit)

Managing Director