

November 12th, 2020

Subject: Management Discussion & Analysis (MD&A) for the 3rd quarter of 2020
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 2020. The MD&A would enable the investors to better understand the Company and its subsidiary's 3rd quarter of 2020 reviewed financial statements.

An Analysis of Performance *

Analysis of Income

The Company and its subsidiary recorded the total revenues of 4,171 MTHB of which 4,118 MTHB earned from sales revenues. Sales revenues decreased by 707 MTHB or 14.7% comparing to the same period of the year 2019. The revenues continued to be weighed down by impacts and sluggish economic recovery from COVID-19 pandemic which can be attributed to a substantial price decrease of all the major products, especially in Caustic soda and Epichlorohydrin due to weak global demand and uncertain global economic outlook.

Analysis of Cost and Expenses

1. In Q3 2020, Cost of sales was 3,457 MTHB, increased by 12 MTHB comparing to the same period of the year 2019 despite lower of the sales revenues because of drastic increase of Glycerin price due to its limited availability.
2. In Q3 2020, Selling and Administrative Expenses was 291 MTHB, decreased by 82 MTHB or 22.0% comparing to Q3 2019 mainly from lower of loss from assets disposal, plus lower transportation costs, which led by decrease of export sales volume.
3. The company and its subsidiary recorded tax expense of 37 MTHB which mostly from 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 2020, the Company and its subsidiary recorded net profit of 354 MTHB, decreased by 716 MTHB or 66.9% comparing to Q3 2019. This decrease was mainly attributable to the significant drop in Caustic Soda price and Epichlorohydrin spread margin reflecting the effects of COVID-19 outbreak.

Financial Ratios

	<u>Q3 2020</u>	<u>Q3 2019</u>
Gross profit margin	16.1%	28.6%
Net profit margin	8.5%	21.8%
Debt to Equity ratio	0.18	0.08
Earnings per share	0.30	0.90
ROA	6.4%	19.0%
ROE	6.6%	20.7%

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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