

May 13<sup>th</sup>, 2021

Subject: Management Discussion & Analysis (MD&A) for the 1<sup>st</sup> 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 1<sup>st</sup> quarter of 2021. The MD&A would enable the investors to better understand the Company and its subsidiary's 1<sup>st</sup> quarter of 2021 reviewed financial statements.

**An Analysis of Performance** \*

Analysis of Income

The Company and its subsidiary recorded the total revenues of 6,052 MTHB of which 5,976 MTHB earned from sales revenues. Sales revenues grew by 1,620 MTHB or 37% as compared to the same period of the year 2020. The increase was driven by growth in sales volume with particularly increase in selling price. Since the beginning of this year, global economic and market has shown early signs of recovery as COVID-19 vaccine rollouts have been administered across the world and lockdown measures were partially eased, resulting in strong demand of all the products in both domestic and export. Consequently, the selling price of most of the products has increased substantially amid robust demand and tight supply especially for Polyvinyl Chloride (PVC) and Vinylchloride Monomer (VCM).

Analysis of Cost and Expenses

1. In Q1 2021, Cost of sales was 3,994 MTHB, increased by 729 MTHB comparing to Q1 2020 or 22% due to the substantial rise in Ethylene and Glycerin price from tight market supply plus a result from higher sale volume as mentioned above.
2. In Q1 2021, Distribution cost and Administrative expenses was 338 MTHB, increased by 36 MTHB or 12% comparing to Q1 2020 mainly from surging freight rate since the previous quarter.

\* Note Please find further information in the consolidated financial statements.

### Summary of Performance

For Q1 2021, the Company and its subsidiary recorded net profit of 1,389 MTHB, increased by 609 MTHB or 78% as compared to the same period last year. The increment was mainly attributed to the increase in overall sales volume as a result of positive economic trends and higher products' spread margins especially on PVC following its tight supply situation.

### Financial Ratios

	<u>Q1 2021</u>	<u>Q1 2020</u>
Gross profit margin	33.2%	25.3%
Net profit margin	23.0%	17.6%
Debt to Equity ratio	0.17	0.17
Earnings per share	1.17	0.66
ROA	24.8%	13.1%
ROE	24.1%	14.0%

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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