

(Translation)

Pef. MD 014/2020

14<sup>th</sup> May 2020.

Subj Management Discussion and Analysis (MD&A) Q1/2020

Dear Managing Director of Stock Exchange of Thailand

We, Patum Rice Mill and Granary Public Company Limited and its subsidiaries, would like to present the Management Discussion and Analysis (MD&A) of Q1/2020 as follows:

**Management Discussion and Analysis (MD&A)**

**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**For the Three-month period and Three-month period ended 31<sup>st</sup> March 2020**

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**1. Overall performance**

Consolidated financial results of Patum Rice Mill and Granary Public Company Limited and its subsidiaries for the Three-month period and Six-month period ended 31<sup>st</sup> March 2020 are as follows:

*Unit: million baht*

Detail	for 3-month period ended March			
	2020	2019	diff	%
Total revenues	443	503	(60)	-12%
Sale revenues	431	485	(54)	-11%
Service revenues	7	13	(6)	-44%
Total expenses	439	508	(69)	-14%
Cost of sales	369	423	(54)	-13%
Cost of service	5	11	(6)	-61%
Selling expenses	42	46	(4)	-9%
Administrative expenses	23	29	(6)	-18%
Profit for the year	2	(11)	13	115%
Profit (loss) attributable to Equity holders of the Company	2	(11)	13	115%
Earnings per share (THB/share)	0.00	(0.02)	0.02	115%

- Total revenue of Q1 /2020 declined 12% mainly, are not only results of volume impact from export market/ sales from G to G market, but also impact from closing of food chain business/ restaurants.
- However, regarding to COVID 19 measurements in March, sales from rice business were adjusted in positive results, while food center business were presented in negative results.
- Total expenses decreased 14% is a result of 1) controlling in cost of goods sold and 2) controlling in selling-admin expenses and 3) impact from closing of food chain/ restaurants.

Unconsolidated financial results of 3-month ended period

*Unit: million baht*

Detail	for 3-month period ended March			
	2020	2019	diff	%
Total revenues	347	367	(20)	-5%
Sale revenues	341	362	(21)	-6%
Total expenses	341	367	(26)	-7%
Cost of sales	287	317	(30)	-10%
Selling expenses	35	32	3	12%
Administrative expenses	19	19	0	0%
Profit for the year	0.8	(10)	10	108%
Earnings per share (THB/share)	0.00	(0.02)	0.02	108%

- Referring to rising in price adjustment of rice business, COGs/revenue ratio of Q1/2020 declined to 84%, comparing to 87% of same quarter of last year.
- Increasing in selling expenses of 12% are mainly impact of sales promotion.

## 2. Financial performance by segment.

### 2.1 Revenue by segment

Unit: million baht

Detail	for 3-month period ended March			
	2020	2019	diff	%
Processing and packaging of rice	386	428	(42)	-10%
Food Center	52	71	(19)	-27%
Less intercompany balance	(0.04)	(0.2)	0.16	78%
Revenue from sales	438	498	(60)	-12%

- Regarding to volume impact of G to G contract and export market, sales revenue declined 10%.
- Reflecting in closing of food chain/ restaurants, sales revenue of food center and restaurants business decreased 27%.

### 2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended March			
	2020	2019	diff	%
Processing and packaging of rice	65	53	12	23%
Restaurant and food Center	(0.87)	11	12	-108%
Less intercompany balance	(0.03)	(0.09)	0.06	71%
Net profit by segment	64	64	0	0%

- Due to price adjustment and cost control, gross margin of rice business is performed at 23% growth, compensating in declining in gross profit of the restaurant and food centre business. Therefore, overall gross profit of the company is in lined with Q1 of last year.

### 3. Financial status analysis

Unit: million baht

Detail	2020	2019	diff	%
Total assets	7,713	11,741	(4,028)	-34%
Trade and other receivable	276	198	78	40%
Inventories	245	291	(46)	-16%
Other current assets	24	24	0	0%
Total Liabilities	1,936	2,725	(789)	-29%
Bank overdrafts and short-term loans from banks	686	687	(1)	-0.2%
Trade and other payables	99	87	12	15%
Other current liabilities	22	22	0	0%
Total shareholders' equity	5,777	9,016	(3,239)	-36%

- Regarding to COVID 19 measurement in March 2020, sale revenues in rice business increase, therefore AR increase of 40% and lower in inventory 16%.
- Decrease in total assets of 34% are mainly are from declining in value of “investment in parent company – available for sales securities”. Referring to TFRS 9, the account has been reclassified into “Other non-current financial assets.
- Moreover, regarding to TFRS 16, the company starts to record “Right of used asset” amounting of 307 million baht from lease contract of food center business at MBK center. The account is considered as a part of “Property, plant and equipment”. Due to the lease contract were paid in cash at initial period, the liabilities of the lease were not recorded.
- Total liabilities declined 29% mainly are a results of deferred tax record of other non-current financial assets.
- Regarding to TFRS 16, lease contract of food center at Samyarn Mitr Town amounting of 8.0 million baht.

- Signature -

(Mr. Somkiat Makcayathorn )

Managing Director

Patum Rice Mill and Granary Public Company Limited