

Ref: PCL 2020/015

August 9, 2020

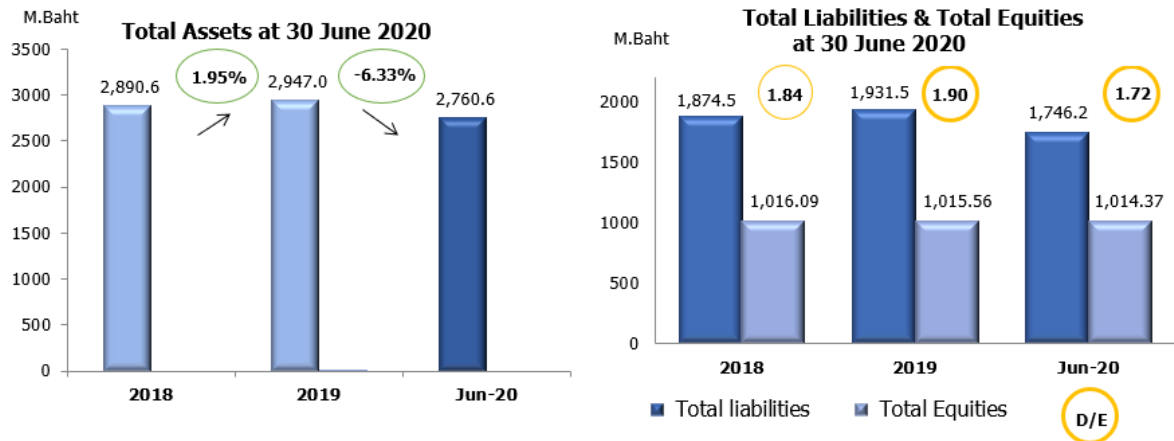
Subject: Management Discussion and Analysis for the 6-month period ended 30 June 2020

To: The President of the Stock Exchange of Thailand

Panjawattana Plastic Public Company Limited and its subsidiaries ("the Company") would like to clarify herewith the financial position and operating result for the 6-month period ended 30 June 2020 as follows:-

Financial Position

STATEMENT OF FINANCIAL POSITION



As at 30 June 2020, total consolidated assets of the Company and its subsidiary reduced by 186.46 million baht or 6.33% compare to the previous year, which was a decrease from current assets of 230.88 million baht, most of which were trade receivables amount of 193.71 million baht due to lower sales from the COVID-19 situation. Next, the inventories decreased by 58.71 million baht due to the company managed the inventory level appropriately to reduce storage costs and reduce the burden of working capital. In addition, unbilled income for project work decreased by 30.23 million baht from payments. While cash and cash equivalents increased by 57.77 million baht. In terms of non-current assets, an increase of 44.42 million baht, mainly due to an increase in the right to use assets of 85.16 million baht from the adoption of TFRS 16 on lease agreements since the beginning of the year, while property, plant and equipment decreased. 42.08 million baht from depreciation without any large investment projects this year.

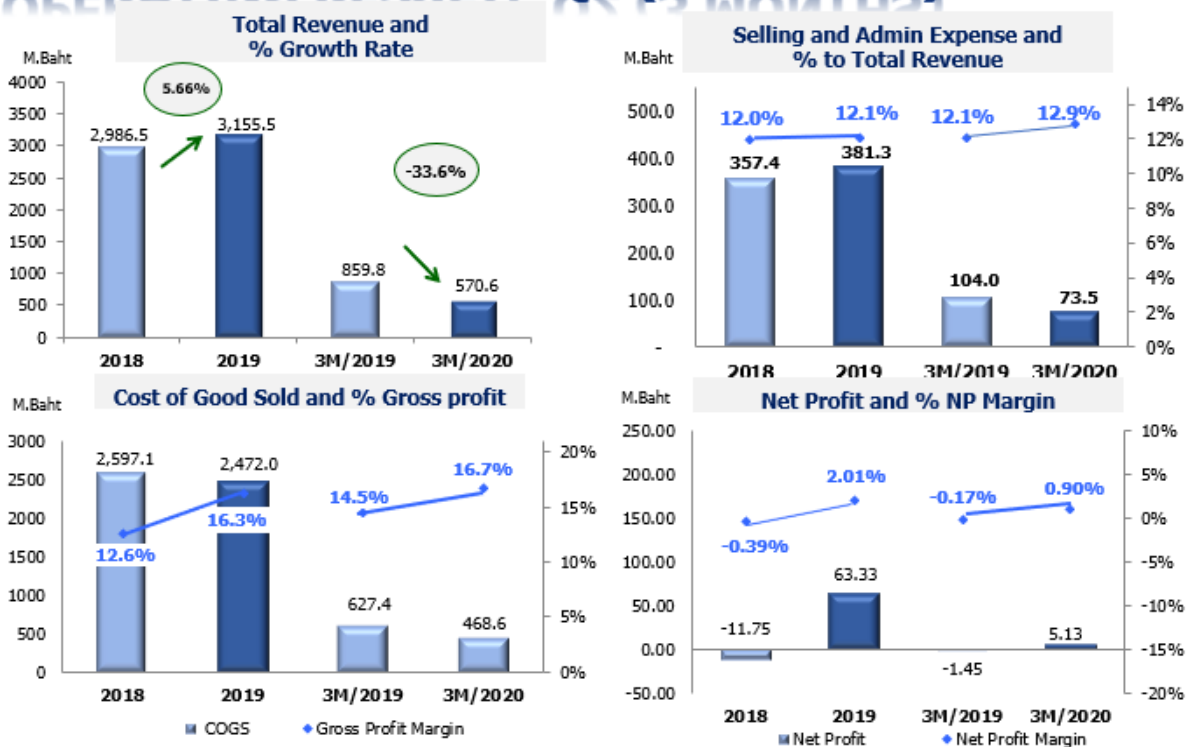
As of June 30, 2020, the consolidated financial statements of the Company and its subsidiaries had a decrease in total liabilities of 185.27 million baht or decreased 9.59% compared to the previous year, due to a decrease from trade payables and an overdraft amount of 250.79 million baht due from the working capital management both of accounts receivable and inventory, and decrease in raw material purchases in line with sales volume. Long-term loans decreased by 35.51 million baht due to payment of 63.89 million baht and additional

borrowing of 28.38 million baht, while the liability was increased from lease liabilities from the adoption of IFRS16 on lease agreements amounting to 85.28 million baht.

The Company's debt to equity ratio as at 30 June 2020 is 1.72 times. (as at 31 December 2019 is 1.90 times).

Operating result

OPERATING RESULT: Q2 (3 MONTHS)



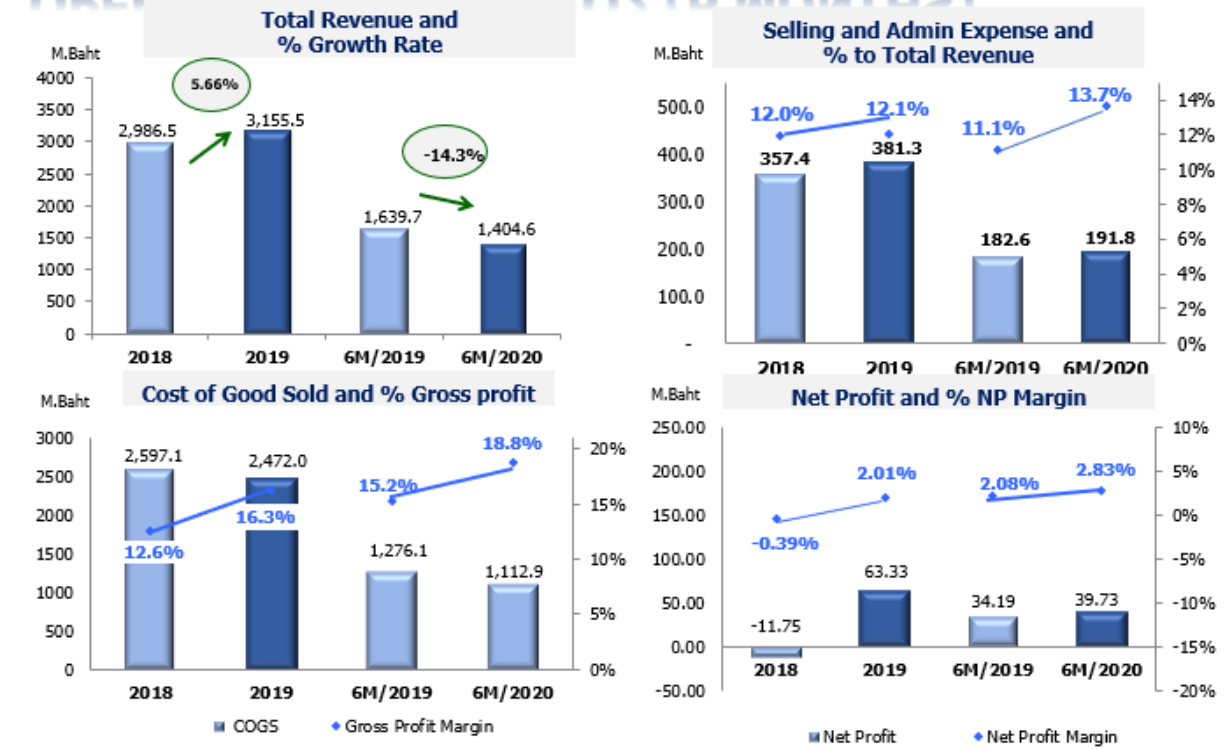
The consolidated net profit of the Company and its subsidiary for the period 3-month ended 30 June 2020 was Baht 5.13 million, increased compare with same quarter of last year. The main reasons were as follows:-

1. Total revenues decreased 289.25 million baht or 33.64%, as sales revenue decreased 171.08 million baht due to the COVID-19 situation affecting the auto parts industry and the plastic packaging for lubricants. However, the packaging of milk and yogurt was slightly affected and continued to grow from the dairy export market. While sales in China has recovered back since the beginning of the second quarter. In addition, the company recognized the revenue from project work decreased by 118.72 million baht since most of the work was completed since last year and nearly to the end of the project.
2. The consolidated gross profit margin was 16.7%, increased from the previous year at 14.5% since the company has control of production costs that make the production process more efficient as a result of good cooperation from customers, partners and employees in communicating information to make advance planning that makes cost effective.

- The consolidated net profit was 0.90%, increased from last year at net loss 0.17%. The main factor is the control of production costs, improving the gross margin and control costs of selling and administrative.

Operating result

OPERATING RESULT: Q2 (6 MONTHS)



The consolidated net profit of the Company and its subsidiary for the period 6-month ended 30 June 2020 was Baht 39.73 million, increased compare with same quarter of last year. The main reasons were as follows:-

- Total revenues decreased 235.13 million baht or 14.34%, as sales revenue decreased 135.79 million baht. In the first quarter, the Company had sales growth of 54.13 million baht but in the second quarter there was the COVID-19 situation affecting the auto parts industry and the plastic packaging for lubricants. However, the packaging of milk and yogurt was slightly affected and continued to grow from the dairy export market. In China, the first quarter, was hit by the COVID-19 situation but began to recover from the beginning of the second quarter. In addition, the company recognized the revenue from project work decreased by 101.89 million baht since most of the work was completed since last year and nearly to the end of the project.
- The consolidated gross profit margin was 18.8%, increased from the previous year at 15.2%. In the first quarter, the Company had gross profit margin at 20.2% but in the second quarter, the Company faced the COVID-19 situation but the company was able to control of production costs that make the production process more efficient as a result of good cooperation from customers, partners and employees in

communicating information to make advance planning that makes cost effective. As a result, the gross profit margin just slightly reduced from the first quarter and still better than same period last year.

3. The consolidated net profit was 2.83%, increased from last year at net loss 2.08%. The main factor is the control of production costs, improving the gross margin and control costs of selling and administrative.

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary