



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)
THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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(Translation)

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Subject Clarification of the 1st quarter performance of the year 2022

To President

The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Referred to rules and regulations of the SEC which provides that a listed company shall clarify reason in case of difference between company including its subsidiaries' performance of the current year and that of the corresponding period of the previous year exceeding 20% , the Company would like to clarify as follows.

Performance of the Company including its subsidiaries of the 1st quarter of 2022 shows Loss Attributable to Owners of the parent at the amount of THB 80 million, decreasing by THB 397 million or 126% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 317 Million.

The reason of such result is shown in the Management Analysis and Discussion as in the attachment.

Please be informed accordingly.

Sincerely yours,

(Mr. Takahiro Yamashita)

President & CEO

Corporate Secretary / Photchara Tel. 0-2639-8888 ext. 8909



Management Discussion and Analysis (MD&A)

Key Summary

- In the 1st quarter of 2022, it has been difficult to increase prices due to government policy to support citizens' lives including growers, while our raw material prices in the global fertilizer market have risen incredibly especially due to the Russian invasion to Ukraine. Upon these severe environments, it has resulted in a Loss Attributable to Owner of the parent by THB 397 million or -126%, from Profit Attributable to Owner of the parent THB 317 million to THB -80 million.
- Under a possible rise in raw material prices due to tight supply and high demand in the global fertilizer market and the Russia-Ukraine conflict, which may have an impact on fertilizer sales in the 2nd quarter, the company will constantly monitor the situation and ensure the best practice of operation and production control to secure an optimal profit.

Business Overview

The company would like to report the operational results of the consolidated financial statement for the 1st quarter of the year 2022, from January 1 to March 31. The 1st quarter of 2022 showed Loss Attributable to Owners of the parent at THB 80 million, and Loss per Share at 0.14 THB. It decreased by THB 397 million or -126%, compared with the 1st quarter of the year 2021. The reason for such a decrease was the effects of the government's price policy for important commodities to maintain for citizen's living cost including chemical fertilizers.

Thailand's economy in the 1st quarter continued to recover due to growth from exports and the tourism sector. The relaxation of government policy to allow entry into the country resulted in a rise in foreign visitors. However, private consumption and private investment slightly decreased because of the prolonged COVID-19 Omicron variant outbreak, the Russia-Ukraine conflict, and high energy and food prices, which resulted in a decline in consumer confidence.

Thailand's agricultural sector showed an upward trend in the 1st quarter due to 3 major factors. Firstly, an increase in the production of agricultural products, especially sugar cane and paddy, due to favorable weather conditions and farmers' expanding the cultivation area.



Secondly, favorable agricultural prices level, especially for oil palm and maize. Lastly, the accumulated rainfall since last year has contributed to the sufficient water supplies that led to increased cultivation during an off-season period.

However, there have been several difficulties that have resulted in severe company performance during this period. One important factor is the tight supply and high demand in the global fertilizer market that results in higher raw material costs. In addition, it has been difficult for the company to increase selling prices due to government policy, causing the company's margin mostly lowest level compared with the past decade. Under these severe business environments, the management have paid every effort to control the organization's operation to optimize the costs by managing inventories and production to mitigate the impact of hiking production costs. Furthermore, to overcome constraints on the arrangement of on-field activities amid the prolonged Omicron outbreak, the company has continuously conducted online activities to retain customers and increase brand awareness.

Results of Operations

Unit : Thousand Baht	1st Quarter Jan - Mar (3 months)		Change
	2021	2022	%
Revenues from Sales and Services	1,868,631	1,604,125	(14)
Cost of Goods Sold and Rendering of Services	(1,403,852)	(1,545,432)	10
Gross Profit	464,779	58,693	(87)
Interest and Other Income	66,390	11,639	(82)
Profit Before Expenses	531,169	70,332	(87)
Selling, Administration, and Other Expenses	(125,722)	(155,536)	24
Profit (Loss) From Operating Activities	405,447	(85,204)	(121)
Finance Costs	(999)	(4,289)	329
Share of Profit from Investment in an Associate	47	41	(13)
Profit (Loss) Before Income Tax Expense	404,495	(89,452)	(122)
Income Tax Revenue (Expense)	(82,780)	14,518	(118)
Profit (Loss) for the Period	321,715	(74,934)	(123)
Profit (Loss) Attributable to Owners of the Parent	316,506	(80,718)	(126)
Total Comprehensive Income (Loss) Attributable to Owners of the Parent	322,140	(79,964)	(125)

The company's Revenue from Sales and Services in the 1st quarter showed an decrease of THB 265 million or -14% from THB 1,869 million in 2021 to THB 1,604 million in 2022, due to the decrease in fertilizer sales volume. On the other hand, the company's Cost of Goods Sold and Rendering of Services showed an increase of THB 141 million, or 10% from THB 1,404 million in 2021 to THB 1,545 million in 2022, due to higher raw material costs and the exchange rate. Therefore, the company's gross profit decreased by THB 406 million or -87%, from THB 465



million in 2021 to THB 59 million in 2022. In addition, the company's Selling and Administration Expenses increased by THB 30 million or 24%, mainly due to foreign exchange losses.

For all the reasons mentioned above, Loss Attributable to Owners of the parent in the 1st quarter of 2022 was THB 80 million, decreasing by THB 397 million or -126%, when compared with Profit Attributable to Owner of the parent THB 317 million in the same quarter of 2021.

Analysis of Liquidity and Capital Resources

Main Components of Statement of Financial Position (Consolidated)

Description	March 31, 2021		March 31, 2022	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	10,594,705	81	10,812,069	82
Non-current Assets	2,443,890	19	2,444,954	18
Total Assets	13,038,595	100	13,257,023	100
Current Liabilities	2,691,408	21	2,691,672	20
Non-current Liabilities	323,864	2	318,461	2
Total Liabilities	3,015,272	23	3,010,133	23
Total Shareholders' Equity	10,023,323	77	10,246,890	77
Total Liabilities and Shareholders' Equity	13,038,595	100	13,257,023	100

As of the end of the 1st quarter of 2022, total assets of the company showed THB 13,257 million, an increase of THB 218 million or 2%, compared with the same period of 2021. More details of assets are as follows:

Description	March 31, 2021 Thousand Baht	March 31, 2022 Thousand Baht	Change %
Cash, cash equivalents and time deposit*	7,442,958	8,090,404	9
Trade and other current receivables	591,143	544,225	(8)
Inventory	2,512,813	2,167,686	(14)
Assets	13,038,595	13,257,023	2

*Time deposit is defined as an account with maturity date over 3 months to less than 1 year and classified under other current financial assets in the statement of financial position.



Cash, cash equivalents, and time deposits in the 1st quarter of 2022 increased from THB 7,443 million to THB 8,090 million or 9%, due to the company's attempt to maintain a solid financial position during the current economic crisis. Meanwhile, trade and other receivables decreased from THB 591 million to THB 544 million or 8%, whereas Inventories decreased by 14% due to company's best effort to secure optimal operational costs.

The company's total liabilities were THB 3,010 million, representing a decrease of THB 5 million, whereas Shareholders' Equity of the company was THB 10,247 million, representing an increase of THB 224 million or 2%.

Economic & Business Forecast 2022

The global economy is expected to show a sign of better recovery since most countries have vaccinated their citizens against COVID-19. However, as the new Omicron COVID-19 virus spreads, it is uncertain if countries will continue to ease the regulations and momentum of government policies. Especially world is facing an economic crisis due to the Russian invasion toward Ukraine, which is causing a rapid hike in energy and commodity prices and supply instabilities, and also intensive inflation all over the world. Under these situations, appropriate economic and financial measures by the government are going to be essential to recover its economy.

The management will constantly monitor relevant factors such as fertilizer demand in the global market which is a key factor in determining the company's production cost and selling price. Also, the management will devote its best endeavors to securing optimal profits by closely communicating with government entities, partners, and growers to overcome the severe difficulties the company is facing.

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