



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

ห้อง 801-806, 809-810 ชั้น 8 มิตรทาวน์ ออฟฟิศ ทาวเวอร์ 944 ถนนพระราม 4 แขวงวังใหม่ เขตปทุมวัน กรุงเทพมหานคร 10330
Room 801-806, 809-810, 8th Floor, Mitrtown Office Tower, 944 Rama 4 Road, Wangmai, Pathumwan, Bangkok 10330
Tel: (662) 639 8888 Fax: (662) 639 8999 E-mail : mailbox@thaicentral.co.th Website : www.tcccthai.com
ทะเบียนเลขที่ บมจ. 0107536000277 REG. No. 0107536000277

(Translation)

No. 026/2566

15 May 2023

Subject Clarification of the 1st quarter performance of the year 2023

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 2023 shows Loss Attributable to Owners of the parent at the amount of THB 33 million, decreasing by THB 48 million or 60% when compared with Loss Attributable to Owners of the parent of the corresponding period of last year which showed THB 81 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

- The Company's performance in the 1st quarter of 2023 showed a Loss Attributable to Owners of the parent at THB 33 million. It was better than the same period in the previous year, which shows a Loss Attributable to Owners of the parent at THB 81 million. The main result of Loss Attributable to Owners of the parent was the effect of the downtrend in fertilizer prices, which made our customers hesitate to stock fertilizer in their inventories.
- In addition, the company's Selling and Administration Expenses in the 1st quarter increased by THB 36 million or 23%, from THB 155 million in 2022 to THB 191 million in 2023, mainly due to more spending on marketing activities and sales promotion to expand the market and retain existing customers.
- Under these circumstances, 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, 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 2023, from January 1 to March 31. The Company showed a Loss Attributable to Owners of the parent at THB 33 million, and Loss per Share at 0.06 THB. It was better than the same period in the previous year, which shows a Loss Attributable to Owners of the parent at THB 81 million. The main result of Loss Attributable to Owners of the parent was the effect of fertilizer prices being in a downtrend. Therefore, our customers hesitated to stock fertilizer in their inventories. Including higher Selling and Administration Expenses due to



the company spending more on marketing activities and sales promotion to expand the market and retain existing customers.

Thailand's economy in the 1st quarter continued to improve from the previous quarter, mainly driven by improvements in both foreign and Thai tourists, which bolstered services and private consumption. As a result, the demand for food and agricultural products is increasing. However, there remain major downside risks ahead for the Thai economy: (1) Global financial conditions tightened as global inflation eased too slowly; (2) swelling household debt would repress consumption; and (3) political uncertainties might deter investment sentiment and future government spending.

Thailand's agricultural sector showed an upward trend in the 1st quarter due to two major factors. Firstly, the accumulated rainfall over the past year has resulted in sufficient water supplies for cultivation. Secondly, favorable agricultural prices led farmers to expand their plantations and increase their production, especially off-season rice and sugarcane. In addition, agricultural product demand increased domestically and internationally, giving farmers more channels to sell their products.

Under these 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.



Results of Operations

| Unit : Thousand Baht | 1st Quarter Jan - Mar (3 months) | | Change |
|---|-------------------------------------|-------------|--------|
| | 2022 | 2023 | % |
| Revenues from Sales and Services | 1,604,125 | 1,851,967 | 15 |
| Cost of Goods Sold and Rendering of Services | (1,545,432) | (1,704,067) | 10 |
| Gross Profit | 58,693 | 147,900 | 152 |
| Interest and Other Income | 11,639 | 18,264 | 57 |
| Profit Before Expenses | 70,332 | 166,164 | 136 |
| Selling, Administration, and Other Expenses | (155,536) | (191,396) | 23 |
| Loss From Operating Activities | (85,204) | (25,232) | (70) |
| Finance Costs | (4,289) | (4,267) | (1) |
| Share of Profit (Loss) from Investment in an Associate | 41 | (41) | (200) |
| Loss Before Income Tax Expense | (89,452) | (29,540) | (67) |
| Income Tax Revenue | 14,518 | 3,030 | (79) |
| Loss for the Period | (74,934) | (26,510) | (65) |
| Loss Attributable to Owners of the Parent | (80,718) | (32,563) | (60) |
| Total Comprehensive Loss Attributable to Owners of the Parent | (79,964) | (71,079) | (11) |

The company's Revenue from Sales and Services in the 1st quarter showed an increase of THB 248 million or 15%, from THB 1,604 million in 2022 to THB 1,852 million in 2023, due to the higher average selling price per unit. On the other hand, the company's Cost of Goods Sold and Rendering of Services showed an increase of THB 159 million, or 10% from THB 1,545 million in 2022 to THB 1,704 million in 2023, due to higher raw material costs. Therefore, the company's gross profit increased by THB 89 million or 152%, from THB 59 million in 2022 to THB 148 million in 2023. In addition, the company's Selling and Administration Expenses increased by THB 36 million or 23%, mainly due to more spending on marketing and sales promotion activities.

For all the reasons mentioned above, the Company showed Loss Attributable to Owners of the parent in the 1st quarter of 2023 at THB 33 million, which is better than the same period in the previous year, which showed a Loss Attributable to Owners of the parent at THB 81 million.



Analysis of Liquidity and Capital Resources

Main Components of Statement of Financial Position (Consolidated)

| Description | March 31, 2022 | | March 31, 2023 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | Thousand Baht | Percentage to Total Asset | Thousand Baht | Percentage to Total Asset |
| Current Assets | 10,812,069 | 82 | 10,321,840 | 81 |
| Non-current Assets | 2,444,954 | 18 | 2,417,658 | 19 |
| Total Assets | 13,257,023 | 100 | 12,739,498 | 100 |
| Current Liabilities | 2,691,672 | 20 | 1,318,879 | 10 |
| Non-current Liabilities | 318,461 | 2 | 321,792 | 3 |
| Total Liabilities | 3,010,133 | 23 | 1,640,671 | 13 |
| Total Shareholders' Equity | 10,246,890 | 77 | 11,098,827 | 87 |
| Total Liabilities and Shareholders' Equity | 13,257,023 | 100 | 12,739,498 | 100 |

As of the end of the 1st quarter of 2023, total assets of the company showed THB 12,739 million, decreased by THB 518 million or -4%, compared with the same period of 2022. More details of assets are as follows:

| Description | March 31, 2022 Thousand Baht | March 31, 2023 Thousand Baht | Change % |
|--|---------------------------------|---------------------------------|-------------|
| Cash, cash equivalents and time deposit* | 8,090,404 | 6,483,898 | (20) |
| Trade and other current receivables | 544,225 | 688,110 | 26 |
| Inventory | 2,167,686 | 3,147,448 | 45 |
| Assets | 13,257,023 | 12,739,498 | (4) |

*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 2023 decreased from THB 8,090 million to THB 6,484 million or -20%, because the Company reduced the proportion of time deposits for purchasing expensive raw materials. Meanwhile, trade and other receivables increased from THB 544 million to THB 688 million or 26%, whereas Inventories increased by 45% due to the increase of the cost for raw materials.

The company's total liabilities were THB 1,641 million, representing a decrease of THB 1,369 million or -45%, due to a decrease in trade and other current payables. While Shareholders'



Equity of the company was THB 11,099 million, representing an increase of THB 852 million or 8%.

Economic & Business Forecast 2023

The global economy seems still uncertain again since financial sector turmoil, high inflation, and the ongoing effects of the Russia-Ukraine conflict. According to the IMF, developed countries are expected to see an especially pronounced growth slowdown, from 2.7% in 2022 to 1.3% in 2023. Global headline inflation in the baseline is set to fall from 8.7% in 2022 to 7.0% in 2023 on the back of lower commodity prices. However, there are two important factors that could have a positive impact on the global economy: (1) lower energy prices make global production costs cheaper, and (2) China's reopening would boost the positive spillover effect to the rest of the world.

Thailand's economy seems to be recovering from the resumption of tourism and private consumption in 2023. Therefore, the Bank of Thailand has signaled a steady increase in interest rates due to risks from demand-side inflation after the economic recovery was better than expected. In the agricultural sector, although there are still uncertainties about the weather, there is a possibility of less rainfall this year.

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.

.....