

May 11, 2022

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis for Q1/2022

Q1/2022 Highlight

- Revenue increased 37% YoY to Baht 701.9 million mainly from the increase in our average selling price.
- We were still able to maintain our profitability with Baht 117.2 million of gross profit or 5% growth YoY.
- PMTA reported net profit of Baht 1.5 million in Q1/2022

Overview

We were still able to sustain our performance during this difficulty low season in 1Q/2022. Economic uncertainly, Covid-19 pandemic and Ukraine-Russian war have had the adverse effects to fertilizer industry during 1Q/2022. Raw material price continued to rise due to less supply from China, increasing oil price and sanctions on Russian suppliers. Many medium to small NPK producers in Vietnam have faced difficulty to secure raw material supply. At the same time, high oversea freight rate has continued to trouble our export to main market in Africa.

We recorded our revenue with 37% growth YoY to Baht 701.9 million from the increase in our selling price and pesticide revenue although lower fertilizer volume. To maintain our profit, we have gradually raised our selling price as raw material cost increased. At the same time, marketing focus was on high margin premium products. As such, our gross profit improve 5% YoY to Baht 117.2 million. EBITDA was at Baht 25.4 million decrease 18% YoY due mainly to the increase in utility, maintenance, and transportation expense. Subsequently, we reported Baht 1.5 million of net profit in 1Q/2022.

Table 1: Performance Summary

<i>in Million Baht</i>	1Q/21	4Q/21	1Q/22	% YoY	% QoQ
Revenue from sales	514.1	1,661.7	701.9	37%	-58%
Gross Profit*	111.3	240.4	117.2	5%	-51%
Gross Margin (%)	21.7%	14.5%	16.7%		
EBITDA	30.8	98.4	25.4	-18%	-74%
EBITDA Margin (%)	6.0%	5.9%	3.6%		
Net Profit	15.1	62.3	1.5	-90%	-98%
Net Profit Margin (%)	2.9%	3.8%	0.2%		
Basic earnings per share (in Baht)	0.15	0.62	0.02	-90%	-98%

Remark *Gross Profit = Sales Revenue - Raw Material Cost

Fertilizer, Pesticide and Factory Area Management Business

Table 2: Sales Volume

Unit: Tons	1Q/21	4Q/21	1Q/22	% YoY	% QoQ
NPK Fertilizer	22,312	63,031	19,977	-10%	-68%
Single Fertilizer	11,003	21,663	6,719	-39%	-69%
Total	33,315	84,693	26,696	-20%	-68%

Table 3: Sales Volume Breakdown

Unit: Tons	1Q/21	4Q/21	1Q/22	% YoY	% QoQ
Domestic	31,807	66,619	23,377	-27%	-65%
Export	1,508	18,074	3,319	120%	-82%
Total	33,315	84,693	26,696	-20%	-68%

Fertilizer volume in 1Q/2022 dropped 20% YoY to 26,696 ton. Wholesalers and farmer were holding back their purchase as they expected price correction after the sharp increase in fertilizer price during this low season. As a result, domestic volume decreased 27% YoY from 31,807 ton last year to 23,377 ton this year. Export volume increase 120% YoY to 3,319 ton in 1Q/2022 mainly to our regular customers in Africa and Asia while freight rate remained high.

Pesticide sales in 1Q/2022 grew 80% YoY to Baht 45.7 million. Revenue from factory management services and other income grew 139% to Baht 24.9 million from the increasing demand for warehouse and services during the period.

Consolidated Performance

Table 4: Income Statement

<i>in Million Baht</i>	1Q/21	4Q/21	1Q/22	% YoY	% QoQ
Revenue from sales	514.1	1,661.7	701.9	37%	-58%
<i>Fertilizer</i>	488.7	1,591.9	656.2	34%	-59%
<i>Pesticide</i>	25.3	69.8	45.7	80%	-35%
Raw Material Costs	(402.8)	(1,421.3)	(584.7)	45%	-59%
Gross Profit*	111.3	240.4	117.2	5%	-51%
Service & Other Income	10.4	23.6	24.9	139%	6%
Operating Cost	(36.7)	(73.4)	(46.5)	27%	-37%
Cost of providing services	(3.4)	(7.3)	(6.0)	75%	-18%
SG&A	(50.8)	(84.8)	(64.2)	26%	-24%
EBITDA	30.8	98.4	25.4	-18%	-74%
Depreciation & Amortization	(16.7)	(17.1)	(18.7)	12%	10%
EBIT	14.1	81.3	6.7	-53%	-92%
Financial Cost	(4.8)	(5.3)	(4.6)	-3%	-13%
Gain/(Loss) from Foreign Exchange	10.5	(1.7)	(0.5)	-105%	71%
Profit before income tax	19.8	74.3	1.5	-92%	-98%
Income Tax Expense	(4.7)	(12.0)	-	100%	100%
Net Profit	15.1	62.3	1.5	-90%	-98%

Remark *Gross Profit = Sales Revenue - Raw Material Cost

In 1Q/2022, revenue from sales was at Baht 701.9 million, increased at 37% from the increase in our fertilizer average selling price according to the increased raw material cost and 80% YoY increase in pesticide revenue. Although decrease in fertilizer volume, our gross profit grew 5% YoY to 117.2 million from both improve in fertilizer and pesticide gross profit as well as higher rental income from our warehouse services. Our operating cost increased 27% from the increase in utilities and maintenance expenses. SG&A increased 26% mainly from the increased in transportation cost. As a result, EBIT was at Baht 6.7 million decrease 53% YoY. Subsequently, PMTA announced the consolidated financial statements for 1Q/2022 with a net profit of Baht 1.5 million.

Yours faithfully,

PM Thoresen Asia Holdings Public Company Limited

Mr. Sigmund Stromme
Managing Director