

NFC 081/2022

August 10 2022

Subject: To submit Financial Statements and clarification of the Operating Results changed more than 20% for the 2nd quarter ended June 30, 2022.

Attention: The President

The Stock Exchange of Thailand ("SET")

Attachment:

1. Copy of interim financial statements for the 2nd quarter ended June 30, 2022.
2. Management discussion and analysis for the 2nd quarter ended June 30, 2022.

NFC Public Company Limited ("the Company") would like to submit the interim financial statements the 2nd quarter ended June 30, 2022, which had already reviewed from Auditor to SET as Attachment no.1, and would summarize the operating results which had changed in Management Discussion and Analysis the 2nd quarter ended June 30, 2022 as Attachment no.2.

Please be informed accordingly,

Yours sincerely,

(Mrs. Bongkot Rungkornpaisarn)

Chief Corporate Affairs Officer

NFC Public Company Limited

Management Discussion and Analysis – For Quarter 2/2022 ended 30 June 2022

Operating Performance

For the quarter 2/2022 ended 30 June 2022, the Company's Net Profit attributable to portion of the Company's Shareholders was 30.91 MB., Net Profit for the period was 29.80 MB., increased by 25.50 MB. or 593.58% compared to quarter 2/2021.

- Gross Profit increased by 30.45 MB. or 74.38%
- Other Income increased by 2.26 MB. or 94.48%
- Total Expenses increased by 2.42 MB. or 6.86%
- Financial Cost increased by 3.04 MB. or 55.65%
- Tax income decreased by 1.75 MB or 102.82%
- Portion of non-controlling interests in subsidiaries decreased by 1.03 MB or 1195.35%

Details are as followings:

Revenues from sales and services

For the quarter 2/2022 ended 30 June 2022, the Company had total revenue from sales and services of 670.00 MB., increased by 360.16 MB. or 116.24% compared to quarter 2/2021 because of

- Revenue from sales of chemical products was 606.76 MB., increased by 320.97 MB. or 112.31% compared to quarter 2/2021 due to
 - Sales of Sulfuric acid increased by 237.57 MB. or 117.76 %. due to the sulfuric acid price increased because the global market price increased. While sales volume decreased by 12,697 tons or 13.58%
 - Sales of Ammonia increased by 72.70 MB. or 96.92%. Sale volume increased by 167 tons or 5.20%
 - Sales of Ammonium Hydroxide increased by 10.70 MB. or 118.38% due to the higher sale volume of 171 tons or 9.12% due to increased customers.
- Total service income was 63.24 MB., increased by 39.19 MB. or 162.91% compared to quarter 2/2021 due to

- Revenue from warehouse service increased by 0.12 MB. or 1.42% due to expansion of service area increased.
- Revenue from Logistic & Liquid warehouse service does not change.
- Revenue from Port Service decreased by 0.27 MB. or 11.17% due to the decrease of company's terminal traffic.
- Revenue from space service area increased by 39.34 MB. due to new service contract acquired during the period.

Cost of sales and services and gross margin

For the quarter 2/2022 ended 30 June 2022, the Company's cost of sales and services was 598.60 MB., increased by 329.71 MB. or 122.61% compared to quarter 2/2021 while gross margin was decreased to 10.66% compared to quarter 2/2021 at 13.21% due to

- Cost of chemical products increased by 321.90 MB. or 121.64% compared to quarter 2/2021 due to
 - Cost of sale Sulfuric acid increased by 240.84 MB. or 116.78% due to the increased in the price of imported chemical products in accordance with the market price trend.
 - Cost of sale Ammonia increased by 69.79 MB. or 138.91%
 - Cost of sale Ammonium Hydroxide increased by 11.27 MB. or 138.04%
- The gross margin of chemical products was 20.23 MB., decreased by 0.93 MB. or 4.38% effecting to gross margin ratio decreased to be 3.33% compared to quarter 2/2021 at 7.40% due to the higher cost of chemical products.
- Cost of services increased by 7.81 MB. or 183.07% compared to quarter 2/2021 due to increased warehouse service cost.

Other income

For the quarter 2/2022 ended 30 June 2022, the Company had income that not relating to the main business of 4.65 MB., increased by 2.26 MB. or 94.48% compared to quarter 2/2021, resulting from

- Gain from exchange rate increased by 2.96 MB.
- Other income decreased by 0.70 MB.

Total expenses

For the quarter 2/2022 ended 30 June 2022, the Company had total expenses of 37.70 MB., increased by 2.42 MB. or 6.86% compared to quarter 2/2021 due to

- Selling expenses decreased by 0.16 MB. or 1.86%, due to transportation to the customer decreased.
- Administrative expenses increased by 2.59 MB. or 9.77% resulting from
 - Provision for impairment of obsolete assets decreased by 4.65 MB.
 - Provision for tax receivable from Revenue Department increased by 6.65 MB.
 - Other administrative expenses increased by 0.59 MB.

Financial Costs

For the quarter 2/2022 ended 30 June 2022, the Company had Financial Costs of 8.50 MB., increased by 3.04 MB. or 55.65% when compared to quarter 2/2021 from interest expenses of right of use increased by 2.98 MB. and the loan interest and bank fee from Financial Institutions increased by 0.06 MB.

Tax expense

For the quarter 2/2022 ended 30 June 2022, the Company had deferred tax income net decreased by 1.75 MB. or 102.82%. due to the Company has a deferred tax assets that expected to be utilized in the future. At the same time the subsidiary has deferred tax expenses increased due to revenue increased.

Financial Position

The statements of financial position of the company as at 30 June 2022, the Company had total assets of 4,056.73 MB., total liabilities of 2,740.95 MB., Non-controlling interests of subsidiaries loss 3.97 MB. and Total equity attributable to owners of the company of 1,319.76 MB. or book value of 1.21 Baht per share, at the end of 2021, the Company had total assets of 3,696.94 MB., total liabilities of 2,420.06 MB., Non-controlling interests of subsidiaries of 2.86 MB. and shareholders' equity of 1,279.74 MB. or book value of 1.18 Baht per share.

As at 30 June 2022, the Company' had a working capital in cash and cash deposits of 547.23 MB., with enough for current operation business and able to support future business expansion. The significant changed for financial position of the Company are as follows.

- As of 30 June 2022, the Company's total assets were 4,056.73 MB., increased by 359.79 MB. or 9.73% compared to the end of year 2021 as per following details
 - Cash and cash equivalents of 547.23 MB., increased by 322.57 MB. or 143.58% based on cash flows from operating activities and financing activities compared to the end of last year.
 - Trade accounts receivable and other current account receivables were by 426.20 MB., decreased by 186.31 MB. or 30.42% due to receiving payments from other receivables net of 197.11 MB, a increase of trade receivable 17.32 MB. Allowance for doubtful accounts as per forward looking increased by 6.52 MB.
 - Inventories were 242.54 MB., increased by 140.96 MB. or 138.76% from ammonia products increased by 91.91 MB., ammonium hydroxide increased by 0.12 MB., Sulfuric Acid decreased by 0.05 MB., consumables and spare parts increased by 1.03 MB. and Good in transit increased by 47.95 MB.
 - Other current financial assets of 36.05 MB. increased by 14.21 MB. or 65.07% because of a cash security deposit which increased in commercial credit guarantees with financial institutions in proportion to the increasing use of trade credit facilities.
 - Others current asset of 11.70 MB., decreased by 0.71 MB. or 5.70% from due to receiving a refund from the trade deposit from the trade partner.
 - Non-current financial assets of 10.83 MB., decreased by 1.14 MB. or 9.49% due to provision for impairment of investment.
 - Property, plant and equipment (PPE) of 1,897.64 MB., increased by 105.70 MB. or 5.90% consisting of net depreciation during the period 33.87 MB., purchase of assets during the period 99.57 MB., disposal of assets of 0.73 MB. and transfer expenses to cost of assets during the period 40.73 MB. Most of them were investments in the NFCT Tank Farm Project 109.13 MB., the NFCW construction in progress project of 26.30 MB. and NFC Asset Capitalization of 4.87 MB.
 - Right of use asset of 816.95 MB., decreased by 31.42 MB., or 3.70% according to the amortization over the period.

- Other non-current asset of Baht 43.73 MB. decreased 12.21 MB. or 21.83%, which was a settlement of advance for the construction of the subsidiary's Tank Farm Project.
- As of 30 June 2022, the Company had total liabilities of 2,740.95 MB., increased by 320.89 MB. or 13.26% compared to the end of year 2021.
- Short-term loan from financial institution of 453.93 MB., increased by 233.05 MB. or 105.51% because NFCT utilized the credit from financial institution increased by 231.97 MB. to support the construction of the Tank Farm Project. NFC utilized a limit of LC/TR increased by 1.08 MB.
 - Trade accounts payable and other current account payable of 346.71 MB., increased by 152.40 MB. or 78.43% due to an increase in net trade payables of 14.11 MB., advanced receipt from customers increased by 113.71 MB. while other trade payables increased. and other accrued expenses, a net increase of 24.58 MB.
 - Long-term loans from financial institutions 1,024.71 MB. increased by 0.67 MB. which are long-term loans from the construction of the NFCT Tank Farm Project.
 - Lease liabilities of 782.42 MB. decreased by 7.80 MB., or 0.99% according to the amortization over the period.
- As of 30 June 2022, the Company had shareholders' equity of 1,315.78 MB., increased by 38.90 MB. or 3.05 % compared to the end of year 2021 resulted operating results of the Company's shareholders of 40.02 MB. and non-controlling interests, accumulated loss of 3.97 MB. At present, the company has a paid-up capital of 815.87 MB., divided into 1,087.83 million ordinary shares with a par value of 0.75 baht per share.

Cash flow Statement of the Company

For the quarter 2/2022 ended 30 June 2022, the Company had net cash flow of 322.57 MB., with cash and cash equivalents at the beginning of 224.66 MB. As a result, cash and cash equivalents at the end of the period were 547.23 MB., due to.

- Net cash flow from operating activities 213.50 MB., which is a result of working capital management of the company from receiving payments from the leasehold receivables 227.37 and cash from operating activities of 12.64 MB.

- Net cash flow used in investing activities was 98.68 MB., mainly from investment in the Tank Farm Project of NFCT subsidiary.
- Net cash flow from financing activities of 207.75 MB., from additional loans received from financial institution for the NFCT Tank Farm Project 232.76 MB., Utilization of trade credit (LC/TR) from financial institutions of 1.08 MB., Payment of lease liabilities of 20.04 MB. and Interest payment of 6.05 MB.