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MGT FNC 2023/001

17 February 2023

Subject: Management Discussion and Analysis For the fourth quarter of 2022 and for the year 2022

To: Director and Manager of the Stock Exchange of Thailand

Megachem (Thailand) Public Company Limited ("The Company") would like to clarify the operating result for the fourth quarter and year ended December 31, 2022 as follows:

Description	Q4 2022	Q4 2021	Var	% Var	FY 2022	FY 2021	Var	% Var
Sale of Goods	217.83	259.94	(42.11)	(16.20)	1,056.50	942.10	114.40	12.14
Less Cost of sales	158.03	188.22	(30.19)	(16.04)	777.48	672.13	105.35	15.67
Gross Profit	59.80	71.72	(11.92)	(16.62)	279.02	269.97	9.05	3.35
Other income	(2.80)	2.89	(5.69)	(196.89)	5.85	9.82	(3.97)	(40.43)
Selling & distribution & Administrative expenses	45.67	39.34	6.33	16.09	174.04	133.83	40.21	30.05
Profit for the Period	8.17	26.41	(18.24)	(69.06)	85.10	114.52	(29.42)	(25.69)

Sales Revenue

In Q4/2022, sales revenue decreased by 42.11 million baht or accounted for a decrease of 16.20%.

For the year 2022, the Company had an increase in sales revenue of 114.40 million baht or accounted for an increase of 12.14% due to the increase in sales of the Company and subsidiaries.

Gross Profit

In Q4/2022, the Company's gross profit decreased by 11.92 million baht, representing a decrease of 16.62%.

For the year 2022, the Company's gross profit increased by 9.05 million baht, representing an increase of 3.35% from the increase in sales of the Company and subsidiaries.

Selling, distribution and administrative expenses

In Q4/2022, the Company's selling and distribution and administrative expenses increased by 6.33 million baht, representing an increase of 16.09 percent.

For the year 2022, the Company's selling, distribution and administrative expenses increased by 40.21 million baht, representing an increase of 30.05%.



However, the additional expenses came from the subsidiaries that the Company acquired in Q4/2021, while the company's expenses remain constant and other subsidiaries' expenses decreased from the previous year.

Net Profit

In Q4/ 2022, the Company's net profit decreased by 18.24 million baht, representing a decrease of 69.06 percent.

For the year 2022, the Company's net profit decreased by 29.42 million baht, representing a decrease of 25.69%, due to a decrease in net profit of subsidiaries. In which year 2021, the subsidiary's sales revenue was higher than usual due to the COVID-19 pandemic during that period makes it beneficial to sell products but in 2022, the sales revenue of the subsidiaries has returned to normal situation. Therefore, the overall picture of the Company's operations in year 2022 has a decrease in net profit.

From the Company's operating results in the fourth quarter and for the year 2022, the overall economic condition of the country continues to recover, the exchange rate of baht against the U.S. dollar during 2022 has depreciated compared to 2021. However, the Company is able to manage and prepare to cope with the fluctuation of exchange rates. It can be seen that the Company still gain profits from exchange rate in year 2022. The Company still monitoring the situation that may cause risks or affect the Company in every aspect and is prepared to deal with various fluctuations closely in order to maintain the best benefit of the Company and investors and determined to find business opportunities to increase profits consistently.

Sincerely Yours



(Vitthaya Inala, Ph.D.)

Chief Executive Officer