

February 24, 2023

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis for 4Q/2022

#### 4Q/2022 Highlight

- Revenue from sales of Baht 1,062.4 million, 36% decrease YoY mainly due to the decrease in fertilizer demand.
- Gross margin improved to 18.0% in 4Q/2022 from 14.5% in the same period last year.
- Our crop care business has continuously improved with 20% growth in revenue to Baht 83.6 million.
- High demand for warehousing service led to our service and other income to increase 17% YoY.
- Finalized acquisition of the Yara production-warehouse facility and immediately started building additional 10.0000m2 new modern warehouse on the site.
- PMTA reported net profit of Baht 19.4 million in 4Q/2022 and net profit of Baht 78.1 million for FY2022.

#### Overview

Local demand for NPK fertilizer has still been pressured by high fertilizer price in this high season in 4<sup>th</sup> quarter. For export market, there has been an increase in competition from Chinese producers after Chinese government has eased their export restriction in second half of 2022.

Revenue in 4Q/2022 dropped 36% YoY and 24% QoQ to Baht 1,062.4 million owing to the decrease in fertilizer sales volume. Our gross margin improved from 14.5% to 18.0% in 4Q/2022. Our gross profit was at Baht 190.7 million or 21% decrease YoY. As a result, our EBITDA was at Baht 62.4 million, a decrease of 37% YoY. PMTA reported net profit in 4Q/2022 at Baht 19.4 million and net profit for FY2022 at Baht 78.1 million.

**Table 1: Performance Summary**

<i>in Million Baht</i>	FY21	FY22	% YoY	4Q/21	3Q/22	4Q/22	% YoY	% QoQ
<b>Revenue from sales</b>	3,872.6	4,145.5	7%	1,661.7	1,392.4	1,062.4	-36%	-24%
<b>Gross Profit*</b>	654.8	741.1	13%	240.4	248.5	190.7	-21%	-23%
Gross Margin (%)	16.9%	17.9%		14.5%	17.8%	18.0%		
<b>EBITDA</b>	226.2	213.2	-6%	98.4	82.5	62.4	-37%	-24%
EBITDA Margin (%)	5.8%	5.1%		5.9%	5.9%	5.9%		
<b>Net Profit</b>	133.3	78.1	-41%	62.3	40.8	19.4	-69%	-53%
Net Profit Margin (%)	3.4%	1.9%		3.8%	2.9%	1.8%		
<b>Basic earnings per share (in Baht)</b>	1.32	0.77	-41%	0.62	0.40	0.19	-69%	-53%

Remark \*Gross Profit = Sales Revenue - Raw Material Cost

## Fertilizer, Pesticide and Factory Area Management Business

NPK fertilizer volume decreased 53% YoY to 29,550 tons in Q4/2022. Compared to the same period last year, domestic fertilizer demand remained relatively low owing to high fertilizer prices not matching the low increase in farmers income. Although fertilizer demand has slowly recovered toward the end of the quarter, our domestic NPK fertilizer volume decreased 43% YoY to 25,550 ton. Export volume decrease 69% to 5,600 tons in Q4/2022. Our export was mainly to Madagascar and Cameroon, while our main Philippine customers were slow down their orders in this quarter. Single fertilizer sales were only 4,716 tons as we have fewer trading activities during this period. For FY2022, total fertilizer volume was at 143,306 tons decreasing 36% YoY. NPK fertilizer volume decreased 20% YoY to 118,228 tons mainly due to 33% decrease in domestic sales, while 15% increase in export sales. Single fertilizer dropped 67% to 25,078 tons in FY2022.

Our crop care business has continuously improved with 20% growth in revenue to Baht 83.6 million in Q4/2022 and 43% growth in revenue to Baht 297.9 million for FY2022. High demand for warehousing service leaded to our service and other income to increase 17% YoY in Q4/2022 and 54% to Baht 104.2 million for FY2022.

**Table 2: Sales Volume**

Unit: Tons	FY21	FY22	% YoY	4Q/21	3Q/22	4Q/22	% YoY	% QoQ
NPK Fertilizer	147,930	118,228	-20%	63,031	37,838	29,550	-53%	-22%
Single Fertilizer	76,245	25,078	-67%	21,663	8,195	4,716	-78%	-42%
Total	224,174	143,306	-36%	84,693	46,033	34,266	-60%	-26%

**Table 3: Sales Volume Breakdown**

Unit: Tons	FY21	FY22	% YoY	4Q/21	3Q/22	4Q/22	% YoY	% QoQ
Domestic	184,043	94,440	-49%	66,619	22,710	28,666	-57%	26%
Export	40,131	48,866	22%	18,074	23,323	5,600	-69%	-76%
Total	224,174	143,306	-36%	84,693	46,033	34,266	-60%	-26%

## Consolidated Performance

**Table 4: Income Statement**

in Million Baht	FY21	FY22	% YoY	4Q/21	3Q/22	4Q/22	% YoY	% QoQ
<b>Revenue from sales</b>	3,872.6	4,145.5	7%	1,661.7	1,392.4	1,062.4	-36%	-24%
Fertilizer	3,663.8	3,847.6	5%	1,591.9	1,308.8	978.8	-39%	-25%
Pesticide	208.8	297.9	43%	69.8	83.7	83.6	20%	0%
<b>Raw Material Costs</b>	(3,217.7)	(3,404.4)	6%	(1,421.3)	(1,143.9)	(871.7)	-39%	-24%
<b>Gross Profit*</b>	654.8	741.1	13%	240.4	248.5	190.7	-21%	-23%
Service & Other Income	67.5	104.2	54%	23.6	25.3	27.6	17%	9%
Operating Cost	(201.5)	(226.9)	13%	(73.4)	(71.5)	(45.7)	-38%	-36%
Cost of providing services	(21.5)	(32.0)	49%	(7.3)	(6.4)	(12.6)	72%	96%
SG&A	(273.1)	(373.2)	37%	(84.8)	(113.4)	(97.6)	15%	-14%
<b>EBITDA</b>	226.2	213.2	-6%	98.4	82.5	62.4	-37%	-24%
Depreciation & Amortization	(69.4)	(79.5)	14%	(17.1)	(20.6)	(20.3)	19%	-1%
<b>EBIT</b>	156.8	133.7	-15%	81.3	61.9	42.1	-48%	-32%
Financial Cost	(20.1)	(30.9)	53%	(5.3)	(8.4)	(11.8)	123%	40%
Gain/(Loss) from Foreign Exchange	27.0	1.4	-95%	(1.7)	(2.9)	1.8	208%	164%
Profit before income tax	163.6	104.2	-36%	74.3	50.5	32.2	-57%	-36%
Income Tax Expense	(30.3)	(26.1)	-14%	(12.0)	(9.7)	(12.8)	7%	32%
<b>Net Profit</b>	133.3	78.1	-41%	62.3	40.8	19.4	-69%	-53%

Remark \*Gross Profit = Sales Revenue - Raw Material Cost

Our revenue from sales in 4Q/2022 declined 36% YoY and 24% QoQ to Baht 1,062.4 million. Gross profit was at Baht 190.7 million or 21% decrease YoY, which was a result of the decrease in fertilizer volume. Operating cost decreased 38%, but our SG&A increased 15% YoY to Baht 97.6 million due to the increase in marketing and traveling activities during this period. As a result, our EBITDA was at Baht 62.4 million or 37% decrease YoY, and PMTA reported Baht 19.4 million of net profit in Q4/2022.

For FY2022, revenue from sales grew 7% to 4,145.5 million mainly due to the increase in selling price. Our gross profit improved 13% to Baht 741.1 million mainly from the increase in average selling price. Higher energy cost and repair & maintenance cost resulted in 13% increase in operating cost. SG&A increased 37% owing to the increase in transportation cost for export, marketing and traveling expenses. Substantial increase in fertilizer cost caused higher working capital requirement. This resulted in 53% increase in our financial cost in FY2022. Subsequently, PMTA announced the consolidated financial statements with a net profit of Baht 78.1 million FY2022

## Financial Position

Financial Position	As of 31 Dec 21	As of 31 Dec 22
<b>Asset</b>	<b>2,439.8</b>	<b>2,807.8</b>
Cash and Cash Equivalent	345.7	282.4
Other Current Asset	1,508.3	1,835.9
Property, Plant and Equipment	475.4	569.3
Right-of-use assets	104.1	111.8
Other non Current Asset	6.3	8.4
<b>Liabilities and Equity</b>	<b>2,439.8</b>	<b>2,807.8</b>
Interest Bearing Debt	288.8	674.2
Lease liabilities	104.2	118.9
Other Liability	375.1	319.4
Shareholder's Equity	1,671.7	1,695.3

As of 31 December 2022, total assets were recorded at Baht 2,807.8 million, increased Baht 368.0 million. Current assets were at Baht 2,120.1 million, increasing by Baht 266.1 million from trade receivable and inventory outstanding. Property, plant and equipment increased by THB 93.9 million to Baht 569.3 million due to the acquisition of land and warehouses adjacent to our current plant and warehouse in order to expand our warehousing service businesses.

Total liabilities as of 31 December 2022 were at Baht 1,112.5 million. Current liabilities increased Baht 329.4 million from the increase in interest bearing debt for working capital. Shareholders' equity increased to Baht 1,695.3 million.

## Cash Flows

For FY2022, PMTA had net cash outflow from operating activities of Baht 283.9 million mainly from Baht 214.3 million of cash profit while the increase in inventories and receivable of Baht 391.4 million and the decrease in payable of Baht 74.8 million. Net cash used in investing activities was at Baht at 156.6 million including the acquisition of land and warehouses adjacent to our current plant and warehouse and the replacement and upgrade of equipment for fertilizer production. Moreover, net cash inflow from financing activities was at Baht 301.9 million, mainly from the addition Baht 388.8 million short term land from banks. Together with cash and cash equivalents as at 1 January 2022 and effect of exchange rate changes on balances held in foreign currencies, PMTA's cash and cash equivalents as of 31 December 2022 was at Baht 282.4 million.

## Financial Ratios

Key Financial Ratio	2021	2022
Current Ratio	2.8	2.1
EBITDA to Sales Revenue (%)	6%	5%
Net Profit to Sales Revenue (%)	3%	2%
Return on Total Asset (%)	7%	6%
Return on Equity (%)	8%	5%
Interest Bearing Debt to Equity (Times)	0.2	0.4
Net Interest Bearing Debt to Equity (Times)	(0.0)	0.2
Net Interest Bearing Debt to EBITDA (Times)	(0.3)	1.8

### Note:

Current ratio	=	Current assets divided by current liabilities
EBITDA to sales revenue	=	EBITDA divided by sales revenue
Net profit on sale revenue	=	Net profit divided by sales revenue
Return on total assets	=	Net profit divided by average total assets
Return on equity	=	Net profit divided by average total shareholder's equity
Interest Bearing Debt to Shareholders' Equity	=	Interest Bearing Debt divided by shareholder's equity
Net Interest Bearing Debt to Shareholders' Equity	=	Interest Bearing Debt net from cash and cash equivalent and current investments divided by shareholder's equity
Net Interest Bearing Debt to EBITDA	=	Interest Bearing Debt net from cash and cash equivalent and current investments divided by shareholder's equity

Yours faithfully,  
**PM Thoresen Asia Holdings Public Company Limited**

Mr. Sigmund Stromme  
Managing Director