



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. 008/2566

27 February 2023

Subject Clarification of the year 2022 performance

To President
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Referred to rules and regulations of the SEC providing 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 2022 shows the Profit Attributable to Owners of the parent at the amount of THB 834 million, decreasing by 47% compared with the corresponding period of the previous year which showed the amount of THB 1,579 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

Company Secretary / Photchara Tel. 0 2639 8888 ext 8909



Management Discussion and Analysis (MD&A)

Business Overview

The Company reported the Consolidated Financial Statements of 2022 from January 1 to December 31, 2022 that the Company achieved Profit Attributable to Owners of the parent of 834 million baht, decreased by 47% or 745 million baht from the previous year of 1,579 million baht. The reason was mainly a result of raw material costs increasing while our selling prices are difficult to increase due to the government's price control policy to support farmers' living costs. As a result, the company's margin was mostly at its lowest level compared with the past decade.

Business Segment Information

The Company's main business is to import, manufacture, and distribute various formulas of chemical fertilizer. The Company has 3 subsidiaries, 1) TCCC Myanmar Ltd., an importer and distributor of chemical fertilizer in Myanmar, 2) MC Agro-Chemicals Co., Ltd., an importer and distributor of herbicide, fungicide, and insecticide for agriculture, and 3) N.I.M. Co., Ltd., an owner and operator of the tank terminal for storage of liquid chemicals for industrial uses. The Company performance is analyzed in the segment of Core Business and Subsidiaries businesses.

- **Core Business (Chemical Fertilizers)**

We faced a lot of difficulties that resulted in severe company performance in the year 2022. One of the most serious factors was raw material prices, which had risen incredibly and affected greatly the supply-demand balance in the global fertilizer market amid the Russia-Ukraine conflict. In addition, the depreciation of the Thai baht results in higher import costs. As a result, domestic fertilizer prices had almost doubled compared with previous year and the demand for fertilizer became lower than usual.

- **Other Businesses**



The share of Sales Revenue and Service Income from the two non-fertilizer businesses was insignificant at 3% compared with the total revenue in 2022.

Sales Revenue and Service Income of MC Agro-Chemicals decreased by 21% from the previous year due to growers' demand for cultivation decrease from negative agricultural environment.

Service Income of N.I.M. also decreased by 1% from the previous year resulted from the lower volume of chemicals storage in the tanks.

Policy and Strategy

The Company has adheres to the main strategies of 1) consistently enhancing the capability to produce high-quality fertilizer, 2) providing best services such as academic knowledge to offer a better understanding of compound fertilizer, and 3) controlling production and procurement to maintain the optimal level of inventory, so as to generate income from operation at best effort. In addition, the Company realizes the importance of sustainable development by operating the business with great care and concern over environment, society and corporate governance with the aim of generating maximum benefits to the Company's stakeholders.

Lastly, the Company has strived to adopt advanced technology for the enhancement of manufacturing capabilities to create distinctive products that help improving farmers' yield and quality of life.

Accounting Policies

The Company's financial year is the period from January 1 until December 31 of every year. The financial statements have been prepared in accordance with Thai Accounting Standards ("TAS") No. 1 and the Regulation of the Stock Exchange of Thailand. The significant accounting policies is to recognize revenue from sales when the Company has transferred the control of the goods to customers. Inventory is recorded either at lower of cost or net reliable value, whichever is lower. Meanwhile, cost is determined by a weighted average method except



for a subsidiary, MC Agro-Chemicals Company Limited, which is determined by a first-in, first-out approach.

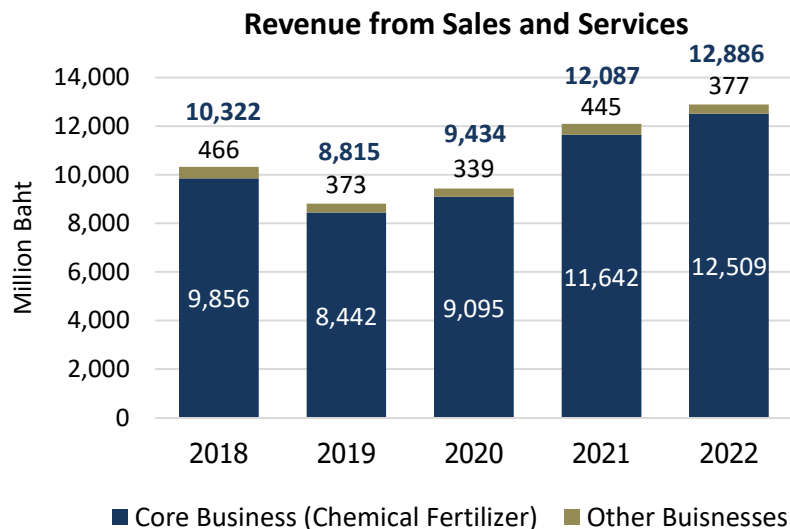
Results of Operations

1. Overview of the Operation

Statements of Comprehensive Income as of December 31, 2022 compares with December 31, 2021.

Unit : Million Baht	Year		Change
	2021	2022	%
Revenues from Sales and Services	12,087	12,886	7
Cost of Goods Sold and Rendering of Services	(9,640)	(11,394)	18
Gross Profit	2,447	1,492	(39)
Interest and Other Income	124	142	14
Profit Before Expenses	2,571	1,634	(36)
Selling and Administration Expenses	(553)	(551)	(0)
Profit from Operating Activities	2,018	1,083	(46)
Finance Costs	(4)	(11)	164
Profit Before Income Tax	2,014	1,072	(47)
Income Tax Expense	(411)	(215)	(48)
Profit for the Year	1,603	857	(47)
Profit Attributable to Owners of Parent	1,579	834	(47)
Total Comprehensive Income Attributable to Owner of Parent	1,595	844	(47)

2. Revenues from Sales and Services





- Core Business (Chemical Fertilizer)

In 2022, the Company earned revenue from sales of chemical fertilizer in the total amount of THB 12,509 million, risen by THB 867 million or 7% from 2021. The main reasons contributing for a higher chemical fertilizer revenue was the higher selling price than the previous year due to higher international raw material price.

- Income from the Other Businesses

Overall, income from other businesses was from the sales of pesticides used in the agricultural sector as well as servicing tank rental and terminal operation for the storage of liquid chemicals used in various industries. The revenue generated by these businesses in 2022 was THB 377 million, decreased by THB 68 million or -15% compared with THB 445 million in 2021.

3. Cost of Goods Sold and Services

In 2022, the continuous hike in raw material prices led the Company to experience with a THB 1,754 million or 18% increase in Cost of Goods Sold and Services compared with the year 2021.

4. Selling and Administration Expenses

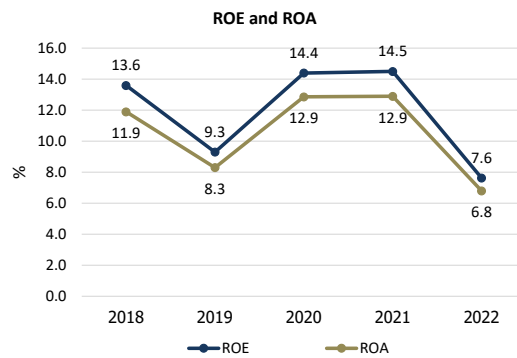
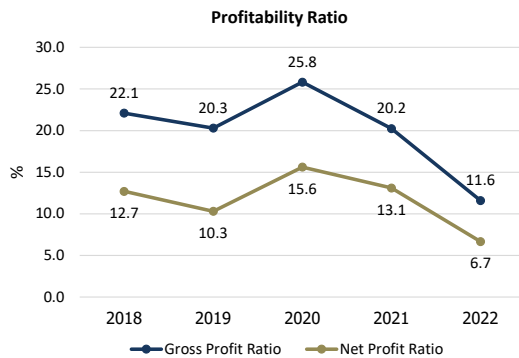
Selling and Administration Expenses decreased by THB 2 million because the Company aimed to control such expenses to alleviate the impact of raw material prices. However, in the second half of the year 2022, the Company tried to arrange more on-field marketing activities to retain our customers.

5. Profitability Analysis

Description	Year		Change
	2021	2022	%
Gross Profit (Million Baht)	2,447	1,492	(39)
Profit Attributable to Owners of parent (Million Baht)	1,579	834	(47)
Earning Per Share (Baht)	2.70	1.43	(47)



Despite an increase in Revenue from Sales and Services, an incredible increase in raw material prices and the government's strict control over fertilizer's selling price caused the Company's gross profit decreased by 39% when compared with the year 2021.



Regarding the Profit Attributable to Owners of parent in 2022, the Company earned THB 834 million, decreased from 2021 by THB 745 million or -47%. As a result, Earning per Share reduced from 2.70 baht in 2021 to 1.43 baht in 2022.

Both Return on Equity (ROE) and Return on Asset (ROA) was decreased compared with the previous year since the value of Net Profit doubled decrease but the value of equity and asset remained nearly at the same level as the previous year.

Analysis of Liquidity and Financial Position

1. Overview of Financial Statements

Main Components of Statement of Financial Position (Consolidated)

Description	December 31, 2021		December 31, 2022	
	Million Baht	Percentage to Total Assets	Million Baht	Percentage to Total Assets
Current Assets	10,391	81	10,031	81
Non-current Assets	2,419	19	2,388	19
Total Assets	12,810	100	12,419	100
Current Liabilities	1,169	9	918	7
Non-current Liabilities	326	3	337	3
Total Liabilities	1,495	12	1,255	10
Shareholders' Equity	11,315	88	11,164	90
Total Liabilities and Shareholders' Equity	12,810	100	12,419	100



2. Assets

As of 31 December 2022, overall assets of the Company decreased by 3% from THB 12,810 million in 2021 to THB 12,419 million in 2022. Details are shown below:

Description	December 31, 2021 Million Baht	December 31, 2022 Million Baht	Change %
Cash and Cash Equivalents	4,505	5,519	23
Time Deposits	3,589	471	(87)
Trade and Other Current Receivables	373	473	27
Inventories	1,919	3,566	86
Assets	12,810	12,419	(3)

Cash and cash equivalents in year 2022 increased from THB 4,505 million to THB 5,519 million or 23% because the Company reduced the proportion of time deposits for purchasing expensive raw materials. As a result, Inventories increased by 86% since the value of raw materials increased.

- Investments, Goodwill, and Amortization.

The intangible asset is Right for use of trademarks. The Company engaged an independent appraiser to determine the fair value of the right to use the trademarks in accordance with the Notification of the Stock Exchange Commission dated April 30, 2004 regarding the opinion for accounting treatment for intangible assets. According to the reports of the independent appraiser dated January 20, 2023 and January 7, 2022, the appraisal values of the fair value of such right as at January 3, 2023 and January 4, 2022, respectively, by using the Relief from Royalty Method are higher than the carrying values.

For the years ended December 31, 2022, and 2021, sales under these trademarks represented approximately 81% and 90% of the Company's total revenue from sales, respectively.

3. Liabilities and Equity

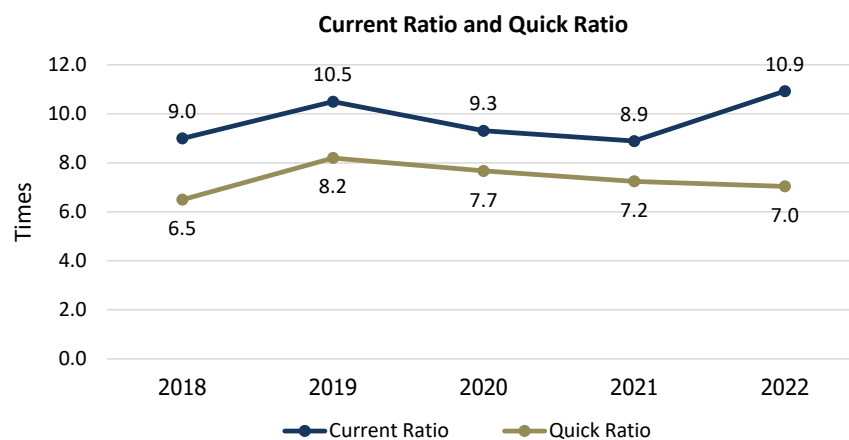
- On December 31, 2022, the Company had Total Liabilities of THB 1,255 million, decreased by THB 240 million or -16% from the end of 2021.



- On December 31, 2022, the Company had Total Equity of 11,164 million baht, decreased by THB 151 million or -1% from the end of 2021.

4. Liquidity and Cash Flows

The Current Ratio increased from 8.9 to 10.9 times while the Quick Ratio declined from 7.2 to 7.0 times. However, the Company still had a solid performance in managing liquidity because the value of current assets was sufficient to fully cover short-term liabilities. Therefore, the company's financial status remained strong.



Regarding Cash Flow activities, the Net Cash Flow provided by operating activities showed a cash inflow of THB 1,921 million in 2021. However, the Net Cash Flow used in operating activities showed a cash outflow of THB 964 million in 2022. The reason was mainly due to a decrease in Net profit, Income tax expense, Trade receivables, Inventories, and Trade payables.

The Net Cash Flow used in financing activities decreased from THB 1,078 million in 2021 to THB 949 million in 2022, or -12%. The reason was mainly due to cash inflow from Short-term borrowings from financial institutions and lower Dividend payments compared with the previous year.

In the meantime, the Net Cash Flow provided by investing activities increased from THB 779 million in 2021 to THB 2,931 million in 2022, or 276%. The reason for the increase was mainly due to a significant reduction in the Company's time deposit, which is affected to higher cash flow.



Economic & Business Forecast 2023

According to IMF, the global economy is expected to slow down in 2023 before rebounding in 2024. Slow demand and rising interest rates in most economies globally will continue to weaken inflationary pressures over the year 2023. According to the global real GDP growth forecast, it will increase by 2.3% in 2023. Though global inflation is expected to moderate from 9.1% in 2022 to 6.8% in 2023, it is still at historic high. However, multiple risks could prompt an inflation resurgence in the short to medium term. Additional supply disruptions from the Russia-Ukraine war and China's reopening would boost global commodity prices, aggravating a broad-based cost-of-living crisis.

Thai economy seems to gain recovering from resuming tourism and private consumption in 2023. Both IMF and Bank of Thailand also announced that Thailand's GDP would grow at 3.7% in 2023 amid the global slowdown. The tourism sector is recovering from more relaxed measurements and the reopening of the border. The cost-of-living crisis seems to be improving as Thailand's headline inflation decelerated to 5.6% in November 2022, and is expected to return to the target rate of 3% by the end of this year. However, Thailand would still face high energy prices as the country is a net importer of crude oil.

The agricultural sector in Thailand is forecasted that the cultivation will be maintained at the same level as in normal year due to the fact that there is no forecast of unfavorable weather so far and each crop prices are stable. Fertilizer prices are on a downward trend compared to 2022, and fertilizer demand is expected to recover. As international situation will continue to be uncertain, the management would like to manage our business with paying attention to domestic and international situation.

.....