

May 3, 2023

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis for Q1/2023

Q1/2023 Highlight

- Revenue of Baht 383.2 million, 45% decrease YoY mainly due to the delay purchase order from wholesalers and retailer as fertilizer price was undergoing downward correction.
- PMTA reported net loss of Baht 38.8 million in 1Q/2023.
- We anticipate rebound in fertilizer demand in 1st plantation season in second quarter assuming the current agricultural conditions remain the same.
- Our warehouse service and other income increased 18% YoY reaching Baht 29.4 million in 1Q/2023.

Overview

In 1st quarter this year, the fertilizer market in Vietnam was quite stagnant due to the low season and the considered high fertilizer price which was now in the downward trend. Furthermore, wholesales and retailers were more caution in purchasing and collecting their stock for the coming season in 2nd quarter. However, we expect a rebound in domestic fertilizer demand in 1st plantation season in second quarter assuming that the current agricultural conditions remain the same. For the export market particular Philippine, there remained intense pricing competition primarily from Chinese manufacturers. We are persistently working on introducing our special products and fostering connections with current and potential clients to expand our export market in Africa, and South East Asia.

As a result, revenue in 1Q/2023 decreased 45% to Baht 383.2 million mainly because of the decrease in domestic sales. Gross profit decreased 59% YoY to Baht 47.8 million. Subsequently, PMTA reported net loss of Baht 38.8 million in 1Q/2023.

Table 1: Performance Summary

<i>in Million Baht</i>	1Q/22	4Q/22	1Q/23	% YoY	% QoQ
Revenue from sales	701.9	1,062.4	383.2	-45%	-64%
Gross Profit*	117.2	190.7	47.8	-59%	-75%
Gross Margin (%)	16.7%	18.0%	12.5%		
EBITDA	25.4	62.4	(7.8)	-131%	-113%
EBITDA Margin (%)	3.6%	5.9%	-2.0%		
Net Profit	1.5	19.4	(38.8)	-2616%	-300%
Net Profit Margin (%)	0.2%	1.8%	-10.1%		
Basic earnings per share (in Baht)	0.02	0.19	(0.38)	-2616%	-300%

Remark *Gross Profit = Sales Revenue - Raw Material Cost

Fertilizer, Pesticide and Factory Area Management Business

In Q1/2023, sales of fertilizer dropped by 47% YoY to a total of 14,075 tons. The decrease in sales was primarily due to a decline in domestic volume, a 54% YoY drop to 10,655 tons. Additionally, reduced trading activities led to a 64% YoY decrease in single fertilizer volume, which amounted to 2,421 tons. However, export volume showed a slight improvement, increasing by 3% YoY to reach 3,420 tons.

Revenue from crop care business was at Baht 34.9 million, 24% decrease YoY. Our warehouse occupancy was high and logistic service and other income increased 18% YoY reaching Baht 29.4 million in 1Q/2023.

Table 2: Sales Volume

Unit: Tons	1Q/22	4Q/22	1Q/23	% YoY	% QoQ
NPK Fertilizer	19,977	29,550	11,654	-42%	-61%
Single Fertilizer	6,719	4,716	2,421	-64%	-49%
Total	26,696	34,266	14,075	-47%	-59%

Table 3: Sales Volume Breakdown

Unit: Tons	1Q/22	4Q/22	1Q/23	% YoY	% QoQ
Domestic	23,377	28,666	10,655	-54%	-63%
Export	3,319	5,600	3,420	3%	-39%
Total	26,696	34,266	14,075	-47%	-59%

Consolidated Performance

Table 4: Income Statement

in Million Baht	1Q/22	4Q/22	1Q/23	% YoY	% QoQ
Revenue from sales	701.9	1,062.4	383.2	-45%	-64%
<i>Fertilizer</i>	656.2	978.8	348.4	-47%	-64%
<i>Pesticide</i>	45.7	83.6	34.9	-24%	-58%
Raw Material Costs	(584.7)	(871.7)	(335.5)	-43%	-62%
Gross Profit*	117.2	190.7	47.8	-59%	-75%
Service & Other Income	24.9	27.6	29.4	18%	7%
Operating Cost	(46.5)	(45.7)	(35.1)	-24%	-23%
Cost of providing services	(6.0)	(12.6)	(10.9)	82%	-13%
SG&A	(64.2)	(97.6)	(38.9)	-39%	-60%
EBITDA	25.4	62.4	(7.8)	-131%	-113%
Depreciation & Amortization	(18.7)	(20.3)	(19.3)	3%	-5%
EBIT	6.7	42.1	(27.2)	-508%	-164%
Financial Cost	(4.6)	(11.8)	(14.0)	203%	18%
Gain/(Loss) from Foreign Exchange	(0.5)	1.8	2.4	572%	28%
Profit before income tax	1.5	32.2	(38.8)	-2616%	-221%
Income Tax Expense	-	(12.8)	-	n.a.	100%
Net Profit	1.5	19.4	(38.8)	-2616%	-300%

Remark *Gross Profit = Sales Revenue - Raw Material Cost

In 1Q/2023, Our revenue from sales was Baht 383.2 million, representing a decrease of 45% YoY. Gross profit experienced a decline of 59% YoY amounting to Baht 47.8 million. We reduced our operating cost by 24% and SG&A by 39%. However, we reported net loss of Baht 38.8 million in the consolidated financial statements for 1Q/2023.

Yours faithfully,
PM Thoresen Asia Holdings Public Company Limited

Mr. Sigmund Stromme
Managing Director