



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)
THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 2nd quarter performance of the year 2023

To President
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Referred to rules and regulations of the SEC which provides 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 the 2nd quarter of 2023 shows Profit Attributable to Owners of the parent at the amount of THB 276 million, decreasing by THB 147 million or 35% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 423 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

Corporate Secretary / Photchara Tel. 0-2639-8888 ext. 8909



Management Discussion and Analysis (MD&A)

Key Summary

- In the 2nd quarter of 2023, the Company achieved a Profit Attributable to Owner of the parent of THB 276 million. It decreased by THB 147 million or -35%, compared with the 2nd quarter of 2022.
- The Company's Selling and Administration Expenses increased by THB 81 million or 67%, due to the Company's efforts to promote marketing activity to encourage our customers, including TV advertising.
- Although favorable levels of crop prices have supported agricultural activities, late rainfall and the effect of the downtrend in fertilizer prices made our customers hesitate to stock inventories, which curved the overall demand for fertilizer in the 2nd quarter.
- Under these circumstances, the management will closely monitor relevant factors such as fertilizer demand in the global market, which is a key factor in determining the company's production cost and selling price.

Business Overview

The Company would like to report the operational results of the Consolidated Financial Statement for the 2nd quarter of the year 2023 during April 1 to June 30, 2023. The 2nd quarter of 2023 showed Profit Attributable to Owners of the parent at THB 276 million, and Earning per Share at THB 0.47. It decreased by THB 147 million or -35%, compared with the same period of the year 2022.

The World Bank said in its semi-annual report that Thailand's economy is projected to accelerate to 3.9% in 2023 from 2.6% last year due to stronger-than-expected demand from China, Europe, and the United States, private consumption growth, and a recovery in tourism. Inflation is expected to moderate in 2023 to 2% amid easing global energy prices and price caps, although when volatile food and energy prices are stripped out, core inflation has remained higher



than before the pandemic. The return of tourists, particularly from China, has strengthened the tourism outlook. In addition, Thailand faces structural headwinds including an aging population, climate pressures, declining export competitiveness, and high household debt.

Thailand's agricultural sector showed a slightly upward trend in the 2nd quarter according to Office of Agricultural Economics (OAE). However, there are still uncertain factors such as rainfall, raw material price and abnormal weather condition all over the world.

Under such a situation mentioned above, the management will pay more effort to maximize the company's performance.

Results of Operations

Unit : Thousand Baht	2nd Quarter		Change %
	Apr - Jun (3 months)		
	2022	2023	
Revenues from Sales and Services	4,443,422	3,568,222	(20)
Cost of Goods Sold and Rendering of Services	(3,846,085)	(3,078,173)	(20)
Gross Profit	597,337	490,049	(18)
Interest and Other Income	56,691	62,586	10
Profit Before Expenses	654,028	552,635	(16)
Selling, Administration, and Other Expenses	(120,898)	(202,098)	67
Profit from Operating Activities	533,130	350,537	(34)
Finance Costs	(1,228)	(4,032)	228
Share of Profit (Loss) from Investment in an Associate	(108)	(29)	(73)
Profit Before Income Tax Expense	531,794	346,476	(35)
Income Tax Expense	(103,348)	(65,307)	(37)
Profit for the Period	428,446	281,169	(34)
Profit Attributable to Owners of the Parent	422,672	275,898	(35)
Total Comprehensive Income Attributable to Owners of the Parent	428,273	278,257	(35)

The Company's Revenue from Sales and Services in the 2nd quarter showed an decrease of THB 875 million or -20% from THB 4,443 million in 2022 to THB 3,568 million in 2023. Meanwhile, the company's Cost of Goods Sold and Rendering of Services showed a decrease of THB 768 million, or -20% from THB 3,846 million in 2022 to THB 3,078 million in 2023, due to lower raw material costs. Therefore, the Company's Gross Profit decreased by THB 107 million or -18%, from THB 597 million in 2022 to THB 490 million in 2023. As for the Company's Selling and Administration Expenses increased by THB 81 million or 67%, due to the Company's efforts to promote marketing activity to encourage our customers, including TV advertising.



As a result, Profit Attributable to Owners of the parent in the 2nd quarter of 2023 was THB 276 million, decreasing by THB 147 million or -35%, when compared with Profit Attributable to Owner of the parent THB 423 million in the same quarter of 2022.

Unit : Thousand Baht	6 month period (Jan - Jun)		Change
	2022	2023	%
Revenues from Sales and Services	6,047,547	5,420,189	(10)
Total Comprehensive Income Attributable to Owners of the Parent	348,309	207,178	(41)
Earning per Share	0.58	0.42	(29)

Regarding the company's performance in a cumulative 6-month period, Revenue decreased by 10% compared with the same period of the year 2022. The company's Total Comprehensive Income Attributable to Owners of the Parent has decreased by 41% compared with the previous year, mainly due to the effect of the downtrend in fertilizer prices, which made our customers hesitate to stock fertilizer in their inventories in the first half of the year 2023.

Analysis of Liquidity and Capital Resources

Main Components of Statement of Financial Position (Consolidated)

Description	June 30, 2022		June 30, 2023	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	12,111,724	83	10,300,245	81
Non-current Assets	2,411,011	17	2,418,801	19
Total Assets	14,522,735	100	12,719,046	100
Current Liabilities	3,543,998	25	1,850,482	14
Non-current Liabilities	321,994	2	327,471	3
Total Liabilities	3,865,992	27	2,177,953	17
Total Shareholders' Equity	10,656,743	73	10,541,093	83
Total Liabilities and Shareholders' Equity	14,522,735	100	12,719,046	100

As of the end of the 2nd quarter of 2023, total assets of the company showed THB 12,719 million, a decrease of THB 1,804 million or -12%, compared with the same period of 2022. More details of assets are as follows:



Description	June 30, 2022 Thousand Baht	June 30, 2023 Thousand Baht	Change %
Cash, cash equivalents and time deposit*	6,532,608	6,509,133	(0)
Trade and other current receivables	1,181,508	1,092,818	(8)
Inventory	4,322,026	2,667,921	(38)
Assets	14,522,735	12,719,046	(12)

*Time deposit is defined as an account with maturity date over 3 months to less than 1 year and classified under other current financial assets in the statement of financial position.

Cash, cash equivalents, and time deposits in the 2nd quarter of 2023 decreased from THB 6,533 million to THB 6,509 million, due to the company's attempt to maintain a solid financial position amid the current uncertainty economy. Meanwhile, trade and other receivables decreased from THB 1,182 million to THB 1,093 million or -8%, whereas Inventories decreased by 38% due to the price of international raw materials decreasing.

The company's total liabilities were THB 2,178 million, representing a decrease of THB 1,688 million, whereas Shareholders' Equity of the company was THB 10,541 million, representing a decrease of THB 116 million or -1%.

Economic & Business Forecast 2023

The Bank of Thailand expects that global inflation and economic growth will continue to slow down until 2024. The US economy is expected to slow down more than any other country, while the Chinese economy began to grow after opening up the country. The European economy has a chance to recover due to the benefit of demand from China. In addition, The US dollar exchange rate is expected to weaken once interest rates decrease.

In the agricultural sector, it is expected that favorable agricultural prices and the beginning of the rainy season will increase farmers' willingness to cultivate, especially in non-irrigated areas. Also, the government's agricultural policy remains stable during this period. It is expected that the situation of fertilizer sales will tend to improve in the second half of 2023. However, the prolonged Russia-Ukraine situation directly affects the oil price, increasing demand for other energy sources. Therefore, it is expected that in the second half of the year, raw material prices, especially nitrogen, will be higher than in the first half of the year.

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