

August 9, 2023

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis for Q2/2023

Q2/2023 Highlight

- Fertilizer sales volume improved 19% YoY. The reduction of fertilizer prices resulted in 6% YoY decrease in revenue to Baht 928.3 million.
- Our domestic volume increased 83% YoY to 35,985 ton from both increase in NPK and single fertilizer volume.
- Crop care revenue grew 10% to Baht 93.4 million and the warehouse service and other income grew 4% to Baht 27.4 million
- PMTA reported net profit of Baht 3.1 million in 2Q/2023.

Overview

During rice plantation season in 2Q/2023, domestic demand has rebounded from the first quarter while the fertilizer prices have still been in the downward trend. However, wholesalers and retailers remained caution to purchase. There has been increasing price competition from the government owned fertilizer producers. We have revised our selling price in order to maintain our market share. For export market, strong price competition has remained particularly the Philippines.

Revenue in 2Q/2023 was at Baht 928.3 million, a decrease of 6% YoY mainly from the decrease in average selling price. Gross margin (spread margin) improved slightly from 1Q/23 to 12.8% in this quarter but lower than the same period last year due to decreasing trend of fertilizer price. As a result, gross profit was at Baht 119.1 million or 36% decrease YoY but 149% increase QoQ. Subsequently, PMTA reported Baht 3.1 million of net profit in 2Q/2023 or 81% decrease YoY and net loss of Baht 35.7 million for 6M/2023.

Table 1: Performance Summary

<i>in Million Baht</i>	2Q/22	1Q/23	2Q/23	% YoY	% QoQ	6M/22	6M/23	% YoY
Revenue from sales	988.8	383.2	928.3	-6%	142%	1,690.7	1,311.5	-22%
Gross Profit*	184.7	47.8	119.1	-36%	149%	301.9	166.8	-45%
Gross Margin (%)	18.7%	12.5%	12.8%			17.9%	12.7%	
EBITDA	42.9	(7.8)	28.5	-34%	465%	68.3	20.7	-70%
EBITDA Margin (%)	4.3%	-2.0%	3.1%			4.0%	1.6%	
Net Profit	16.4	(38.8)	3.1	-81%	108%	17.9	(35.7)	-299%
Net Profit Margin (%)	1.7%	-10.1%	0.3%			1.1%	-2.7%	
Basic earnings per share (in Baht)	0.16	(0.38)	0.03	-81%	108%	0.18	(0.35)	-299%

Remark *Gross Profit = Sales Revenue - Raw Material Cost

Fertilizer, Pesticide and Factory Area Management Business

Owing to plantation season in 2Q/2023 our fertilizer volume sharply increase from 14,075 ton in 1Q/2023 to 43,203 ton in 2Q/2023 or 207% increase QoQ and 19% increase YoY. Our domestic volume increased 83% YoY to 35,985 ton from both increase in NPK and single fertilizer volume, while our export dropped 57% YoY to 7,218 ton as we had less export to the Philippines in 2Q/2023 comparing to the same period last year. Domestic NPK sales improved 59% YoY result from the improving demand as decreasing fertilizer price. Single fertilizer sales raised 115% YoY from increasing trading activities.

Revenue from crop care business was at Baht 93.4 million, 10% increase YoY. Our warehouse occupancy remained high and logistic service and other income increased 4% YoY to Baht 27.4 million in 2Q/2023.

Table 2: Sales Volume

Unit: Tons	2Q/22	1Q/23	2Q/23	% YoY	% QoQ	6M/22	6M/23	% YoY
NPK Fertilizer	30,863	11,654	31,501	2%	170%	50,840	43,155	-15%
Single Fertilizer	5,449	2,421	11,702	115%	383%	12,168	14,123	16%
Total	36,312	14,075	43,203	19%	207%	63,008	57,278	-9%

Table 3: Sales Volume Breakdown

Unit: Tons	2Q/22	1Q/23	2Q/23	% YoY	% QoQ	6M/22	6M/23	% YoY
Domestic	19,688	10,655	35,985	83%	238%	43,065	46,640	8%
Export	16,624	3,420	7,218	-57%	111%	19,943	10,637	-47%
Total	36,312	14,075	43,203	19%	207%	63,008	57,278	-9%

Consolidated Performance

Table 4: Income Statement

in Million Baht	2Q/22	1Q/23	2Q/23	% YoY	% QoQ	6M/22	6M/23	% YoY
Revenue from sales	988.8	383.2	928.3	-6%	142%	1,690.7	1,311.5	-22%
Fertilizer	903.8	348.4	834.9	-8%	140%	1,560.1	1,183.3	-24%
Pesticide	84.9	34.9	93.4	10%	168%	130.6	128.3	-2%
Raw Material Costs	(804.1)	(335.5)	(809.3)	1%	141%	(1,388.8)	(1,144.7)	-18%
Gross Profit*	184.7	47.8	119.1	-36%	149%	301.9	166.8	-45%
Service & Other Income	26.3	29.4	27.4	4%	-7%	51.2	56.8	11%
Operating Cost	(63.2)	(35.1)	(51.0)	-19%	45%	(109.7)	(86.1)	-22%
Cost of providing services	(7.0)	(10.9)	(11.0)	58%	0%	(13.0)	(21.9)	69%
SG&A	(98.0)	(38.9)	(56.0)	-43%	44%	(162.2)	(94.9)	-42%
EBITDA	42.9	(7.8)	28.5	-34%	465%	68.3	20.7	-70%
Depreciation & Amortization	(19.8)	(19.3)	(19.0)	-4%	-2%	(38.6)	(38.4)	0%
EBIT	23.1	(27.2)	9.5	-59%	135%	29.7	(17.7)	-160%
Financial Cost	(6.0)	(14.0)	(14.9)	148%	7%	(10.6)	(28.9)	172%
Gain/(Loss) from Foreign Exchange	2.9	2.4	8.6	191%	263%	2.4	10.9	348%
Profit before income tax	20.0	(38.8)	3.1	-84%	108%	21.5	(35.7)	-266%
Income Tax Expense	(3.6)	-	-	100%	n.a.	(3.6)	-	100%
Net Profit	16.4	(38.8)	3.1	-81%	108%	17.9	(35.7)	-299%

Remark *Gross Profit = Sales Revenue - Raw Material Cost

In 2Q/2023, Our revenue from sales was Baht 928.3 million, a decrease of 6% YoY. Gross profit declined 36% YoY to Baht 119.1 million. Operating cost decreased 19% YoY and SG&A decreased 43% YoY. Subsequently, PMTA announced the consolidated financial statements with a net profit of Baht 3.1 million for 2Q/2023 and net loss of Baht 35.7 million for 6M/2023.

Yours faithfully,
PM Thoresen Asia Holdings Public Company Limited

Mr. Sigmund Stromme
Managing Director