

Management Discussion and Analysis – For Year 2020

Operating Performance

For the year ended 31 December 2020, the Company's net profit attributable to equity holders of the Company was 8.76 MB., net loss decreased 25.73 MB. or 74.60% compared to last year.

- Gross Profit decreased by 16.85 MB. or 8.99 %
- Other Income decreased by 10.85 MB. or 39.73%
- Total Expenses decreased by 13.18 MB. or 6.68%
- Financial Cost decreased by 1.19 MB. or 7.25%
- Tax income increased by 39.03 MB or 108.03%
- Portion of non-controlling interests in subsidiaries loss increased by 0.03 MB. or 6.52%

Details are as followings:

Revenues from sales and services

For the year ended 31 December 2020, the Company had total revenue from sales and services of 719.29 MB., decreased by 462.36 MB. or 39.13% compared to last year because

- Revenue from sales of chemical products was 615.68 MB., decreased by 465.07 MB. or 43.03% compared to last year due to
 - Sales of Sulfuric acid decreased by 329.92 MB. or 51.14%. due to the sulfuric acid price decreased because the global market price decreased. Sales volume decreased by 66,681 tons or 23.16%.
 - Sales of Ammonia decreased by 136.76 MB. or 33.47%. because the global market price decreased. While the average sale price per tons is also reduced and sale volume decreased by 6,143 tons or 31.34%
 - Sales of Ammonium Hydroxide increased by 1.61 MB. or 5.95% due to the higher sale volume of 723 tons or 14.22% and lower average sale price per ton.
- Total service income was 103.61 MB., increased by 2.71 MB. or 2.69% compared to last year due to
 - Revenue from warehouse service increased by 4.08 MB. or 10.63% due to expansion of service area and number of customers increased.
 - Revenue from Logistic & Liquid warehouse service does not change.
 - Revenue from Port Service decreased by 1.37 MB. or 13.47% due to the decreased of company's terminal revenue.

Cost of sales and services and gross margin

For the year ended 31 December 2020, the Company's cost of sales and services was 548.68 MB., decreased by 445.51 MB. or 44.81% compared to last year while gross margin was increased to 23.72% against last year at 15.86% due to

- Cost of chemical products decreased by 449.43 MB. or 46.11% compared to last year due to
 - Cost of sale Sulfuric acid decreased by 357.18 MB. or 53.24% due to the decreased in the price of imported chemical products in accordance with the market price trend.
 - Cost of sale Ammonia decreased by 92.75 MB. or 33.03%
 - Cost of sale Ammonium Hydroxide increased by 0.50 MB. or 2.18%

- The gross margin of chemical products decreased by 15.64 MB. or 14.75% effecting to gross margin ratio increased to 14.69% compared to last year at 9.81% due to the lower cost of chemical products.
- Cost of services increased by 3.92 MB. or 20.10% compared to last year due to increased warehouse service cost.

Other income

For the year ended 31 December 2020, the Company had income that not related to the main business of 16.46 MB., decreased by 10.85 MB. or 39.73% compared to last year, resulting from

- Net Gypsum Revenues decreased by 17.31 MB.
- Gain from sale capital investment decreased 4.38 MB.
- Interest income decreased by 3.04 MB.
- Accrued expenses (Reversed) increased by 9.72 MB.
- Gain from exchange rate increased by 2.93 MB.
- Other income increased by 1.23 MB.

Total expenses

For the year ended 31 December 2020, the Company had total expenses of 184.00 MB., decreased by 13.18 MB. or 6.68% compared to last year due to

- Selling expenses decreased by 8.67 MB. or 20.09%, due to transportation to the customer decreased.
- Administrative expenses decreased by 4.51 MB. or 2.93% resulting from
 - Depreciation decreased by 16.73 MB. Due to demolition unused factory buildings.
 - Employee expenses decreased by 13.33 MB.
 - Professional service expenses decreased by 12.59 MB.
 - Other administrative expenses decreased by 1.02 MB.
 - Provision for impairment of assets for sale increased by 28.28 MB.
 - Estimated demolition costs increased by 10.88 MB.

Financial Costs

For year ended 31 December 2020, the Company had Financial Costs of 15.22 MB., decreased by 1.19 MB. or 7.25% when compared to last year due to the Company decreased credit facilities utilization with Financial Institutions by 10.68 MB., from right of use increased by 9.49 MB. From TFRS 16 adoption in the year 2020

Financial Position

From the Company's financial statement as at ended 31 December 2020, the Company had total assets of 2,839.62 MB., total liabilities of 1,914.27 MB., Non-controlling interests of subsidiaries loss 2.17 MB. and shareholders' equity of 927.52 MB. or book value of 0.85 Baht per share, and at the end of 2019, the Company had total assets of 1,202.47 MB., total liabilities of 268.72 MB., Non-controlling interests of subsidiaries loss 1.68 MB. and shareholders' equity of 935.43 MB. or book value of 0.86 Baht per share.

As at 31 December 2020, the Company had a working capital in cash of 108.77 MB., with enough for current operation business. The significant changed for financial position of the Company are as follows.

- As of 31 December 2020, the Company's total assets were 2,839.62 MB., increased by 1,637.15 MB. or 136.15% compared to the end of year 2019 as per following details
 - Cash and cash equivalents of 108.77 MB., increased by 21.27 MB. or 24.31% from net cash provided from operating activities compared to last year.
 - Trade accounts receivable and other current account receivables were by 179.03 MB., decreased by 19.58 MB. or 9.86% from reclassify prepaid expenses to right of use assets from TFRS 16 adoption, decreased Other Receivable Revenue Department and decreased Advance payment to suppliers.
 - Inventories were 41.77 MB., decreased by 36.72 MB. or 46.78% from Ammonia decreased by 33.82 MB. Supplies and others decreased by 9.39 MB. Due to the allowance for deteriorated goods for sale. Goods in transit Sulfuric acid increased by 6.24 MB., Gypsum bags increased by 0.18 MB., Ammonium Hydroxide increased by 0.07 MB.
 - Others current asset of 9.39 MB., decreased by 10.14 MB. or 51.92% from the Deposit as collateral for Trade Credit Facilities with Financial Institutions decreased.
 - Non-current assets or disposal groups classified as held for sale increased by 13.98 MB. Because of demolition unused factory buildings and disposal scrap metal after demolition to non-related company.
 - Property, plant and equipment (PPE) of by 1,318.93 MB., increased by 933.02 MB. or 241.77% due to from Purchase and investment of PPE during the year of 813.81 MB., which consists of invest Fuel Tank Farm project of NFCT about 807.27 MB. the purchase of assets and equipment of NFC 6.54 MB., net depreciation decreased by 21.67 MB.
 - Right of use asset increased by 976.97 MB. from TFRS 16 adoption in the year 2020
 - Other non-current asset of Baht 161.82 MB. decreased 241.56 MB. or 59.88% due to amortized for the advance of subsidiaries' construction Fuel Tank Farm project.

- As of 31 December 2020, the Company had total liabilities of 1,914.27 MB., increased by 1,645.55 MB. or 612.37% compared to the end of year 2019.
 - Bank overdraft and short-term loan from financial institution of 93.51 MB., increased by 10.43 MB. or 12.55% from increased usage credit facilities (LC/TR) with financial institutions.
 - Trade accounts payable and other current account payable of 374.72 MB., increased by 221.80 MB. or 145.04% due to net trade account payable decreased by 17.01 MB., Other trade payable increased by 238.81 MB. of project NFCT Fuel Tank Farm, from liability payable to IEAT decreased by 41.11 MB., advance service income increased by 3.56 MB. and other account payable increased by 3.67 MB.
 - Current portion of lease liabilities increased by 41.08 MB. from TFRS 16 adoption in the year 2020
 - Long-term loans from financial institutions increased by 489.16 MB. from Fuel Tank Farm project NFCT.
 - Lease liabilities by 884.95 MB. from TFRS 16 adoption in the year 2020

- As of 31 December 2020, the Company had shareholders' equity of 925.35 MB., decreased by 8.40 MB. or 0.90 % compared to the end of year 2019 due to the Company's comprehensive loss of 7.91 MB. Other components of shareholder's equity caused by the surplus from the revaluation of assets decreased by 49.41 MB. mainly caused by demolition unused factory buildings and disposal scrap metal after demolition to unrelated company and a portion of non-controlling interests in subsidiaries of loss 0.49 MB. At present, the Company has a paid-up capital 815.87 MB. ordinary shares 1,087.83 Million shares at par value 0.75 Baht.

Cash flow Statement of the Company

For the year ended 31 December 2020, the Company had net increased in cash and equivalents by 21.27 MB., cash and cash equivalents at the beginning of the period was by 87.50 MB. As a result, cash and cash equivalents at the end of the period was 108.77 MB. due to.

- Cash flow provided from the operating 386.11 MB. resulting from effective management of working capital from the end of last year.
- Cash flow used in from investing 805.38 MB., mostly due to investment in the Fuel Tank Farm project NFCT 801.96 MB., purchase of assets and equipment of NFC 6.54 MB., purchase intangible assets by 0.03 MB., proceeds from disposal of property, plant and equipment by 2.03 MB. and interest received 1.12 MB.
- Cash flow provided from financing activities 440.54 MB. resulting from received long-term loans from financial institutions 495.35 MB for NFCT project net-of received on trade credit facilities LC/TR to Financial Institutions 10.43 MB. and pay rental fees payment 65.24 MB.