



No. NER 014/2021

August 9, 2021

Re: Management Discussion and Analysis for the 6 months ending June 30, 2021

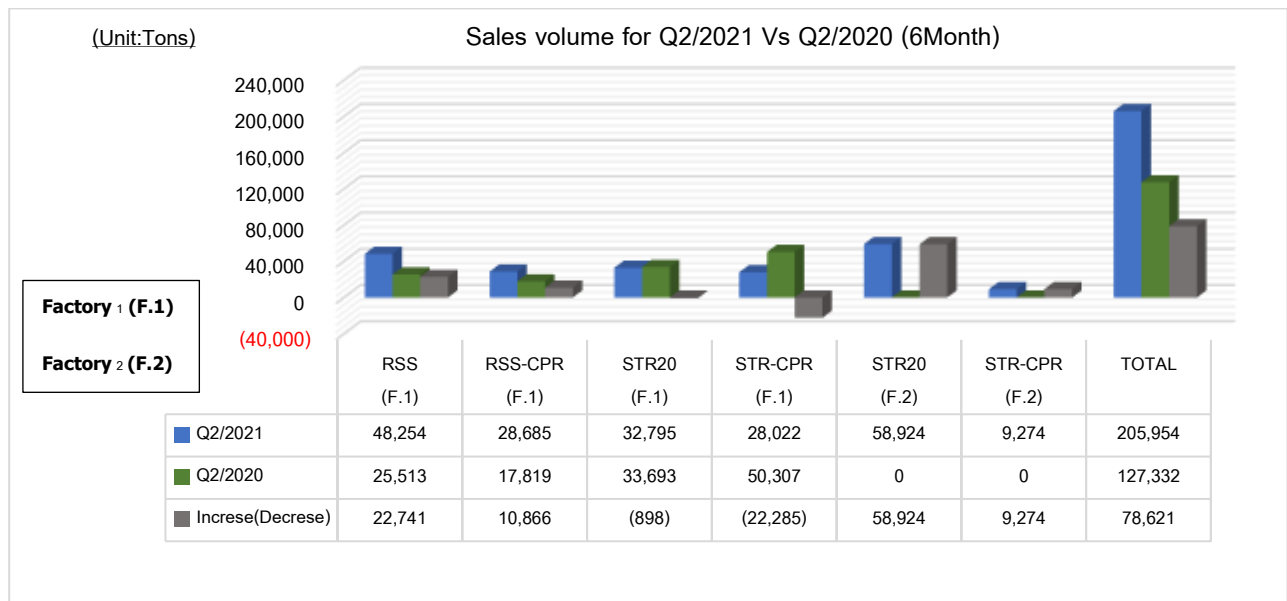
To: The President, The Stock Exchange of Thailand

The Northeast Rubber Public Company Limited (“NER” or “the company”) would like to submit the Financial Statements for the Quarter 2/2021 ended June 30, 2021. The Company results of the operation are as follows.

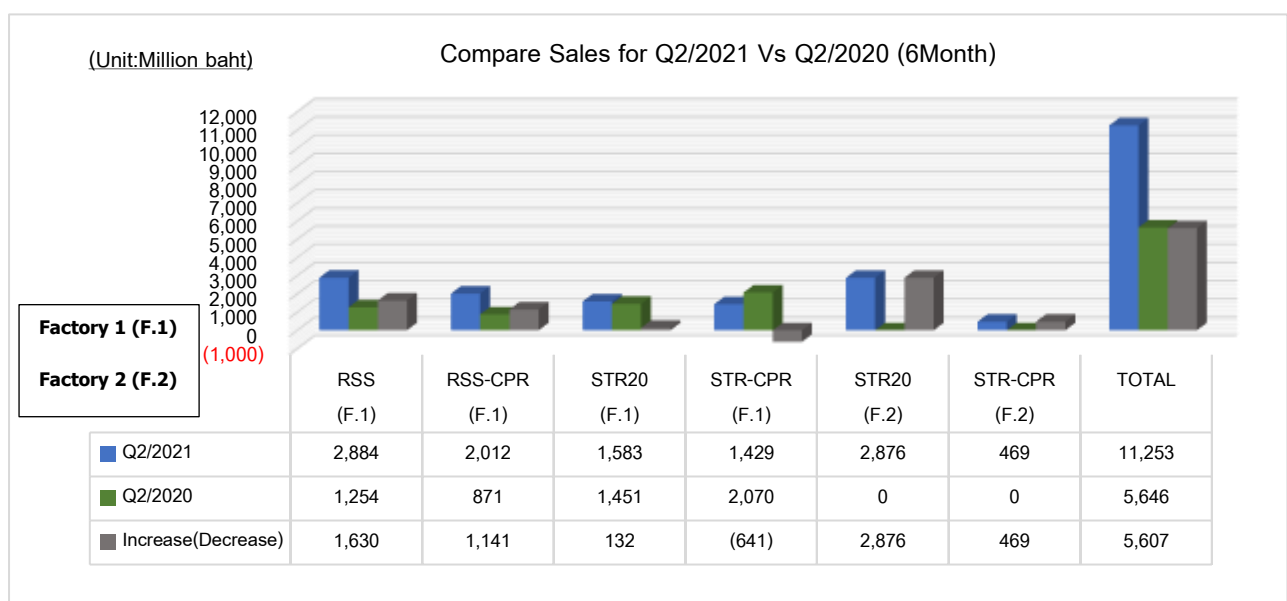
Comparison performance of the Company for the 6 months ended June 30, 2021 and 2020

Statement of Comprehensive Income	Q2/2021(6Month)		Q2/2020(6Month)		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales volume (Tons)	205,954		127,332		78,622	61.75%
Total Revenue from Local sales	7,568.88	77.02%	3,110.96	63.29%	4,457.92	143.30%
Total Revenue from Export sales	3,683.76	37.49%	2,535.80	51.59%	1,147.96	45.27%
Total Revenue from sales	11,252.64	114.51%	5,646.76	114.88%	5,605.88	99.28%
Cost of sales	9,826.69	100.00%	4,915.55	100.00%	4,911.14	99.91%
Gross profit	1,425.95	14.51%	731.21	14.88%	694.74	95.01%
Distribution costs	320.92	3.27%	177.63	3.61%	143.29	80.67%
Administrative expenses	60.66	0.62%	64.44	1.31%	(3.78)	(5.86%)
Loss (gain) on exchange rate	48.35	0.49%	86.86	1.77%	(38.51)	(44.34%)
Unrealized loss (gain) on valuation of fair value of derivatives	59.93	0.61%	4.52	0.09%	55.41	1,225.88%
Operating profit	936.09	9.53%	397.76	8.09%	538.33	135.34%
Finance cost	148.20	1.51%	113.15	2.30%	35.05	30.98%
Profit (loss) before other income	787.89	8.02%	284.61	5.79%	503.28	176.83%
Other income	28.79	0.29%	9.85	0.20%	18.95	192.43%
Profit (loss) before income tax	816.68	8.31%	294.45	5.99%	522.23	177.35%
Tax (income)	11.34	0.12%	9.67	0.20%	1.67	17.32%
Profit (loss) for the period	805.34	8.20%	284.79	5.79%	520.55	182.79%

For the operating result for the Quarter 2/2021 for 6 months ended June 30, 2021 compared with the same period of the previous year, the sales volume was 205,954 tons, an increase of 78,622 tons or 61.75%, revenue from sales was 11,252.64 million baht, increase by 5,605.88 million baht or 99.28% YoY. From Domestic sales of 7,568.88 million baht or representing 67.26% of total sales, increase of 4,457.92 million baht or 143.30 % YoY, Export sales revenue 3,683.76 million baht or representing 32.74% of total sales, an increase of 1,147.96 million baht or 45.27% YoY. From the increased production volume, of the STR factory project 2, In addition, the average selling price in Q2/2021 was higher than Q2/2020. When compared to the same period of the previous year, sales volume can be divided by products factory 1 and 2 as follows:



The proportion of increase in sales revenue was due to the volume of orders from domestic customers in the block rubber segment. Mixed compressed rubber which compared to the same period of the previous year, can be divided into sales according to the products by factory 1 and 2 as follows:



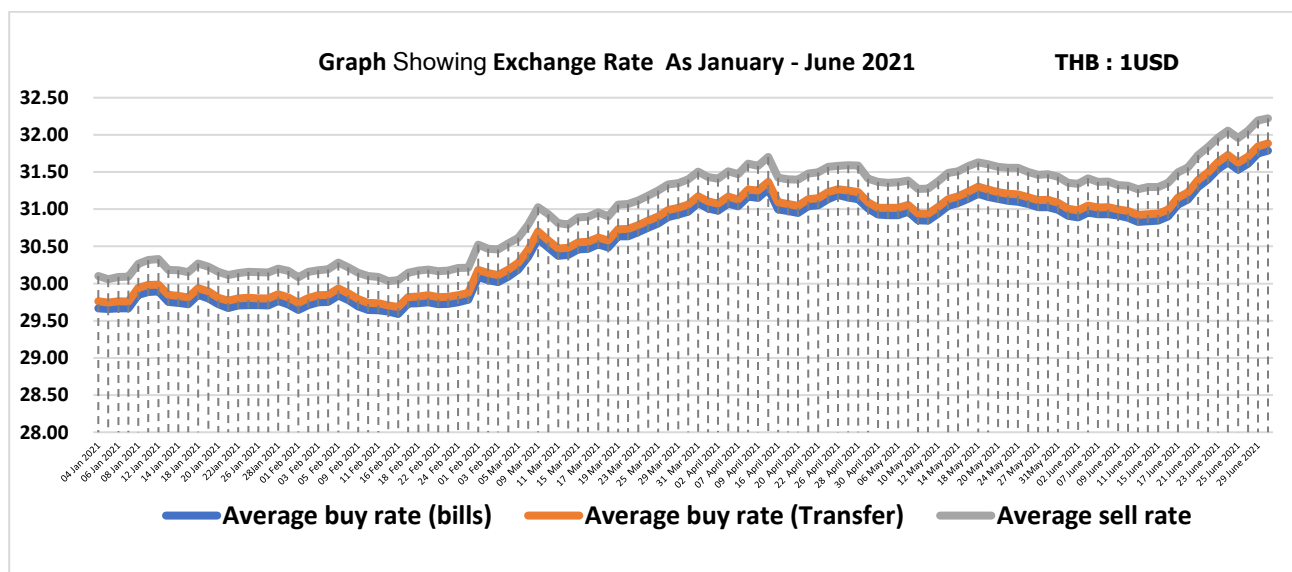
Cost of sales is 9,826.69 million baht or representing 87.33% of the total sales revenue, increased in proportion to the increase in sales compared to the same period last year. The Variable costs are proportional to the increase in sales, but due to cost of depreciation of buildings, machinery - equipment increased by 10.00 million baht from the production volume that was not at full efficiency biogas production project 1 and project 2.

Distribution costs 320.92 million baht or representing 2.85% of total sales. When compared to the same period last year Which amounts to 177.63 million baht or 3.15% of total sales. Increased 143.29 million baht or 80.67% from the rubber plantation aid fund 25.08 million baht, expenses on exports and freight are 86.89 million baht. increased in proportion of increasing in export volume.

Administrative expenses 60.66 million baht or representing 0.54% of total sales. When compared to the same period last year Which amounts to 64.44 million baht or 1.14% of total sales decreased by 3.78 million baht or 5.86%. Tax fines 7.24 million baht according to the VAT refund in 2014-2017, which was refunded in the amount of 29.93 million baht in the Q1/2020.

Loss on exchange rate 48.35 million baht or representing 0.43% of total sales. When compared to the same period last year Which amounts to 86.86 million baht or 1.54% of total sales decreased by 38.51 million baht or 44.34%. From debt repayment from foreign trade receivables and repayment of promissory notes (P / C).

Unrealized loss (gain) on valuation of fair value of derivatives 59.93 million baht or representing 0.53% of total sales. When compared to the same period last year Which amounts to 4.52 million baht or 0.08% of total sales increased by 55.41 million baht or 1,225.88%. from a forward foreign exchange contract with a financial institution amounting to USD 81.05 million. During the month of February - June 2021. Due to the depreciation of the baht from the impact on the economy as follows.



Financial costs were 148.20 million baht, which increased by 35.05 million baht or 30.98% from interest paid on debentures to use as working capital worth 2,000 million baht. To use as working capital.

Other incomes were 28.95 million baht, which increased by 18.95 million baht. From receiving compensation from the claim for fire accident insurance, raw material storage that occurred in September 2020 in the amount of 24.05 million baht.

As a result, the net profit for the first 6 months of 2021 was 805.34 million baht or 7.16% of sales, increased by 520.55 million baht or 182.79% YoY. Earnings per share (EPS) was 0.283 baht per share.

Financial Position as at June 30, 2021 and December 31, 2020

Statement of Financial Position	30 June 2021		31 December 2020		Increase (Decrease)	
	Million Bah	%	Million Bah	%	Million Bah	%
Total Assets	13,941.45	100.00%	10,231.99	100.00%	3,709.46	36.25%
Total Liabilities	9,632.58	69.09%	6,541.41	63.93%	3,091.17	47.26%
Total Shareholders' Equity	4,308.87	30.91%	3,690.58	36.07%	618.29	16.75%

Total assets of the Company and its subsidiaries as of June 30, 2021 amounted 13,941.45 million baht, increased 3,709.46 million baht or 36.25% from December 31, 2020 as follows.

Current assets increased by 3,703.24 million baht or 43.44% due to:

- Cash and cash equivalents decreased by 776.80 million baht or 93.55%. Cash and cash equivalents decreased by 776.80 million baht or 93.55%. Due to repayment of short-term loans to financial institutions and advance payment.
- Accounts receivable and other current receivables increased by 2,285.19 million baht or 314.50% From increased sales and the cost of goods paid in advance.
- Inventories increased by 2,201.40 million baht or 31.78% from the amount of rubber in stock in order to be sufficient for the order quantity to expand the capacity the STR factory 2.
- Other current assets decreased by 6.55 million baht or 15.68% from revenue department receivables decreased from VAT refund.

Non-current assets increased by 6.22 million baht or 0.36% due to:

- Deposit at bank pledged as collateral increased by 45.35 million baht or 26.19%. From fixed deposit to secure short-term loan facility of Bank 45.00 million baht and fixed deposit interest
- Land, building and equipment (net) decreased by 48.53 million baht or 3.26% From Depreciation and adjustments to the leasehold assets in accordance with Thai Financial Reporting Standards.

- Investments in subsidiaries increased by 2.75 million baht from investments in subsidiaries. N.E. Power Company Limited to operate the business of producing and selling electricity from biogas, whereby the Company holds shares. In the proportion of 99.99%
- Leasehold assets increased by 6.22 million baht or 28.04% from the vehicle lease agreement (TFRS16)
- Deferred income tax assets decreased 0.34 million baht or 5.42%
- Other non-current assets increased by 5.65 million baht or 191.57%. From the deposit for the purchase of assets.

Total liabilities of the company and its subsidiaries as of June 30, 2021 amounted 9,632.58 million baht, Increased by 3,091.17 million baht or 47.26% from December 31, 2020 as follows.

Current liabilities increased by 1,733.11 million baht or 30.80% due to:

- Bank overdrafts and short-term loans increased 197.15 million baht or 3.89% from the repayment of some of the loan types of promissory notes, bills of exchange.
- Account payable and others account payable increased by 1,508.84 million baht or 380.07% from account raw material payable 138.35 million baht and receive 1,424.36 million baht in advance for products.
- Long-term loans due within 1 year decreased by 16.74 million baht or 13.81% from repayment under the contract
- Liabilities under hire purchase agreements and long-term loans due within 1 year increased by 4.28 million baht or 125.68% from the vehicle rental contract for use in the Company's business.
- The corporate income tax accrued decreased by 23.03 million baht from the payment of corporate income tax for the year 2020
- Other current liabilities increased by 62.60 million baht or 458.05%. From derivative liabilities increased by 57.59 million baht.

Non-current liabilities increased by 1,358.07 million baht or 148.49% due to:

- Long-term loans increased by 68.94 million baht or 34.11% from loans Bank for Import and Export of Thailand to use as working capital of the Company and loan repayment as determined by the Bank.
- Liabilities under leases increased by 8.96 million baht or 86.63% From the vehicle lease commitments for use in the Company's business.
- Debentures (net) increased by 1,279.12 million baht or 185.52%. In April 2021, the Company issued 1,300,000 units of named, unsubordinated and unsecured debentures to institutional investors and major shareholders at par value. 1,000 baht per share, at an interest rate of 5.85% per annum, payable every 3 months and will mature on October 9, 2023.
- Employment benefit liabilities increased by 1.05 million baht or 8.35%.



Total shareholders' equity of the Company and its subsidiaries as of June 30, 2021 amounted to 4,308.87 million baht increased 618.29 million baht or 16.75% from December 31, 2020 due to:

- Decrease in dividend payment 242.20 million baht.(From the shareholders' meeting on 8 April 2021. The shareholders approved the dividend payment for the year 2020 performance. In the amount of 0.15 baht per share, representing a total amount of 242.20 million baht in total, the company has already paid such dividends to shareholders on May 7, 2021.
- Registered capital increased by 15.32 million baht and the share premium increased 39.82 million baht from June 15, 2021, 30,632,040 warrants were used to purchase 30,632,040 ordinary shares in a share ratio. 1.80 baht, totaling 55.14 million baht, divided into paid-up capital 15.32 million baht and share premium of 39.82 million baht, the company registered to increase paid-up capital on June 22, 2021.
- Increased from net comprehensive income for the 6 month period of the year 2021 amounting to 805.34 million baht.

Please be informed accordingly

Yours sincerely,

(Mr.Sakchai Jongstapongpun)

Chief Financial Officer

North East Rubber Public Company Limited