



No. NER 017/2021

November 8, 2021

Re: Management Discussion and Analysis for the 9 months ending September 30, 2021

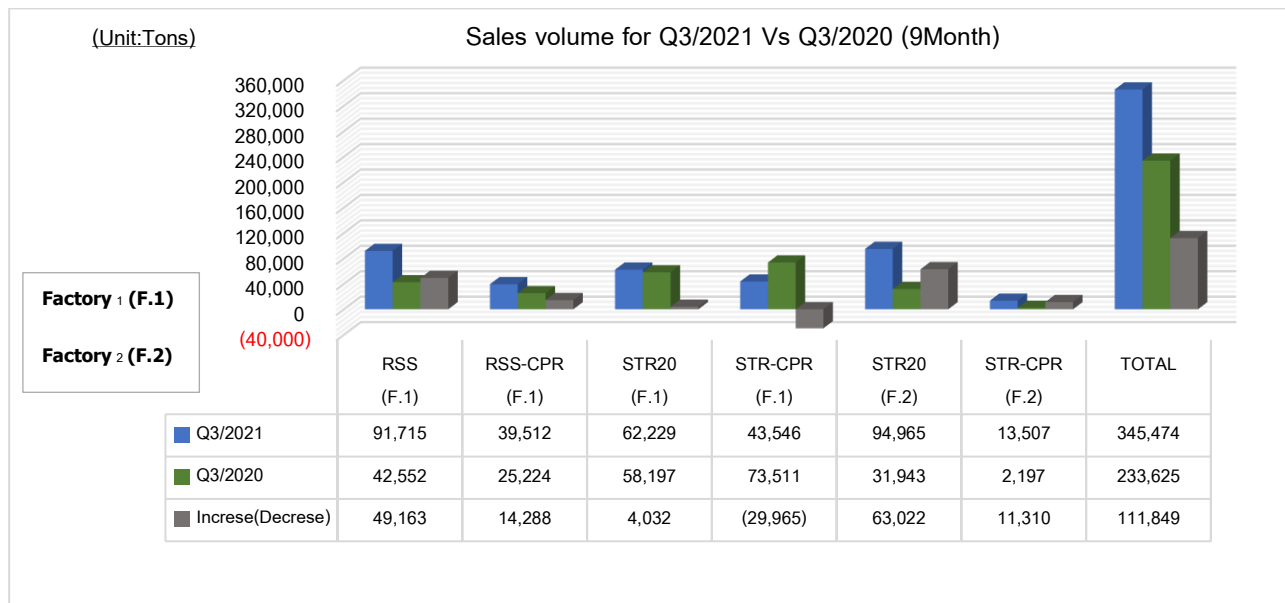
To: The President, The Stock Exchange of Thailand

The Northeast Rubber Public Company Limited (“NER” or “the company”) would like to submit the Financial Statements for the Quarter 3/2021 ended September 30, 2021. The Company results of the operation are as follows.

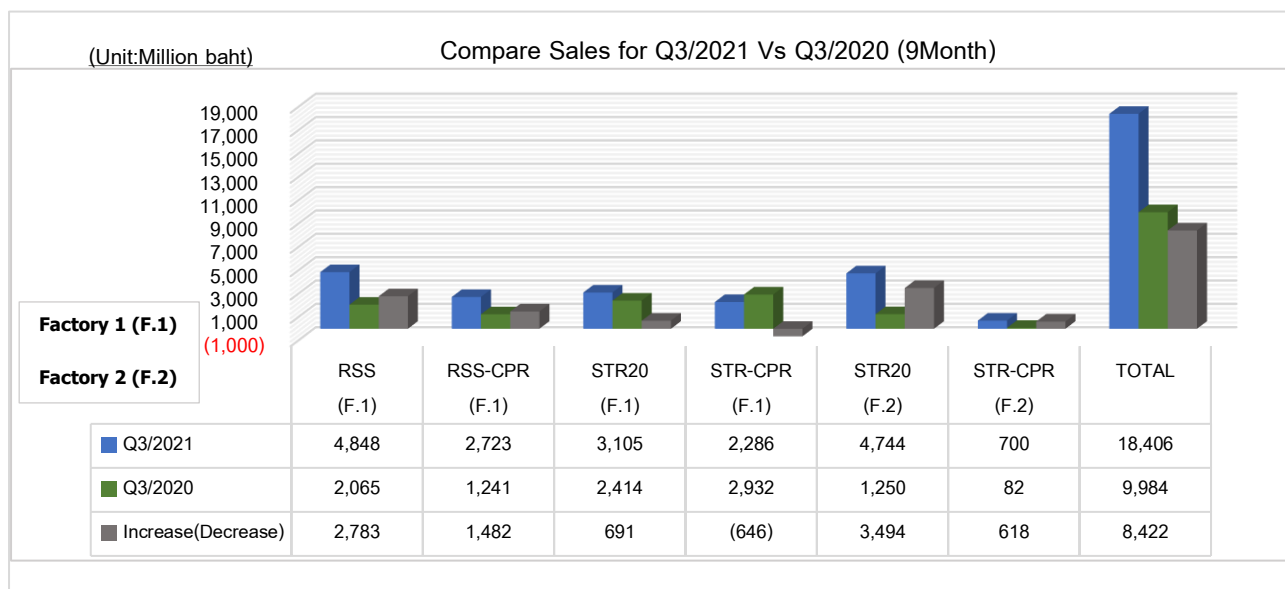
Comparison performance of the Company for the 9 months ended September 30, 2021 and 2020

Statement of Comprehensive Income	Q3/2021(9Month)		Q3/2020(9Month)		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales volume (Tons)	345,474		233,625		111,849	47.88%
Total Revenue from Local sales	11,741.08	63.79%	6,048.22	60.58%	5,692.86	94.12%
Total Revenue from Export sales	6,664.63	36.21%	3,935.33	39.42%	2,729.30	69.35%
Total Revenue from sales	18,405.71	100.00%	9,983.55	100.00%	8,422.16	84.36%
Cost of sales	16,038.55	87.14%	8,849.59	88.64%	7,188.96	81.23%
Gross profit	2,367.16	12.86%	1,133.96	11.36%	1,233.20	108.75%
Distribution costs	512.09	2.78%	286.68	2.87%	225.41	78.63%
Administrative expenses	96.87	0.53%	126.37	1.27%	(29.50)	(23.34%)
Loss (gain) on exchange rate	200.98	1.09%	97.22	0.97%	103.76	106.73%
Unrealized loss (gain) on valuation of fair value of derivatives	77.03	0.42%	11.80	0.12%	65.23	552.80%
Operating profit	1,480.19	8.04%	611.89	6.13%	868.30	141.90%
Finance cost	236.48	1.28%	167.63	1.68%	68.85	41.07%
Profit (loss) before other income	1,243.71	6.76%	444.26	4.45%	799.45	179.95%
Other income	29.60	0.16%	11.05	0.11%	18.55	167.87%
Profit (loss) before income tax	1,273.31	6.92%	455.31	4.56%	818.00	179.66%
Tax (income)	27.68	0.15%	18.20	0.18%	9.48	52.09%
Profit (loss) for the period	1,245.63	6.77%	437.11	4.38%	808.52	184.97%

For the operating result for the Quarter 3/2021 for 9 months ended September 30, 2021 compared with the same period of the previous year, the sales volume was 345,474 tons, an increase of 111,849 tons or 47.88%, revenue from sales was 18,405.71 million baht, increase by 8,422.16 million baht or 84.36% YoY. From Domestic sales of 11,741.08 million baht or representing 63.79% of total sales, increase of 5,692.86 million baht or 94.12 % YoY, Export sales revenue 6,664.63 million baht or representing 36.21% of total sales, an increase of 2,729.30 million baht or 69.35% YoY. From the increased production volume, of the STR factory project 2, In addition, the average selling price in Q3/2021 was higher than Q3/2020. 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 sheet rubber and block 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:





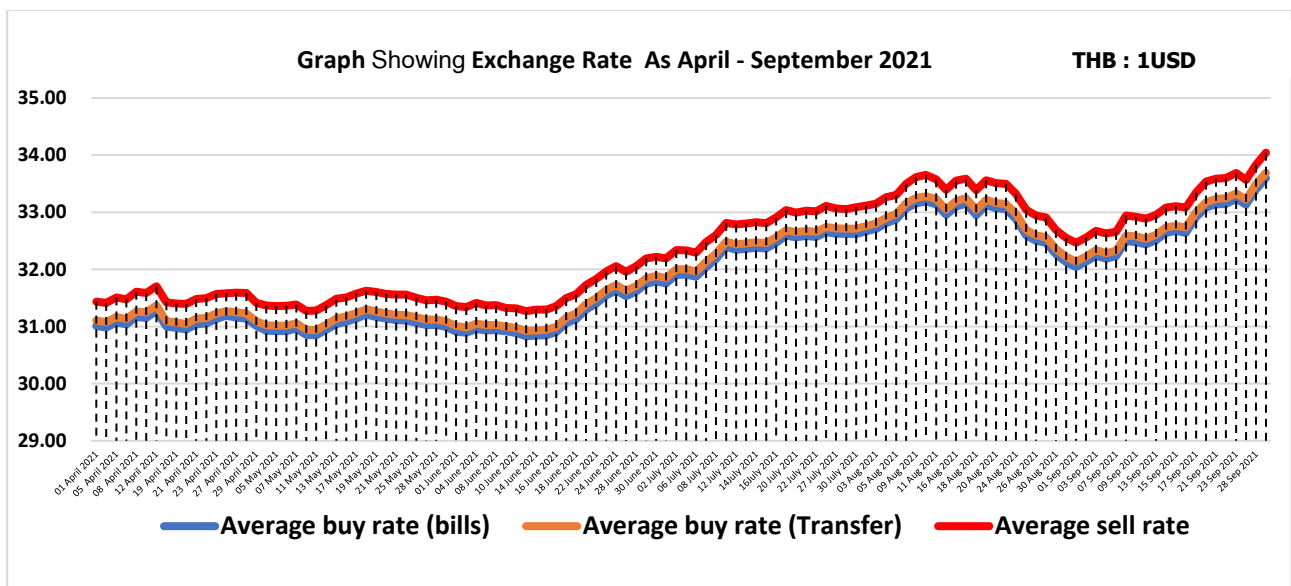
In Q3/2021, the company's cost of sales was 16,038.55 million baht or 87.14% of total sales revenue. which is in accordance with the proportion of sales Divided into cost of sales of para rubber equal to 15,933.41 million baht or equivalent to 86.57%. Cost of sales under the Biogas project is 105.14 million baht or equivalent to percentage 0.57 of total sales.

Distribution costs 512.09 million baht or representing 2.78% of total sales. When compared to the same period last year Which amounts to 286.68 million baht or 2.87% of total sales. Increased 225.41 million baht or 78.63% from the selling expense of 66.85 million baht, the rubber plantation aid fund 54.20 million baht, expenses on exports and freight are 100.17 million baht. increased in proportion of increasing in export volume.

Administrative expenses 96.87 million baht or representing 0.53% of total sales. When compared to the same period last year Which amounts to 126.37 million baht or 1.27% of total sales decreased by 29.50 million baht or 23.34% from the loss from raw material storage fire incurred in September 2020, the company has now received compensation from such insurance claim in February 2021.

Loss on exchange rate 200.98 million baht or representing 1.09% of total sales. When compared to the same period last year Which amounts to 97.22 million baht or 0.97% of total sales increased by 103.76 million baht or 106.73%. From debt repayment from foreign trade receivables and repayment of promissory notes (P / C). According to the exchange rate from the foreign currency forward contract with financial institutions

Unrealized loss (gain) on valuation of fair value of derivatives 77.03 million baht or representing 0.42% of total sales. When compared to the same period last year Which amounts to 11.80 million baht or 0.12% of total sales increased by 65.23 million baht or 552.80%. from a forward foreign exchange contract with a financial institution amounting to USD 63.40 million. During the month of April – September 2021. Due to the depreciation of the baht from the impact on the economy as follows.



Financial costs were 236.48 million baht, which increased by 68.85 million baht or 41.07% from interest paid on debentures to use as working capital worth 2,000 million baht.

Other incomes were 29.60 million baht, which increased by 18.55 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 9 months of 2021 was 1,245.63 million-baht, net profit margin was 6.77% of sales, increased by 808.52 million baht or 184.97% YoY. Earnings per share (EPS) was 0.766 baht per share.

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

Statement of Financial Position	30 September 2021		31 December 2020		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Assets	13,533.15	100.00%	10,231.99	100.00%	3,301.16	32.26%
Total Liabilities	8,899.17	65.76%	6,541.41	63.93%	2,357.76	36.04%
Total Shareholders' Equity	4,633.98	34.24%	3,690.58	36.07%	943.40	25.56%

Total assets of the Company and its subsidiaries as of September 30, 2021 amounted 13,533.15 million baht, increased 3,301.16 million baht or 32.26% from December 31, 2020 as follows.

Current assets increased by 3,253.33 million baht or 38.16% due to:

- Cash and cash equivalents decreased by 523.19 million baht or 63.01%. Due to repayment of short-term loans to financial institutions and advance payment.
- Accounts receivable and other current receivables increased by 18.90 million baht or 2.60% from increased sales and the cost of goods paid in advance.
- Inventories increased by 3,783.23 million baht or 54.61% 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 25.62 million baht or 61.33% from revenue department receivables decreased from VAT refund of February 2020-July 2021 amounted to 33.06 million baht.

Non-current assets increased by 47.85 million baht or 2.81% due to:

- Deposit at bank pledged as collateral increased by 45.64 million baht or 26.36%. 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 13.87 million baht or 0.93% From .
- 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 4.22 million baht or 19.04% from the vehicle lease agreement (TFRS16)
- Deferred income tax assets increased 0.45 million baht or 7.12%
- Other non-current assets increased by 13.54 million baht or 458.82%. From the deposit for the purchase of assets.

Total liabilities of the company and its subsidiaries as of September 30, 2021 amounted 8,899.17 million baht, increased by 2,357.76 million baht or 36.04% from December 31, 2020 as follows.

Current liabilities increased by 972.86 million baht or 17.29% due to:

- Bank overdrafts and short-term loans increased 198.09 million baht or 3.91% from the repayment of some of the loan types of promissory notes, bills of exchange.
- Account payable and others account payable increased by 738.84 million baht or 186.11% from payable 260.56 million baht and receive 553.43 million baht in advance for products.
- Long-term loans due within 1 year decreased by 27.43 million baht or 22.63% from repayment under the contract
- Liabilities under hire purchase agreements and long-term loans due within 1 year increased by 4.37 million baht or 128.17% from the vehicle rental contract for use in the Company's business.
- The corporate income tax accrued decreased by 10.11 million baht from receiving additional privileges under the Investment Promotion Certificate (BOI)
- Other current liabilities increased by 69.10 million baht or 505.62%. From derivative liabilities increased by 74.68 million baht.

Non-current liabilities increased by 1,384.91 million baht or 151.43% due to:

- Long-term loans increased by 92.03 million baht or 45.53% from loans from financial institutions to use as working capital of the Company and loan repayment as determined by the Bank.
- Liabilities under leases increased by 7.39 million baht or 71.43% From the vehicle lease commitments for use in the Company's business.
- Debentures (net) increased by 1,283.91 million baht or 186.21%. 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 1.58 million baht or 12.52%.

Total shareholders' equity of the Company and its subsidiaries as of September 30, 2021 amounted to 4,634.00 million baht increased 943.41 million baht or 25.26% 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 and from the Board of Directors' meeting on August 9, 2021, it was resolved to approve the interim dividend payment for the six-month period ended June 30, 2021 at 0.07 baht per share, totaling 115.20 million. Baht The Company has already paid such dividends to shareholders on September 6, 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 9 month period of the year 2021 amounting to 1,245.63 million baht.

Please be informed accordingly

Yours sincerely,

(Mr.Sakchai Jongstapongpun)

Chief Financial Officer

Northeast Rubber Public Company Limited