



**Date:** 12 May 2022

**Subject:** Management Discussion and Analysis of the performance for the 1<sup>st</sup> quarter ended 31 March 2022

**Attention:** Managing Director, The Stock Exchange of Thailand

Thai Nippon Rubber Industry Public Company Limited and its subsidiaries (“the Group”) reported performance for the 3-month period ended 31 March 2022 as follows;

## Management Discussion and Analysis

### Explanation and analysis of financial position and operating performance

#### Consolidated Statement of Comprehensive Income

	Consolidated financial statements									
	For the three-month periods ended 31 March									
	Condoms and lubricating gels		Paper boxes		Adjustments in consolidated financial information		Total		Comparison	
	2022	2021	2022	2021	2022	2021	2022	2021	2022 & 2021	%
Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%
Revenue from sales and services	475.4	367.9	47.4	70.2	(4.2)	(4.0)	518.6	434.1	84.5	19.5%
Cost of sales and services	(337.1)	(276.7)	(46.5)	(51.4)	4.2	4.0	(379.4)	(324.1)	(55.3)	17.1%
Depreciation charge in excess from plant and equipment recognised under fair value	-	-	-	-	(2.9)	(2.8)	(2.9)	(2.8)	(0.1)	3.6%
Segment results	138.3	91.2	0.9	18.8	(2.9)	(2.8)	136.3	107.2	29.1	27.1%
Other income							1.9	1.8	0.1	3.4%
Selling expenses							(17.0)	(36.4)	19.5	-53.5%
Administrative expenses							(44.1)	(25.9)	(18.2)	70.4%
Expected credit losses							1.1	(0.4)	1.5	-396.3%
Other gains							0.9	27.6	(26.7)	-96.8%
Finance costs							(3.5)	(3.1)	(0.4)	13.1%
Operating profit							75.6	70.8	4.8	6.8%
Income tax							(7.4)	(1.2)	(6.2)	525.7%
Net profit for the year							68.2	69.6	(1.4)	-2.0%

Overall operation results of the Group for Q1/2022, the Group has revenue in total of Baht 518.6 million (1/2021: Baht 434.1 million) increase Baht 84.5 million (+19.5%). It's from the increase in sale of condom and lubricating gels Baht 107.5 million which grows from sale from products under OEM by Baht 24.4 million and products under TENDER by Baht 121.1 million. While sale of paper boxes has dropped by Baht 22.8 million as due to customers' orders postponement. The production and delivery will be made in April 2022.

Gross profit margin of the Group for Q1/2022 is 26.3% (1/2021: 24.7%) of total revenue. The increase 1.6% is mainly from condom and lubricating gels business which its gross profit increases by 4.4% to be at 29.1% (1/2021: 24.8%). While gross profit of paper boxes business is at 1.9% (1/2021: 28.3%) as a result of customers' orders postponement to April 2022.



Selling expenses for Q1/2022 is 3.3% (1/2021: 8.4%) of total revenue. The decrease 5.1% is from cease of sale, distribution and promotional marketing of Playboy products which leads to decrease in overall promotion and marketing expense.

Administrative expenses for Q1/2022 is 8.5% (1/2021: 6.0%) of total revenue. The increase is from license registration fee and legal consultation fee.

Other gains for Q1/2022 is Baht 0.9 million (1/2021: Baht 27.6 million). Main item in other gain is net gain from exchange rate of which in Q1/2022, average rate of THB in exchange of USD is not fluctuated not like those in Q1/2021 which Thai Baht is gradually depreciated. It leads to less gain from exchange rate in Q1/2022. Moreover, account receivable balances in USD for Q1/2022 is less than those in Q1/2021. It makes unrealized gain from exchange rate arisen from conversion such USD balances into Thai Baht using closing rate in Q1/2022 lower, as well. In addition, forward foreign currency exchange rate contract is able to reduce the risk from fluctuation of exchange rate.

Income tax for Q1/2022 is Baht 7.4 million (1/2021: Baht 1.2 million). It increases as due to the Company gets privilege on tax allowance at rate of 50%.

### Consolidated statement of financial position

	Consolidated financial statements		Comparison	
	31-Mar-22 Million Baht	31-Dec-21 Million Baht	2022 & 2021 Million Baht	%
Current assets	988.4	899.3	89.1	9.9%
Non-current assets	710.8	698.8	12.0	1.7%
<b>Total assets</b>	<b>1,699.2</b>	<b>1,598.1</b>	<b>101.1</b>	<b>6.3%</b>
Current liabilities	805.8	770.0	35.8	4.6%
Non-Current liabilities	104.8	107.8	(3.0)	-2.8%
<b>Total liabilities</b>	<b>910.6</b>	<b>877.8</b>	<b>32.8</b>	<b>3.7%</b>
Authorised, issued and fully paid-up share capital	300.0	300.0	-	-
Share premium (net)	549.1	549.1	-	-
Retained earnings (deficits)				
- Appropriated - legal reserve	30.0	30.0	-	-
- Unappropriated	(89.3)	(157.5)	68.2	-43.3%
Other components of equity (Net)	(1.2)	(1.2)	0.1	-3.9%
Total equity	788.6	720.3	68.3	9.5%
<b>Total liabilities and equity</b>	<b>1,699.2</b>	<b>1,598.1</b>	<b>101.1</b>	<b>6.3%</b>



The Group has current assets as at Q1/2022 at Baht 988.4 million (2021: Baht 899.3 million) increase Baht 89.1 million (+9.9%). It's from;

1. An increase in trade and other accounts receivable (net) Baht 121.4 million as due to an increase in sale of Q1/2022.
2. Decrease in inventories (net) by Baht 35.7 million as due to an increase in sale of Q1/2022.

Other non-current assets as at Q1/2022 is Baht 710.8 million (2021: Baht 698.8 million) decrease Baht 12.0 million. It's from;

1. Increase in property, plant and equipment (net) Baht 15.5 million, respectively. It's mainly from purchase of machine and factory equipment during the period Baht 36.9 million offsetting with depreciation charge Baht 22.2 million.

Current liabilities as at Q1/2022 is Baht 805.8 million (2021: 770.0 million) increase Baht 35.8 million. It's from;

1. An increase in short-term loans from banks Baht 51.5 million to be used as working capital.
2. An increase in accrued for income tax Baht 7.7 million which is based on profit from operation in Q1/2022.
3. Decrease in current portion of long term loan from bank Baht 20.0 million as due to contractual repayment.

Non-current liabilities as at Q1/2022 is Baht 104.8 million (2021: 107.8 million) decrease Baht 3.0 million. It's from;

1. Decrease in lease liability (net) Baht 2.6 million as due to contractual repayment.

Equity as at Q1/2022 is Baht 788.6 million (2021: Baht 720.3 million) increase Baht 68.3 million as due to the Group has comprehensive income Baht 68.3 million.

Sincerely Yours,

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Sumate Masileerungsri  
Chief Financial Officer

Authorized to Disclose Information

Thai Nippon Rubber Industry Public Company Limited