



Date: 8 November 2022

Subject: Management Discussion and Analysis of the performance for the 3rd quarter ended 30 September 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-months and 9-months period ended 30 September 2022 as follows;

Management Discussion and Analysis

Explanation and analysis of financial position and operating performance

Statement of comprehensive income	Consolidated (Unaudited)							
	3-month periods ended 30 September				9-month periods ended 30 September			
	2022	2021	+/-	%	2022	2021	+/-	%
Revenue from sales and services	626	438	188	43%	1,592	1,242	350	28%
Cost of sales and services	(427)	(340)	(86)	25%	(1,125)	(967)	(158)	16%
Gross profit	200	98	102	104%	467	274	192	70%
Other income	1	1	0	51%	5	4	1	26%
Profit before expenses	201	99	102	103%	471	278	193	69%
Selling expenses	(13)	(41)	28	-68%	(42)	(119)	76	-64%
Administrative expenses	(41)	(29)	(12)	41%	(127)	(88)	(39)	44%
Expected credit losses	(27)	(5)	(22)	475%	(47)	(6)	(40)	618%
Other gains (losses)	21	20	1	5%	49	63	(14)	-22%
Finance costs	(3)	(3)	(0)	1%	(10)	(9)	(0)	3%
Total expenses	(62)	(57)	(5)	9%	(176)	(159)	(17)	11%
Profit before income tax	139	42	97	232%	295	119	176	148%
Income tax	(9)	1	(10)	-1966%	(29)	0	(29)	-6627%
Net profit for the period	129	42	87	206%	266	119	147	123%

For the period of 3 months in quarter 3/2022

Overall operation group results for the period of 3 months in Q3/2022, the Group has total revenue of Baht 626 million (Q3/2021: Baht 438 million) increased by Baht 188 million (+43%). It's mainly from an increase in sale of condom and lubricating gel, total of Baht 188 million. Sale increase in OEM business by Baht 95 million, Tender business by Baht 61 million and OBM business by Baht 28 million.

Gross profit margin of the Group for the period of 3 months in Q3/2022 is 32% (Q3/2021: 22%) of total revenue. Most revenue of parent company is in USD currency, so Thai Baht depreciate against US Currency was impacted to gross profit margin. Average exchange rate of Thai Baht per USD for 3 months in Q3/2022 is 35.50 (Q3/2021: 32.83) or +11.18%.



Selling expenses for 3 months in Q3/2022 is 2% (Q3/2021: 9%) of total revenue. The decrease is mainly from marketing and promotional expenses.

Administrative expenses for 3 months in Q3/2022 is 6% (Q3/2021: 7%) of total revenue which has no significant change.

Expected credit losses for 3 months in Q3/2022 is Baht 27 million (Q3/2021: Baht 5 million). The allowance for expected credit loss is calculated based on uncollectible account receivable balance, which is mainly denominated in USD. The depreciation of Thai Baht currency against USD, was impacted valuation both of account receivable and expected credit losses. The exchange rate at the end of period was used for Thai Baht valuation conversion.

Other gain for 3 months in Q3/2022 was Baht 21 million (Q3/2021: Baht 20 million). Mainly is net gain from exchange rate. the Group has gain from exchange rate due to the depreciation of Thai Baht against USD. Especially unrealized gain from exchange rate arising from revaluation of USD accounts receivable at the end of period.

Income tax for 3 months in Q3/2022 represents the income tax expense of Baht 9 million (Q3/2021: income tax gain of Baht 1 million). As the privileges of income tax exemption from one of BOI certificate has expired, the Company's profit is subjected to income tax rate at 10% (Q3/2021: income tax exemption).

Consolidated Statement of Comprehensive Income

For the period of 9 months ended quarter 3/2022

Overall operation results of the Group for the period of 9 months ended Q3/2022, the Group has revenue in total of Baht 1,592 million (Q3/2021: Baht 1,242 million) increase Baht 350 million (+28%). It's from the increase in condom and lubricating gel business Baht 370 million while sale from paper boxes business dropped by Baht 20 million.

Gross profit margin of the Group for the period of 9 months ended Q3/2022 is 29% (Q3/2021: 22%) of total revenue. Gross profit margin was increased from depreciated effect of Thai Baht against USD currency. Average exchange rate of Thai Baht per USD for 9 months ended Q3/2022 is 34.68 (Q3/2021: 31.40) or +10.45%.

Selling expenses for the period of 9 month ended Q3/2022 is 3% (Q3/2021: 10%) of total revenue. The decrease is mainly from marketing and promotional expenses.

Administrative expenses for the period of 9 month ended Q3/2022 is 8% (Q3/2021: 7%) of total revenue. The Group has an additional expense related to Playboy case.



Expected credit losses for the period of 9 months ended Q3/2022 is Baht 47 million (Q3/2021: Baht 6 million). The allowance for expected credit loss is calculated based on uncollectible account receivable balance, which is mainly denominated in USD. The depreciation of Thai Baht currency against USD, was impacted valuation both of account receivable and expected credit losses. The exchange rate at the end of period was used for Thai Baht valuation conversion.

Other gain for the period of 9 month ended Q3/2022 represents the profit Baht 49 million (Q3/2021: Baht 63 million). Main is net gain from exchange rate. The Group has gain from exchange rate as due to the depreciation of Thai Baht against USD. Especially unrealized gain from exchange rate arising from revaluation of USD accounts receivable at the period end.

Income tax for the period of 9 months ended Q3/2022 represents the income tax expense of Baht 29 million (Q3/2021: Baht 0.4 million). It increases because the privileges of income tax exemption of one of the Company's BOI certificate has expired, the Company's net profit is now subject to income tax rate at 10%(Q3/2021: income tax exemption).

Consolidated statement of financial position

As at 30 September 2022

	Consolidated financial statements		Comparison	
	30-Sep-22 Million Baht	31-Dec-21 Million Baht	2022 & 2021 Million Baht	%
Current assets	1,102	899	203	23%
Non-current assets	762	699	63	9%
Total assets	1,864	1,598	266	17%
Current liabilities	822	770	52	7%
Non-Current liabilities	115	108	7	7%
Total liabilities	937	878	59	7%
Authorised, issued and fully paid-up share capital	300	300	-	0%
Share premium (net)	378	549	(171)	0%
Retained earnings (deficits)				
- Appropriated - legal reserve	-	30	(30)	0%
- Unappropriated	250	(158)	408	-259%
Other components of equity (Net)	(1)	(1)	0	-4%
Total equity	927	720	207	29%
Total liabilities and equity	1,864	1,598	266	17%

The Group has current assets as at Q3/2022 at Baht 1,102 million (2021: Baht 899 million) increase Baht 203 million (+23%). It's from;

1. An increase in trade and other accounts receivable (net) Baht 147 million as due to an increase in total revenue for 9 month Q3/2022.



2. An increase in cash and cash equivalent of Baht 27 million, due to cash flows generated from operating activities was higher than cash flows used in investing activities and financing activities.
3. An increase in inventories (net) Baht 17 million. The Group keeps more stock for main raw materials to protect the risk from price increasing.

Other non-current assets as at Q3/2022 is Baht 762 million (2021: Baht 699 million) increase Baht 63 million (+9%). It's from;

1. Increase in property, plant and equipment (net) Baht 48 million. It's mainly from the purchase of machine and factory equipment Baht 113 million (mostly in a subsidiary) offset with depreciation charge by Baht 66 million.

Current liabilities as at Q3/2022 is Baht 822 million (2021: Baht 770 million) increase Baht 52 million (+7%). It's from;

1. An increase in short-term loans from banks Baht 39 million to be used as working capital.
2. An increase in trade and other accounts payable Baht 33 million because of purchase more raw materials.

Non-current liabilities as at Q3/2022 is Baht 115 million (2021: Baht 108 million) increase Baht 7 million. It's from;

1. An increase in long term lease liabilities (net) Baht 9 million as due to long term lease agreement belong to Subsidiary.
2. Increase in employee benefits obligations Baht 3 million. It's from monthly charges upon actuarial report.

Equity as at Q3/2022 is Baht 927 million (2021: Baht 720 million) increase Baht 207 million. It's from Group's net profit for 9 months Baht 266 million and the Company's has the interim dividend payment Baht 60 million.

Sincerely Yours,

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Taweechai Hantawornchaikit

Chief Financial Officer

Authorized to Disclose Information

Thai Nippon Rubber Industry Public Company Limited