



10 May 2023

Subject: Management Discussion and Analysis of Financial Position and Operating Performance for the 3-month period ended 31 March 2023

To: President of Stock Exchange of Thailand

Thai Nippon Rubber Industry Public Company Limited and its subsidiaries (the “Company” or “TNR”) provided the Management Discussion and Analysis of Financial Position and Operating Performance for the 3-month period ended 31 March 2023 below.

Statement of Comprehensive Income

Statement of Comprehensive Income	Unit : Million Baht							
	Consolidated financial information (Unaudited)						Comparative information	
	For the three-month period ended 31 March						Increased /	
	Condoms and lubricating gels		Paper boxes		Total		Decreased	%
2023	2022	2023	2022	2023	2022			
Revenue from sales and services	449.1	475.4	43.3	43.2	492.4	518.6	(26.2)	-5.1%
Cost of sales and services	(360.1)	(337.1)	(32.1)	(42.3)	(392.2)	(379.4)	(12.8)	-3.4%
Depreciation charge in excess from plant and equipment recognised under fair value	-	-	-	-	(2.9)	(2.9)	-	0.0%
Segment results	89.0	138.3	11.2	0.9	97.3	136.3	(39.0)	-28.6%
Other income					1.6	1.8	(0.2)	-11.1%
Selling expenses					(16.2)	(17.0)	0.8	4.7%
Administrative expenses					(49.7)	(44.0)	(5.7)	-13.0%
Reversal of expected credit losses					4.9	1.1	3.8	345.5%
Other gains (losses) (net)					(11.2)	0.9	(12.1)	-1344.4%
Finance costs					(4.0)	(3.5)	(0.5)	-14.3%
Operating profit					22.7	75.6	(52.9)	-70.0%
Income tax					(3.4)	(7.4)	4.0	54.1%
Net profit for the period					19.3	68.2	(48.9)	-71.7%



Overview of the Company's performance in Quarter 1/2023, the Company's revenue from sales of products and services was 492.4 million baht (Quarter 1/2022: 518.6 million baht), a decrease of (26.2) million baht or -5.1% from the condom and lubricant gel businesses with a decrease in sales of (26.2) million baht due to postponement of orders from customers who are expected to order and deliver in the next quarter, whereas sales from the paper box business increased by 0.1 million Baht.

Quarter 1/2023 gross profit of the Company was 97.3 million baht, or 19.8% of sales (Quarter 1/2022 gross profit was 136.3 million baht, or 26.3% of sales). The gross profit decreased by (39.0) million baht as a result of higher production costs for raw materials and utilities.

The Company's selling expenses were 16.2 million baht in Quarter 1/2023 compared to 17.0 million baht in Quarter 1/2022, a decrease of 0.8 million baht due to decreased marketing expenses.

In Quarter 1/2023, administrative expenses totaled 49.7 million baht (Quarter 1/2022: 44.0 million baht), an increase of 5.7 million baht due to consulting fees.

In Quarter 1/2023, the Company had a reversal of expected credit losses totaling 4.9 million baht (Quarter 1/2022: 1.1 million baht). The Company's allowance for expected credit losses on trade accounts receivable was determined by the expected uncollectible trade accounts receivable, the vast majority of which are denominated in US dollars. Due to the appreciation of the Thai baht against the U.S. dollar, the Company recorded a reversal of the expected credit loss on trade accounts receivable as a result of a change in the value of expected credit losses. The Company converts US dollars to Thai baht using the Bank of Thailand's exchange rate at the end of the period.

Other profit (loss) for Quarter 1/2023 was (11.2) million baht (Quarter 1/2022: 0.9 million baht), with foreign exchange losses increasing by (12.1) million due to the fluctuation of the US dollar, which strengthens the baht relative to the US dollar. The exchange rate at the end of Quarter 1/2023 was 33.93 baht per US dollar, at the end of 2022 was 34.39 baht per US dollar, increased by 0.46 baht per US dollar. Nonetheless, the Company had entered into a forward foreign currency exchange rate contracts. This can assist in mitigating the risk of exchange rate fluctuations.

The Company had income tax in the Quarter 1/2023, in the amount of 3.4 million baht (Quarter 1/2022: 7.4 million baht), calculated from taxable profits and using the corporate income tax exemption privileges of the Company's investment promotion certificates at the rate of 10%, a decrease of 4.0 million baht from the operating results of Quarter 1/2022.



Statement of financial position

Unit : Million Baht

Statement of Financial Position	Consolidated		Comparative information	
	(Unaudited)	(Audited)	Increased / Decreased	%
	31 March 2023	31 December 2022		
Current assets	971.7	979.1	(7.4)	-0.8%
Non-current assets	782.2	792.3	(10.1)	-1.3%
Total assets	1,753.9	1,771.4	(17.5)	-1.0%
Current liabilities	674.1	703.5	(29.4)	-4.2%
Non-current liabilities	126.5	133.6	(7.1)	-5.3%
Total liabilities	800.6	837.1	(36.5)	-4.4%
Share capital Issued and fully paid-up share capital	300.0	300.0	-	0.0%
Share premium (net)	378.3	378.3	-	0.0%
Retained earnings (deficits)				
- Appropriated - legal reserve	8.1	8.1	-	0.0%
- Unappropriated	256.7	237.4	19.3	-8.1%
Other components of equity (net)	10.2	10.5	(0.3)	2.9%
Total equity	953.3	934.3	19.0	2.0%
Total liabilities and equity	1,753.9	1,771.4	(17.5)	-1.0%

The Company's current assets as of Quarter 1/2022 amounted to 971.7 million baht (Year 2022: 979.1 million baht), a decrease of 7.4 million baht or -0.8% was a result of the following factors:

1. Trade and other receivables (net) increased by 97.0 million baht due to the fact that the Company sold and delivered products in March 2023, but payment was not yet due.
2. Cash and cash equivalents decreased by 35.6 million baht, due to normal business operations and the repayment of loans.
3. Net inventories decreased by 57.3 million baht in March 2023 as a result of the Company's sales and shipments in March 2023.
4. Due to a tax refund from the Revenue Department, the VAT decreases by (9.4) million baht.



The Company's non-current assets total 782.2 million baht as of Quarter 1/2023 (Year 2022: 792.3 million baht), a decrease of (10.1) million baht or -1.3% was a result of the following factors:

1. Property, plant, and equipment (net) decreased by (6.4) million baht as a result of the purchase of machinery and equipment during the period in the amount of 14.5 million baht (primarily investment in machinery and equipment to replace the existing ones and for new businesses in Subsidiaries) and depreciation for the period in the amount of (20.9) million baht.
2. The net value of right-of-use assets decreased by (3.4 million baht) due to normal depreciation.

Current liabilities as of Quarter 1/2023 totaled 674.1 million baht (Year 2022: 703.5 million baht), a decrease of (29.4) million baht or -4.2% was a result of the following factors:

1. The quantity of short-term loans from financial institutions decreased by 45.0 million baht, resulting in cash flows from operating activities were used to repay loans.
2. As a result of the procurement of raw materials in the normal course of business, trade and other payables increased by 11.7 million baht.
3. The amount of income tax payable increased by 3.2 million baht compared to the amount of income tax payable for Quarter 1/2022.

The Company's noncurrent liabilities as of the first quarter of 2023 total 126.5 million baht (year 2022: 133.6 million baht), a decrease of (7.1) million baht or -5.3% was the result of the following factors:

1. The payment of the rental under the agreement resulted in a decrease of (2.4) million baht in the net liabilities under the lease agreement.
2. Long-term loans from financial institutions decreased by (2.9) million baht due to contractually required loan repayment.
3. The payment of retirement benefits and long-service awards based on years of service reduced by 1.3 million baht.



Due to the Company's Quarter 1/2023 net profit, the Company's equity increased by 19.0 million baht, or 2.0%, to 953.3 million baht at the end of the first quarter of 2023, compared to 934.3 million baht at the end of Quarter 1/2022.

Please be informed accordingly.

Yours faithfully,

(Mr. Wisit Tirayuwat)

Chief Financial Officer

The authorized person to disclose information
Thai Nippon Rubber Industry Public Company Limited