

12 May 2023

Subject: Management discussion and analysis for the three-month period ended 31 March 2023

Dear Directors and Managers Stock Exchange of Thailand

T.R.V. Rubber Products Public Company Limited and its subsidiaries (Company and Subsidiaries) would like to clarify their operating results and financial position for the three-month period ended 31 March 2023 as follows:

Comparative operating results for the periods ended 31 March 2023 and 2022 are summarised as follows:

Income Statement (Unit: million baht)	31-Mar-23	31-Mar-22	Increase (Decrease)	
			MB.	%
Revenue from sales	47.44	46.98	0.45	0.97
Cost of sales	30.73	29.38	1.34	2.86
Gross profit	16.71	17.60	(0.89)	(1.89)
Gross profit Margin	35.22	37.46		
Other income	0.18	0.06	0.13	0.27
Selling expenses	2.94	2.61	0.34	0.71
Administrative expenses	7.84	6.75	1.09	2.32
Finance costs	0.34	0.39	(0.04)	(0.09)
Profit before income tax expenses	5.76	7.91	(2.15)	(4.57)
Income tax expense	1.21	1.93	(0.72)	(1.53)
Net profit	4.55	5.98	(1.43)	(3.04)
Net profit Mrgin	9.60	12.72		

Revenue from sales

For the three-month period ended 31 March 2023, the Company had revenue from sales of THB 47.44 million, an increase of THB 0.45 million or 0.97% compared to the same period of the previous year. The increase in sales came from sales of automotive molded rubber parts, whereby automakers received more semiconductor components. As a result, the production of vehicle has increased, resulting in the Company's products, which are components, having higher sales.

Other Income

For the three-month period ended 31 March 2023, the Company had other income of THB 0.18 million, an increase of THB 0.13 million from interest income.

Cost of Sales and Gross Profit

For the three-month period ended 31 March 2023, the Company had cost of sales totalling THB 30.73 million, an increase of THB 1.34 million compared to the same period of the previous year, due to the increase of cost of raw materials and electricity.

For the three-month period ended 31 March 2023, the Company had gross profit of THB 16.71 million, a decrease of THB 0.89 million or 1.89% due to higher raw material and production costs when comparing to an increase in selling price.

Selling expenses

For the three-month period ended 31 March 2023, the Company had selling expenses totalling THB 2.94 million, an increase of THB 0.34 million or 0.71% compared to the same period of the previous year due to sales promotion expenses that rose in line with sales, and higher salary expenses.

Administrative expenses

For the three-month period ended 31 March 2023, the Company had administrative expenses totalling THB 7.84 million, an increase of THB 1.09 million or 2.32% compared to the same period of the previous year. The ratio of administrative expenses to revenue from sales was 16.53% in Q1/2023, which increased by 2.32% compared to Q1/2022 at 14.36%, mainly due to consulting and internal audit fees.

Net profit

For the three-month period ended 31 March 2023, the Company had a net profit of THB 4.55 million, a decrease of THB 1.43 million or 3.04% compared to the same period of the previous year. The ratio of net profit to sales was 9.60% in Q1/2023, which decreased by 3.12% compared to Q1/2022 at 12.72%, due to increase in raw material costs, production cost and administrative expenses.

**Statements of Financial Positions**

Financial Statements Financial Statements (Unit: million baht)	31-Mar-23	31-Dec-22	Increase (Decrease)	% Increase (Decrease)	% Increase (Decrease)
Assets					
Current assets	241.85	223.79	18.06	8.07%	62.33%
Non-current assets	146.20	148.73	(2.54)	-1.71%	37.67%
Total assets	388.05	372.52	15.52	4.17%	100.00%
Liabilities and shareholders'equity					
Current liabilities	49.36	36.42	12.94	35.53%	12.72%
Non-current liabilities	19.45	21.42	(1.97)	-9.20%	5.01%
Shareholders'equity	319.24	314.69	4.55	1.45%	82.27%
Total liabilities and shareholders'equity	388.05	372.52	15.52	4.17%	100.00%

Total Assets

As of 31 March 2023, the Company had total assets of THB 388.05 million, increased by THB 15.52 million equivalent to 4.17% from 31 December 2022, the main reason was as follows:

- 1) Cash and cash equivalents increased by THB 6.96 million, mainly due to cash generated from operations.
- 2) Trade and other receivables increased by THB 9.54 million due to increased sales compared to the fourth quarter of 2022.
- 3) Inventories increased by THB 1.50 million from raw materials and work-in-progress prepared for production to support customer orders.
- 4) Property, plant and equipment decreased by THB 2.13 million from depreciation charged. And during the period, there was no additional purchase of high-value assets.

Total Liabilities

As of 31 March 2023, the Company has total liabilities of THB 68.81 million, increased by THB 6.36 million equivalent to 3.36% from 31 December 2022, the main reason was as follows:

- 1) Trade and other payables increased by THB 11.64 million, mainly due to the increased purchase of raw materials for production
- 2) Long-term borrowings from financial institutions decreased by THB 1.81 million, mainly due to the repayment of long-term borrowings from a financial institution during the period amounting to THB 1.81 million.
- 3) Income tax payable increased by THB 1.25 million from tax profit during the period.

Equity

As of 31 March 2023, the Company has total equity of THB 319.24 million, increased by THB 4.55 million compared to 31 December 2022, mainly due to net profit during the period.

Key financial ratio analysis

Financial Ratio	Unit	As of 31 Dec.2022	As of 31 Dec.2021
Current Ratio	times	4.9	6.15
Return on Equity (ROE)	%	5.74	16.49
Return on Assets (ROA)	%	4.79	13.7
Debt to Equity Ratio	times	0.22	0.18
Interest Bearing Debt	times	0.06	0.06

Liquidity ratio

As of 31 March 2023, the Company's liquidity ratio was 4.90 times, decreased by 1.25 times due to increase in trade and other payables, along with the purchase of raw materials to produce more products.

Return on equity (ROE)

As of March 31, 2023, the Company's return on equity (ROE) was 5.74%, a decrease of 10.75%, because at the end of 2022, the Company's net profit increased from profit from sales of investment properties. As a result, the rate of return on equity (ROE) is higher than usual.

Return on assets (ROA)

As of 31 March 2023, the Company's return on assets (ROA) was 4.79%, a decrease of 8.91% due to decrease in net profit for the three-month period ended 31 March 2023, compared to net profit for the year 2022 which net profit increased from sale of investment properties. The total assets as of 31 March 2023 has also increased from increasing in cash and cash equivalents and trade and other receivables.

Debt to equity ratio (D/E Ratio)

As of 31 March 2023, the Company's debt to equity ratio (D/E Ratio) was 0.22 times, increased by 0.04 times due to increase in trade and other payables.