



8 August 2023

**Subject:** Management Discussion and Analysis of Financial Position and Operating Performance for the 2<sup>nd</sup> quarter ended 30 June 2023

**To:** President of Stock Exchange of Thailand

Thai Nippon Rubber Industry Public Company Limited and its subsidiaries (“the Group”) reported performance for the 3-month and 6-month period ended 30 June 2023 as follows:

### Consolidated Statement of Comprehensive Income

#### For the 3-month quarter 2/2023

Unit : Million Baht

| Statement of Comprehensive Income   | Consolidated financial information (Unaudited) |         |             |        |         |         | Comparative information  |         |
|---|--|---------|-------------|--------|---------|---------|--------------------------|---------|
|   | For the three-month period ended 30 June       |         |             |        |         |         | Increased /<br>Decreased | %       |
|   | Condoms and lubricating gels                   |         | Paper boxes |        | Total   |         |                          |         |
| 2023  | 2022   | 2023    | 2022        | 2023   | 2022    |         |                          |         |
| Revenue from sales and services   | 445.8  | 402.3   | 46.8        | 44.5   | 492.6   | 446.8   | 45.8                     | 10.3%   |
| Cost of sales and services  | (301.6)  | (267.5) | (37.7)      | (45.8) | (339.3) | (313.3) | (26.0)                   | -8.3%   |
| Depreciation charge in excess from plant<br>and equipment recognised under fair value | -  | -       | -           | -      | (2.9)   | (2.9)   | -                        | 0.0%    |
| Segment results   | 144.2  | 134.8   | 9.1         | (1.3)  | 150.4   | 130.6   | 19.8                     | 15.2%   |
| Other income  |  |         |             |        | 2.1     | 1.4     | 0.7                      | 50.0%   |
| Selling expenses  |  |         |             |        | (21.7)  | (12.1)  | (9.6)                    | -79.3%  |
| Administrative expenses   |  |         |             |        | (91.3)  | (42.4)  | (48.9)                   | -115.3% |
| Expected credit losses  |  |         |             |        | (15.4)  | (20.7)  | 5.3                      | 25.6%   |
| Other gains (losses) (net)  |  |         |             |        | 16.3    | 27.0    | (10.7)                   | -39.6%  |
| Finance costs   |  |         |             |        | (4.6)   | (3.0)   | (1.6)                    | -53.3%  |
| Operating profit  |  |         |             |        | 35.8    | 80.8    | (45.0)                   | -55.7%  |
| Income tax  |  |         |             |        | (1.2)   | (11.9)  | 10.7                     | 89.9%   |
| Net profit for the period   |  |         |             |        | 34.6    | 68.9    | (34.3)                   | -49.8%  |



Overview operation of the Group for 3-month Quarter 2/2023, the Group has revenue from sales of products and services of Baht 492.4 million (Quarter 2/2022: Baht 446.8 million), increase Baht 45.8 million or (+10.3%) It's mainly from an increase in sale of condom and lubricant gel businesses totaling Baht 43.5 million, whereas the sales for the paper box business increased by Baht 2.3 million.

Gross profit margin of the Group for the 3-month Quarter 2/2023 is Baht 150.4 million, or 30.5% of sales (Quarter 2/2022 gross profit is Baht 130.6 million, or 29.2% of sales). The gross profit increased by Baht 19.8 million as a result increased sales.

Selling expenses for the 3-month Quarter 2/2023 is Baht 21.7 million (Quarter 2/2022: Baht 12.1 million), an increase Baht 9.6 million as a result of increasing marketing expenses to increase sales.

Administrative expenses in the 3-month period, quarter 2/2023 is Baht 91.3 million (Q2/2022 : Baht 42.4 million), an increase of Baht 48.9 million due to the company group. There are special expenses related to lawsuits in a foreign courts.

Expected credit losses for the 3-month Quarter 2/2023 is a totaling Baht 15.4 million (Quarter 2/2022: Baht 20.7 million). The Allowance for expected credit losses against trade receivables by calculating from the amount of trade receivables that are expected to be uncollectible. Most of which is in the US dollar currency. Therefore, the result of the depreciation of the Thai baht against the US dollar. The Group therefore recorded the expected loss on credit against trade receivables. As a result of adjusting the value of expected credit losses. US dollar currency update into Thai Baht at the exchange rate of the Bank of Thailand at the end of the period.

Other profit (loss) for the 3-month Quarter 2/2023 is Baht 16.3 million (Quarter 2/2022: Baht 27.0 million), with foreign exchange losses decreasing by Baht 10.7 million due to the fluctuation of the US dollar, which depreciation of the baht relative to the US dollar.

- The exchange rate at the end of Quarter 2/2023 is Baht 35.43 per US dollar (end of Quarter 1/2023 is Baht 33.93 per US dollar), depreciate by Baht 1.50 per US dollar.
- The exchange rate at the end of Quarter 2/2022 is Baht 35.13 per US dollar (end of Quarter 1/2022 is Baht 33.14 per US dollar), depreciate by Baht 1.99 per US dollar.
- The depreciation of the baht relative to the US dollar reduce by Baht 0.49 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.



Income tax for the 3-month Quarter 2/2023, in the amount of Baht 1.2 million (Quarter 2/2022: Baht 11.9 million), 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 Baht 10.7 million from the operating results of Quarter 2/2023.



## Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June

Unit : Million Baht

| Statement of Comprehensive Income   | Consolidated financial information (Unaudited) |         |             |        |         |         | Comparative information  |        |
|---|--|---------|-------------|--------|---------|---------|--------------------------|--------|
|   | For the six-month period ended 30 June         |         |             |        |         |         |                          |        |
|   | Condoms and lubricating gels                   |         | Paper boxes |        | Total   |         | Increased /<br>Decreased | %      |
|   | 2023   | 2022    | 2023        | 2022   | 2023    | 2022    |                          |        |
| Revenue from sales and services   | 884.5  | 873.5   | 100.5       | 91.9   | 985.0   | 965.4   | 19.6                     | 2.0%   |
| Cost of sales and services  | (651.3)  | (600.4) | (80.2)      | (92.3) | (731.5) | (692.7) | (38.8)                   | -5.6%  |
| Depreciation charge in excess from plant<br>and equipment recognised under fair value | -  | -       | -           | -      | (5.8)   | (5.8)   | -                        | 0.0%   |
| Segment results   | 233.2  | 273.1   | 20.3        | (0.4)  | 247.7   | 266.9   | (19.2)                   | -7.2%  |
| Other income  |  |         |             |        | 3.7     | 3.2     | 0.5                      | 15.6%  |
| Selling expenses  |  |         |             |        | (37.9)  | (29.1)  | (8.8)                    | -30.2% |
| Administrative expenses   |  |         |             |        | (141.0) | (86.4)  | (54.6)                   | -63.2% |
| Expected credit losses  |  |         |             |        | (10.5)  | (19.6)  | 9.1                      | 46.4%  |
| Other gains (losses) (net)  |  |         |             |        | 5.1     | 27.9    | (22.8)                   | -81.7% |
| Finance costs   |  |         |             |        | (8.6)   | (6.5)   | (2.1)                    | -32.3% |
| Operating profit  |  |         |             |        | 58.5    | 156.4   | (97.9)                   | -62.6% |
| Income tax  |  |         |             |        | (4.6)   | (19.3)  | 14.7                     | 76.2%  |
| Net profit for the period   |  |         |             |        | 53.9    | 137.1   | (83.2)                   | -60.7% |

Overview operation results of the Group for the 6-month Quarter 2/2023, the Group has revenue from sales of products and services is Baht 985.0 million (Quarter 2/2022: Baht 965.4 million), an increase of Baht 19.6 million or 2.0% from the condom and lubricant gel businesses with an increase in sales of Baht 11.0 million, whereas sales for the paper box with a increase in sales of 8.6 million baht.

Gross profit margin of the Group for the 6-month Quarter 2/2023 is Baht 247.7million, or 30.5% of sales (Quarter 2/2022 gross profit is Baht 266.9 million, or 27.6% of sales). The gross profit decreased by Baht 19.2 million as a result of higher production costs for raw materials and utilities.

Selling expenses for the 6-month Quarter 2/2023 is Baht 37.0 million compared to Baht 29.1 million in Quarter 2/2022, an increase of Baht 8.9 million as a result of increasing marketing expenses to increase sales.

Administrative expenses in the 3-month period, quarter 2/2023 is Baht 141.0 million (Quarter 2/2022: Baht 86.4 million), an increase of Baht 54.6 million due to the company group. There are special expenses related to lawsuits in a foreign courts.



For the 6-month Quarter 2/2023, the Company has an expected credit losses totaling Baht 10.5 million (Quarter 2/2022: Baht 19.6 million). 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 depreciation 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 the 6-month Quarter 2/2023 is Baht 5.1 million (Quarter 2/2022: Baht 27.9 million), with foreign exchange losses decreasing by Baht 22.8 million due to the fluctuation of the US dollar, which depreciation of the baht relative to the US dollar.

- The exchange rate at the end of Quarter 2/2023 was 35.43 baht per US dollar (at the ended year 2022 was 34.39 baht per US dollar), depreciate by 1.04 baht per US dollar.
- The exchange rate at the end of Quarter 2/2022 was 35.13 baht per US dollar (at the ended year 2021 was 33.25 baht per US dollar), depreciate by 1.88 baht per US dollar.
- The depreciation of the baht relative to the US dollar reduce by (0.84) 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.

Income tax for the 3-month Quarter 2/2023, in the amount of Baht 4.6 million (Quarter 2/2022: Baht 19.3 million), 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 Baht 14.7 million from the operating results of Quarter 2/2023.



## Consolidated Statement of financial position

Unit : Million Baht

| Statement of Financial Position                      | Consolidated   |                  | Comparative information  |              |
|--|----------------|------------------|--------------------------|--------------|
|  | (Unaudited)    | (Audited)        | Increased /<br>Decreased | %            |
|  | 30 June 2023   | 31 December 2022 |                          |              |
| Current assets                                       | 1,053.8        | 979.1            | 74.7                     | 7.6%         |
| Non-current assets                                   | 785.5          | 792.3            | (6.8)                    | -0.9%        |
| <b>Total assets</b>                                  | <b>1,839.3</b> | <b>1,771.4</b>   | <b>67.9</b>              | <b>3.8%</b>  |
| Current liabilities                                  | 813.7          | 703.5            | 110.2                    | 15.7%        |
| Non-current liabilities                              | 140.1          | 133.6            | 6.5                      | 4.9%         |
| <b>Total liabilities</b>                             | <b>953.8</b>   | <b>837.1</b>     | <b>116.7</b>             | <b>13.9%</b> |
| Share capital Issued and fully paid-up share capital | 300.0          | 300.0            | -                        | 0.0%         |
| Share premium (net)                                  | 378.2          | 378.3            | (0.1)                    | 0.0%         |
| Retained earnings (deficits)                         |                |                  |                          |              |
| - Appropriated - legal reserve                       | 15.6           | 8.1              | 7.5                      | 92.6%        |
| - Unappropriated                                     | 193.9          | 237.4            | (43.5)                   | 18.3%        |
| Other components of equity (net)                     | (2.2)          | 10.5             | (12.7)                   | 121.0%       |
| <b>Total equity</b>                                  | <b>885.5</b>   | <b>934.3</b>     | <b>(48.8)</b>            | <b>-5.2%</b> |
| <b>Total liabilities and equity</b>                  | <b>1,839.3</b> | <b>1,771.4</b>   | <b>67.9</b>              | <b>3.8%</b>  |

The Group has current assets as of Quarter 2/2023 at Baht 1,053.8 million (Year 2022: Baht 979.1 million ), a decrease Baht 74.7 million or (-7.6%) is a result of the following factors:

1. Cash and cash equivalents increased by Baht 7.2 million from normal business operations.
2. Trade and other receivables ( net) increased Baht 129.3 million due to the fact that the Company sold and delivered products in Quarter 2/2023, but payment was not yet due.
3. Net inventories decreased by Baht 53.3 million as a result of the Company's sales and improve inventory management.
4. VAT decreased by Baht 6.3 million baht due to a tax refund from the Revenue Department.



The Group has non-current assets at Baht 785.5 million as of Quarter 2/2023 (Year 2022: Baht 792.3 million), a decrease of Baht 6.8 million or (-0.9%) is a result of the following factors:

1. Property, plant, and equipment (net) decreased by Baht 10.6 million as a result of the purchase of machinery and equipment during the period in the amount of Baht 31.7 million (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 Baht 42.3 million.
2. The net value of right-of-use assets decreased by Baht 2.7 million due to as a result of the new contracts to replace the existing ones during the period in the amount of Baht 2.3 million and depreciation for the period in the amount of Baht 5.0 million.
3. Deferred tax assets increased by Baht 6.9 million from calculate deferred tax assets in Quarter 2/2023.

Current liabilities as of Quarter 2/2023 totaled Baht 813.7 million (Year 2022: Baht 703.5 million), an increase of Baht 110.2 million or 15.7% is a result of the following factors:

1. The quantity of short-term loans from financial institutions increased by Baht 25.0 million for working capital.
2. As a result of the procurement of raw materials in the normal course of business, trade and other payables increased by Baht 71.2 million.
3. The amount of income tax payable decreased by (6.0) million baht due to paid income tax of Year 2022 in amount Baht 16.5 million and estimate accrued income tax for Quarter 2/2023 in amount Baht 10.4 million.

Non-current liabilities as of Quarter 2/2023 total Baht 140.1 million (year 2022: Baht 133.6 million), an increase of Baht 6.5 million or 4.9% was the result of the following factors:

1. The payment of the rental under the agreement resulted in an increase of Baht 2.1 million in the net liabilities under the lease agreement.
2. Long-term loans from financial institutions decreased by Baht 6.0 million due to contractually required loan repayment.
3. The payment of retirement benefits and long-service awards based on years of service increased by Baht 15.7 million from recalculated by the Actuary



The Company's equity as of Quarter 2/2023 total Baht 885.5 million(year 2022: Baht 934.3 million ), a decrease of Baht 48.8 million or -5.2% due to the Company has the annual dividend payment Baht 90.0 million and Quarter 2/2023 net profit Baht 41.2 million.

Please be informed accordingly.

Yours faithfully,

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(Mr. Wisit Tirayuwat)

Chief Financial Officer

The authorized person to disclose information

Thai Nippon Rubber Industry Public Company Limited