



11 August 2023

**Subject: Management discussion and analysis of Q2 ended 30 June 2023**

Dear Directors and Managers Stock Exchange of Thailand

T.R.V. Rubber Products Public Company Limited (TRV) would like to clarify the operating results and financial position of T.R.V. Rubber Products Public Company Limited and its subsidiary (the Group) for the six-month period ended on 30 June 2023 as follows:

Income Statement	Quarter 2		Increase		Quarter 2		Increase	
	3 months		(Decrease)		6 months		(Decrease)	
	2023	2022	MB.	%	2023	2022	MB.	%
Revenue from sales	40.59	45.49	(4.90)	(10.76)	88.03	92.47	(4.44)	(4.80)
Cost of sales	27.43	27.97	(0.54)	(1.94)	58.16	57.36	0.80	1.39
Gross profit	13.16	17.52	(4.35)	(24.85)	29.87	35.11	(5.24)	(14.93)
Gross profit margin (Percentage)	32.43	38.51			33.94	37.97	-	-
Other income	0.27	0.13	0.14	104.71	0.46	0.19	0.27	146.02
Selling expenses	2.51	2.36	0.16	6.63	5.46	4.97	0.49	9.89
Administrative expenses	7.51	7.02	0.50	7.09	15.35	13.76	1.59	11.54
Finance costs	0.32	0.37	(0.05)	(14.13)	0.67	0.76	(0.10)	(12.52)
Profit before income tax expenses	3.08	7.90	(4.82)	(60.96)	8.86	15.81	(6.95)	(43.98)
Income tax expense	0.68	1.62	(0.94)	(58.01)	1.89	3.55	(1.66)	(46.73)
Net profit	2.40	6.28	(3.88)	(61.72)	6.96	12.26	(5.29)	(43.18)
Net profit margin (Percentage)	5.92	13.80			7.91	13.25		

Structure of Revenue	30-Jun-23		30-Jun-22	
	Million baht	%	Million baht	%
Automotive sector	21.56	53.12	20.23	44.47
<b>Growth rate (Percentage)</b>	<b>6.58</b>			
Appliance sector	17.91	44.12	24.93	54.80
<b>Growth rate (Percentage)</b>	<b>(28.14)</b>			
Others	1.12	2.76	0.33	0.73
<b>Growth rate (Percentage)</b>	<b>237.41</b>			
Total revenue from sales	40.59	100.00	45.49	100.00
<b>Growth rate (Percentage)</b>	<b>(10.76)</b>			



### **Revenue from sales**

From the operating results for the three-month period ended 30 June 2023 (Q2 2023), revenue from sales was THB 40.59 million, a decrease of 10.76% from Q2 2022. This was mainly due to the decrease in sales of moulded rubber parts for electrical appliances which was caused by a customer has moved its production base from Thailand. Revenue from moulded rubber parts for automotives increased from Q2 2022, slightly than expectation because delivery and production plan of some new vehicle models were postponed.

### **Cost of sales and gross profit**

For the three-month period ended 30 June 2023, cost of sales was THB 27.43 million, a decrease of 1.94% due to the decrease in sales volume offset with raw material prices while production costs increased, especially the cost of electricity due to an Ft surcharge increase.

For the three-month period ended 30 June 2023, gross profit was THB 13.16 million. A decrease of THB 4.35 million was due to a significant drop in sales of moulded rubber parts for electrical appliances and an increase in electricity costs as compared to the same period last year.

### **Selling expenses**

For the three-month period ended 30 June 2023, selling expenses were THB 2.51 million, an increase of THB 0.16 m compared to the same period of the previous year. This was due to increases in customer service and sales promotion expenses from negotiations to increase sales and channels to find new customers.

### **Administrative expenses**

For the three-month period ended 30 June 2023, administrative expenses were THB 7.51 million, an increase of THB 0.50 million compared to the same period of the previous year. This was mainly due to consulting fees related to the capital increase.

### **Net profit**

For the three-month period ended 30 June 2023, net profit was THB 2.40 million, a decrease of THB 3.88 millio was mainly due to the decrease in revenue from sales, and the impact of an increases in raw material and electricity costs and selling and administrative expenses.

**Statement of financial position**

Financial Statements (Unit: million baht)	30-Jun-23	31-Dec-22	Increase (Decrease)	% Increase (Decrease)	% Proportion per total assets
<b>Assets</b>					
Current assets	355.64	223.79	131.85	58.92%	71.12%
Non-current assets	144.40	148.73	(4.33)	-2.91%	28.88%
<b>Total assets</b>	<b>500.04</b>	<b>372.52</b>	<b>127.52</b>	<b>34.23%</b>	<b>100.00%</b>
<b>Liabilities and shareholders'equity</b>					
Current liabilities	40.93	36.42	4.51	12.39%	8.18%
Non-current assets	17.47	21.42	(3.96)	-18.46%	3.49%
Non-current assets	441.65	314.69	126.96	40.35%	88.32%
<b>Total liabilities and shareholders'equity</b>	<b>500.04</b>	<b>372.52</b>	<b>127.52</b>	<b>34.23%</b>	<b>100.00%</b>

**Total assets**

Financial Statements (Unit: million baht)	30-Jun-23	31-Dec-22	Increase (Decrease)	% Increase (Decrease)	% Proportion per total assets
Cash and cash equivalents	307.85	182.00	125.85	69.15%	61.56%
Trade and other receivables	30.73	28.95	1.78	6.15%	6.15%
Inventory	16.87	12.75	4.12	32.28%	3.37%
Land,building with equipment,and right-of-use assets	139.46	143.80	(4.34)	-3.02%	27.89%
Other assets	5.13	5.01	0.11	2.25%	1.03%
<b>Total assets</b>	<b>500.04</b>	<b>372.52</b>	<b>127.52</b>	<b>34.23%</b>	<b>100.00%</b>

As of 30 June 2023, TRV had total assets of THB 386.24 million, increased by THB 127.52 million or 34.23% compared to 31 December 2022, mainly due to:

- 1) THB 125.85 million increase in cash and cash equivalents, mainly from cash received from shares capital increment and cash generated from operations
- 2) THB1.78 million increase in trade and other receivables from selling goods to a major customer at the end of Q2 2023
- 3) THB 4.12 million increase in inventories because of products to support future orders.

**Total liabilities**

Financial Statements (Unit: million baht)	30-Jun-23	31-Dec-22	Increase (Decrease)	% Increase (Decrease)	% Proportion per total assets
Trade and other payables	29.53	18.35	11.18	60.93%	5.90%
Loan from financial institutions	12.12	15.75	(3.64)	-23.09%	2.42%
Liabilities under leasing agreements	3.75	4.32	(0.57)	-13.12%	0.75%
Income tax payable	1.99	8.75	(6.75)	-77.19%	0.40%
Employee benefit obligations	10.40	9.93	0.47	4.76%	2.08%
Other liabilities	0.60	0.74	(0.14)	-18.90%	0.12%
<b>Total liabilities</b>	<b>58.39</b>	<b>57.84</b>	<b>0.55</b>	<b>0.96%</b>	<b>11.68%</b>

As of 30 June 2023, TRV had total liabilities of THB 58.39 million, increased by THB 0.55 million or 0.96% compared to 31 December 2022, mainly due to:

- 1) THB 6.92 million increase in trade and other payables from the purchase of main raw materials for production, consulting fees related to the capital increase and additional accrued salaries and accrued bonuses during the period (note that as of 31 December 2022, TRV had paid salaries and bonuses within the same year as the financial statements)
- 2) THB 3.64 million decrease in borrowings from financial institutions
- 3) THB 6.75 million decrease in corporate income tax payable because the income tax payable of 31 December 2022 was settled during the 2023 period

**Equity**

Financial Statements (Unit: million baht)	30-Jun-23	31-Dec-22	Increase (Decrease)	% Increase (Decrease)	% Proportion per total assets
Paid-up share capital	120.00	105.00	15.00	14.29%	24.00%
Premium on ordinary shares	254.89	149.89	105.00	70.05%	50.97%
Legal reserve	10.50	10.50	-	-	2.10%
Cumulative profit	56.27	49.30	6.96	14.13%	11.25%
<b>Total shareholders' equity</b>	<b>441.65</b>	<b>314.69</b>	<b>126.96</b>	<b>40.35%</b>	<b>88.32%</b>

As of 30 June 2023, TRV had total equity of THB 441.65 million, increased by THB 126.96 million compared to 31 December 2022, mainly due to a capital increase and net profits during the period.

**Analysis of key financial ratios**

Financial Ratio	Unit	As of 30 Jun.2023	As of 31 Dec.2022
Current Ratio	times	8.69	6.15
Return on Equity (ROE)	%	0.04	16.49
Return on Assets (ROA)	%	0.03	13.70
Debt to Equity Ratio	times	0.13	0.18
Interest Bearing Debt	times	0.04	0.06

**Liquidity ratio**

As of 30 June 2023, TRV's liquidity ratio increased from 2022 due to cash received from the shares capital increment.

**Gross profit and net profit margins**

As of 30 June 2023, TRV's gross profit margin decreased from 38.51% to 32.43% as compared to the same period of the previous year. This was due to a decrease in sales of moulded rubber parts for electrical appliances and an increase in production costs.

**Efficiency ratio**

As of 30 June 2023, ratio of return on assets and return on equity decreased as compared to 2022. This was because in 2022, TRV had profit from selling investment properties and the equity increased due to share capital increase in Q2 2023.

**Financial policy ratios**

As of June 30, 2023, the Company's interest-bearing debt to equity ratio was 0.04 times, decrease by 0.02 times. Debt to equity ratio was 0.13 times, which decreased when compared to 2022. This was due to a decrease in borrowings from financial institutions from repayments during the period and shares capital increases during the period.

Yours sincerely

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(Chief Executive Officer)