



10 November 2023

**Subject:** Management Discussion and Analysis of Financial Position and Operating Performance for the 3<sup>rd</sup> quarter ended 30 September 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 9-month period ended 30 September 2023 as follows:

### Consolidated Statement of Comprehensive Income

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

Unit : Million Baht

Statement of Comprehensive Income	Consolidated financial information (Unaudited)						Comparative information	
	For the three-month period ended 30 September							
	Condoms and lubricating gels		Paper boxes		Total		Increased / Decreased	%
	2023	2022	2023	2022	2023	2022		
Revenue from sales and services	398.0	587.2	37.4	39.2	435.4	626.4	(191.0)	-30.5%
Cost of sales and services	(258.4)	(386.7)	(38.1)	(37.3)	(296.5)	(424.0)	127.5	30.1%
Depreciation charge in excess from plant and equipment recognised under fair value	-	-	-	-	-	-	(0.3)	-11.1%
Segment results	139.6	200.5	(0.7)	1.9	135.9	199.7	(63.8)	-31.9%
Other income					2.0	1.4	0.6	42.9%
Selling expenses					(21.1)	(13.1)	(8.0)	-61.1%
Administrative expenses					(33.0)	(40.6)	7.6	18.7%
Expected credit losses					(9.9)	(26.9)	17.0	63.2%
Other gains (losses) (net)					4.7	21.4	(16.7)	-78.0%
Finance costs					(4.9)	(3.1)	(1.8)	-58.1%
Operating profit					73.7	138.8	(65.1)	-46.9%
Income tax					(7.0)	(9.4)	2.4	25.5%
Net profit for the period					66.7	129.4	(62.7)	-48.5%



Overview operation of the Group for 3-month Quarter 3/2023, the Group has revenue from sales of products and services of Baht 435.4 million (Quarter 3/2022: Baht 626.4 million), decrease Baht 191.0 million or 30.5%. Due to sales in the Quarter 3/2023, the company had the highest sales in history. It's mainly from decrease in sale of condom and lubricant gel businesses totaling Baht 189.2 million, whereas the sales for the paper box business decreased by Baht 1.8 million.

Gross profit margin of the Group for the 3-month Quarter 3/2023 is Baht 135.9 million, or 31.2% of sales (Quarter 3/2022: Baht 199.7 million, or 31.9% of sales). The gross profit decreased by Baht 63.8 million as a result decreased sales, higher production costs for raw materials and utilities.

Selling expenses for the 3-month Quarter 3/2023 is Baht 21.1 million (Quarter 3/2022: Baht 13.1 million), an increase Baht 8.0 million as a result of increasing marketing expenses to increase sales.

Administrative expenses in the 3-month period, quarter 3/2023 is Baht 33.0 million (Q3/2022: Baht 40.6 million), decrease of Baht 7.6 million from special expenses related to lawsuits in a foreign courts.

Expected credit losses for the 3-month Quarter 3/2023 is a totaling Baht 9.9 million (Quarter 3/2022: Baht 26.9 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 for the 3-month Quarter 3/2023 is Baht 4.7 million (Quarter 3/2022: Baht 21.5 million), with foreign exchange gain decreasing by Baht 16.7 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 3/2023 is Baht 36.39 per US dollar (end of Quarter 2/2023 is Baht 35.43 per US dollar), depreciate by Baht 0.96 per US dollar.
- The exchange rate at the end of Quarter 3/2022 is Baht 37.75 per US dollar (end of Quarter 2/2022 is Baht 35.13 per US dollar), depreciate by Baht 2.62 per US dollar.
- The depreciation of the baht relative to the US dollar reduce by Baht 1.66 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 3/2023, in the amount of Baht 7.0 million (Quarter 3/2022: Baht 9.4 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 2.4 million from the operating results of Quarter 3/2023.

## Consolidated Statement of Comprehensive Income

### For the nine-month period ended 30 September

Unit : Million Baht

Statement of Comprehensive Income	Consolidated financial information (Unaudited)						Comparative information	
	For the nine-month period ended 30 September							
	Condoms and lubricating gels		Paper boxes		Total		Increased / Decreased	%
2023	2022	2023	2022	2023	2022			
Revenue from sales and services	1,282.5	1,460.7	137.9	131.1	1,420.4	1,591.8	(171.4)	-10.8%
Cost of sales and services	(909.7)	(987.1)	(118.3)	(129.6)	(1,028.0)	(1,116.7)	88.7	7.9%
Depreciation charge in excess from plant and equipment recognised under fair value	-	-	-	-	(8.8)	(8.5)	(0.3)	-3.5%
Segment results	372.8	473.6	19.6	1.5	383.6	466.6	(83.0)	-17.8%
Other income					5.7	4.6	1.1	23.9%
Selling expenses					(59.0)	(42.2)	(16.8)	-39.8%
Administrative expenses					(174.0)	(127.0)	(47.0)	-37.0%
Expected credit losses					(20.4)	(46.5)	26.1	56.1%
Other gains (losses) (net)					9.8	49.3	(39.5)	-80.1%
Finance costs					(13.5)	(9.6)	(3.9)	-40.6%
Operating profit					132.2	295.2	(163.0)	-55.2%
Income tax					(11.6)	(28.7)	17.1	59.6%
Net profit for the period					120.6	266.5	(145.9)	-54.7%

Overview operation results of the Group for the 9-month Quarter 3/2023, the Group has revenue from sales of products and services is Baht 1,420.4 million (Quarter 3/2022: Baht 1,591.8 million), a decrease of Baht 171.4 million or 10.8% from the condom and lubricant gel businesses with a decrease in sales of Baht 178.2 million, whereas sales for the paper box with an increase in sales of 6.8 million baht.

Gross profit margin of the Group for the 9-month Quarter 3/2023 is Baht 383.6 million, or 27.0% (Quarter 3/2022 gross profit is Baht 466.6 million, or 29.3% of sales). The gross profit decreased by Baht 83.0 million as a result decreased sales, higher production costs for raw materials and utilities.



Selling expenses for the 9-month Quarter 3/2023 is Baht 59.0 million % (Quarter 3/2022 :Baht 42.2 million), an increase of Baht 16.8 million as a result of increasing marketing expenses to increase sales.

Administrative expenses in the 9-month period, quarter 3/2023 is Baht 174.0 million (Quarter 3/2022: Baht 127.0 million), an increase of Baht 47.0 million due to the company group has special expenses related to lawsuits in a foreign courts.

For the 9-month Quarter 3/2023, the Company has an expected credit losses totaling Baht 20.4 million (Quarter 3/2022: Baht 46.5 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 for the 9-month Quarter 3/2023 is Baht 9.8 million (Quarter 3/2022: Baht 49.4 million), with foreign exchange gain decreasing by Baht 39.5 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 3/2023 was 36.39 baht per US dollar (at the ended year 2022 was 34.39 baht per US dollar), depreciate by 2.00 baht per US dollar.
- The exchange rate at the end of Quarter 3/2022 was 37.75 baht per US dollar (at the ended year 2021 was 33.25 baht per US dollar), depreciate by 4.50 baht per US dollar.
- The depreciation of the baht relative to the US dollar reduce by 2.50 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 9-month Quarter 3/2023, in the amount of Baht 11.6 million (Quarter 3/2022: Baht 28.7 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 17.1 million from the operating results of Quarter 3/2023.



## Consolidated Statement of financial position

Unit : Million Baht

Statement of Financial Position	Consolidated		Comparative information	
	(Unaudited)	(Audited)	Increased / Decreased	%
	30 September 2023	31 December 2022		
Current assets	1,036.5	979.1	57.4	5.9%
Non-current assets	775.9	792.3	(16.4)	-2.1%
<b>Total assets</b>	<b>1,812.4</b>	<b>1,771.4</b>	<b>41.0</b>	<b>2.3%</b>
Current liabilities	725.1	703.5	21.6	3.1%
Non-current liabilities	136.3	133.6	2.7	2.0%
<b>Total liabilities</b>	<b>861.4</b>	<b>837.1</b>	<b>24.3</b>	<b>2.9%</b>
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	15.6	8.1	7.5	92.6%
- Unappropriated	260.6	237.4	23.2	-9.8%
Other components of equity (net)	(3.5)	10.5	(14.0)	133.3%
<b>Total equity</b>	<b>951.0</b>	<b>934.3</b>	<b>16.7</b>	<b>1.8%</b>
<b>Total liabilities and equity</b>	<b>1,812.4</b>	<b>1,771.4</b>	<b>41.0</b>	<b>2.3%</b>

The Group has current assets as of Quarter 3/2023 at Baht 1,036.5 million (Year 2022: Baht 979.1 million), an increase Baht 57.4 million or 5.9% is a result of the following factors:

1. Cash and cash equivalents decreased by Baht 14.3 million from normal business operations.
2. Trade and other receivables (net) increased Baht 100.8 million due to the fact that the Company sold and delivered products in Quarter 3/2023, but payment was not yet due.
3. Net inventories decreased by Baht 21.2 million as a result of the Company's sales and improve inventory management.
4. VAT decreased by Baht 5.9 million baht due to a tax refund from the Revenue Department.

The Group has non-current assets at Baht 775.9 million as of Quarter 3/2023 (Year 2022: Baht 792.3 million), a decrease of Baht 16.4 million or 2.1% is a result of the following factors:

1. Property, plant, and equipment (net) decreased by Baht 22.4 million as a result of the purchase of machinery and equipment during the period in the amount of Baht 44.6 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 67.0 million.

2. The net value of right-of-use assets decreased by Baht 5.3 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 7.6 million.
3. Deferred tax assets increased by Baht 11.2 million from calculate deferred tax assets in Quarter 3/2023.

Current liabilities as of Quarter 3/2023 totaled Baht 725.1 million (Year 2022: Baht 703.5 million), an increase of Baht 21.6 million or 3.1% is a result of the following factors:

1. The quantity of short-term loans from financial institutions decreased by Baht 17.5 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 2.8 million.
3. The amount of income tax payable decreased by 4.6 million baht due to paid income tax of Year 2022 in amount Baht 16.5 million and estimate accrued income tax for Quarter 3/2023 in amount Baht 11.9 million.
4. Financial derivative debt increased by 40.5 million baht due to the company forward foreign exchange contract is made and fluctuations in the exchange rate of the US dollar currency There is a depreciation of the baht. Compared to the US dollar

Non-current liabilities as of Quarter 3/2023 total Baht 136.3 million (year 2022: Baht 133.6 million), an increase of Baht 2.7 million or 2.0% was the result of the following factors:

1. The payment of the rental under the agreement resulted in an decrease of Baht 4.7 million in the net liabilities under the lease agreement.
2. Long-term loans from financial institutions decreased by Baht 8.9 million due to contractually required loan repayment.
3. Deferred tax liabilities decreased by Baht 1.7 million from calculate deferred tax assets in Quarter 3/2023.
4. The payment of retirement benefits and long-service awards based on years of service increased by Baht 18.0 million from recalculated by the Actuary



The Company's equity as of Quarter 3/2023 total Baht 885.5 million(year 2022: Baht 934.3 million ), a increase of Baht 16.6 million or 1.8% due to the Company has the annual dividend payment Baht 90.0 million and Quarter 3/2023 net profit Baht 106.6 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