



No. NER-SET 011/2023

November 6, 2023

Re: Management Discussion and Analysis for the 9 months of 2023 ending September 30, 2023

To: The President, The Stock Exchange of Thailand

The North East Rubber Public Company Limited (“NER” or “the Company”) would like to submit the Financial Statements for the 3rd quarter of 2023, for the 3-month period ended September 30, 2023. The Company results of the operation are as follows.

Statement of Comprehensive Income for Quarter 3/2023 (3-month period)

Unit : Million baht	3Q23	%	3Q22	%	Diff	%YoY
<b>Sales volume (Tons)</b>	<b>112,426</b>		<b>123,862</b>		(11,436)	<b>(9.23%)</b>
Total Revenue from Local sales	4,035.91	71.71%	4,657.70	64.50%	(621.79)	(13.35%)
Total Revenue from Export sales	1,592.01	28.29%	2,563.83	35.50%	(971.82)	(37.91%)
<b>Total Revenue from sales</b>	<b>5,627.92</b>	<b>100.00%</b>	<b>7,221.53</b>	<b>100.00%</b>	(1,593.61)	<b>(22.07%)</b>
Cost of sales	5,013.07	89.08%	6,256.72	86.64%	(1,243.65)	(19.88%)
<b>Gross profit</b>	<b>614.85</b>	<b>10.92%</b>	<b>964.81</b>	<b>13.36%</b>	(349.96)	<b>(36.27%)</b>
Distribution costs	109.50	1.95%	185.28	2.57%	(75.78)	(40.90%)
Administrative expenses	34.09	0.61%	35.32	0.49%	(1.23)	(3.48%)
Loss (gain) on exchange rate	37.25	0.66%	64.77	0.90%	(27.52)	(42.49%)
Unrealized loss (gain) on valuation of fair value of derivatives	(9.19)	(0.16%)	25.33	0.35%	(34.52)	(136.28%)
<b>Operating profit</b>	<b>443.20</b>	<b>7.88%</b>	<b>654.11</b>	<b>9.06%</b>	(210.91)	<b>(32.24%)</b>
Finance cost	111.12	1.97%	112.06	1.55%	(0.94)	(0.84%)
<b>Profit before other income</b>	<b>332.08</b>	<b>5.90%</b>	<b>542.05</b>	<b>7.51%</b>	(209.97)	<b>(38.74%)</b>
Other income	2.31	0.04%	3.35	0.05%	(1.04)	(31.04%)
<b>Profit before income tax</b>	<b>334.39</b>	<b>5.94%</b>	<b>545.40</b>	<b>7.55%</b>	(211.01)	<b>(38.69%)</b>
Tax (income)	22.12	0.39%	16.50	0.23%	5.62	34.06%
<b>Profit for the period</b>	<b>312.27</b>	<b>5.55%</b>	<b>528.90</b>	<b>7.32%</b>	(216.63)	<b>(40.96%)</b>



Performance for the 3rd quarter of 2023, for the 3-month period ended September 30, 2023, there was a total sales volume of 112,426 tons compared to the same period last year, decreased of 11,436 tons or decreased of 9.23 percent, representing total sales revenue of 5,627.92 million baht, decreased of 1,593.61 million baht or decreased of 22.07 percent. Divided into revenue from domestic sales of 4,035.91 million baht or 71.71 percent of total sales, decreased of 621.79 million baht or decreased of 13.35 percent and revenue from foreign sales 1,592.01 million baht or 28.29 percent of total sales, decreased of 971.82 million baht or decreased of 37.91 percent. The reason for the decrease in foreign sales revenue was due to postponing the delivery of products to China due to the Chinese National Day holiday. The sales volume was 6,651.20 tons or 324.98 million baht, which the company was aware of. Such income in the 4th quarter of 2023

Cost of sales for the 3rd quarter of 2023 is 5,013.07 million baht or 89.08 percent of total sales revenue. compared to the same period last year The proportion of cost of sales compared to total sales revenue an increase by 2.44 percent. This occurred from the cost of repairing machinery with a higher value of 18.92 million baht. compared to the same period last year. In the rubber block factory, which is repairs and maintenance according to the life of the machinery so that it can be used normally.

Distribution costs are 109.50 million baht or 1.95 percent of total sales revenue. Compared to the same period of the previous year, decreased by 75.78 million baht or 40.90 percent, which was decreased in the rubber plantation fund fee of 19.75million baht, transportation expenses of 53.93 million baht This decrease in the proportion of distribution costs occurred due to a significant decrease in shipping costs. and corresponds to the decrease in foreign sales volume.

Administrative expenses in the 3rd quarter of 2023, for the 3-month period were 34.09 million baht compared to the 3rd quarter of 2022, decreased of 1.23 million baht or 3.48 percent. It is a decrease from recording the accounting loss estimate from the contractual obligation to purchase raw materials that the company entered into a contract to purchase smoked rubber sheets with the Rubber Authority of Thailand, with a loss value of 1.70 million baht reduced.

Loss from exchange rate occurred 37.25 million baht, decreased by 27.52 million baht or 42.49 percent. And there was a profit from the valuation of derivative instruments of 9.19 million baht, Compared to the same period of the previous year, it decreased by 62.04 million baht. This decreased loss from foreign exchange was due to the company having better management of foreign exchange risk.



Financial costs for the 3rd quarter of 2023 (3-month period) were 111.12 million baht, compared to the same period of the previous year, decrease by 0.94 million baht or a decrease of 0.84 percent, a decrease from the repayment of long-term loans that are due.

Expenses for corporate income tax were 22.12 million baht, compared to the same period last year, an increase of 5.62 million baht or 34.06 percent due to the current promotion certificates for RSS and compounded rubber. (STR-Mixture) of the Block Rubber Factory No. 1 has been exhausted.

Net profit for the 3rd quarter of 2023 (3-month period) is 312.27 million baht, or 5.55 percent of total sales revenue. Compared to the same period last year Net profit decreased by 216.63 million baht or 40.96 percent.

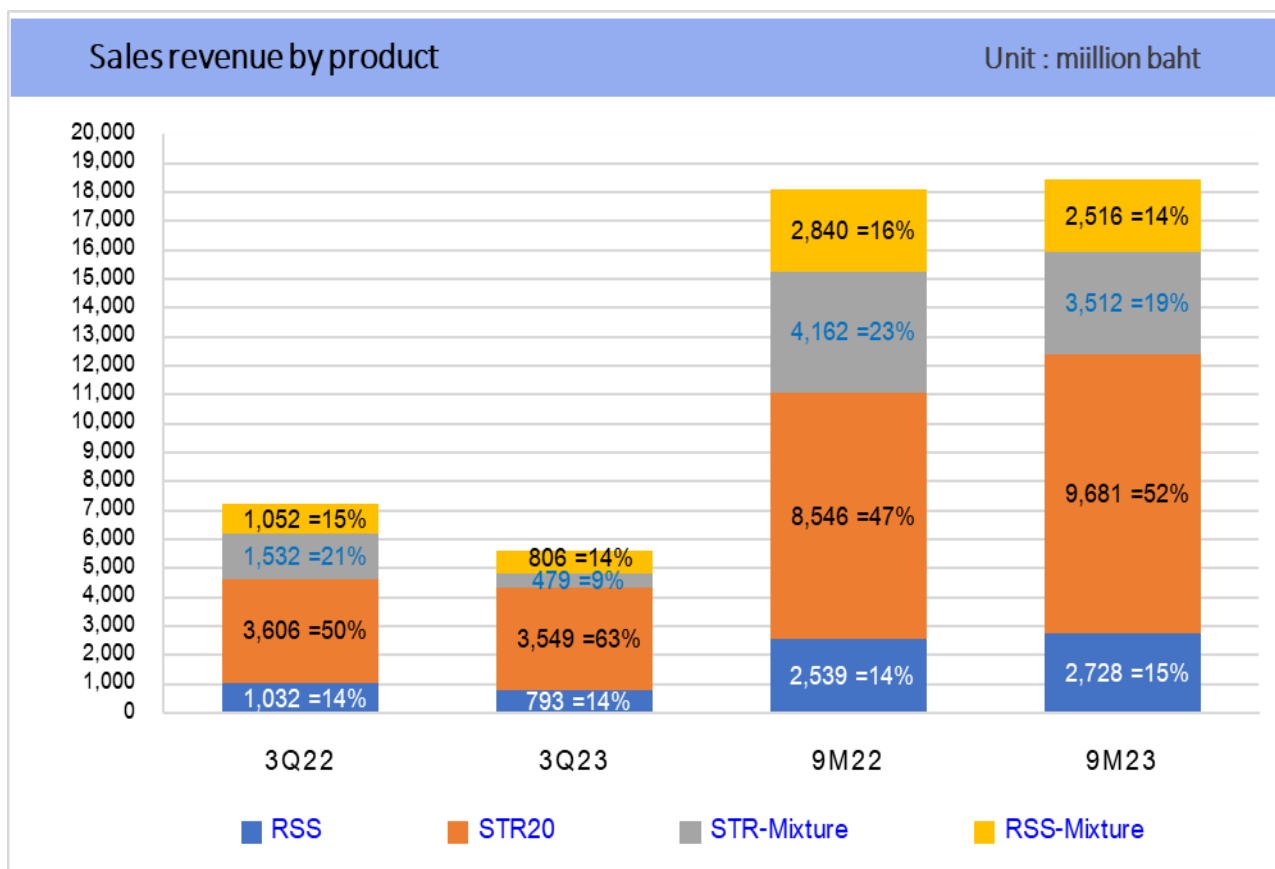
Statement of Comprehensive Income for Quarter 3/2023 (9-month period)

Unit : Million baht	9M23	%	9M22	%	Diff	%YoY
<b>Sales volume (Tons)</b>	<b>369,478</b>		<b>308,611</b>		60,868	<b>19.72%</b>
Total Revenue from Local sales	11,949.62	64.80%	12,222.89	67.58%	(273.27)	(2.24%)
Total Revenue from Export sales	6,490.28	35.20%	5,863.46	32.42%	626.82	10.69%
<b>Total Revenue from sales</b>	<b>18,439.90</b>	<b>100.00%</b>	<b>18,086.35</b>	<b>100.00%</b>	353.55	<b>1.95%</b>
Cost of sales	16,371.43	88.78%	15,735.78	87.00%	635.65	4.04%
<b>Gross profit</b>	<b>2,068.47</b>	<b>11.22%</b>	<b>2,350.57</b>	<b>13.00%</b>	(282.10)	<b>(12.00%)</b>
Distribution costs	426.30	2.31%	421.96	2.33%	4.34	1.03%
Administrative expenses	107.76	0.58%	107.95	0.60%	(0.19)	(0.18%)
Loss (gain) on exchange rate	17.69	0.10%	50.44	0.28%	(32.75)	(64.93%)
Unrealized loss (gain) on valuation of fair value of derivatives	51.33	0.28%	71.14	0.39%	(19.81)	(27.84%)
<b>Operating profit</b>	<b>1,465.39</b>	<b>7.95%</b>	<b>1,699.08</b>	<b>9.39%</b>	(233.69)	<b>(13.75%)</b>
Finance cost	328.95	1.78%	300.19	1.66%	28.76	9.58%
<b>Profit before other income</b>	<b>1,136.44</b>	<b>6.16%</b>	<b>1,398.89</b>	<b>7.73%</b>	(262.45)	<b>(18.76%)</b>
Other income	8.50	0.05%	6.65	0.04%	1.85	27.89%
<b>Profit before income tax</b>	<b>1,144.94</b>	<b>6.21%</b>	<b>1,405.54</b>	<b>7.77%</b>	(260.60)	<b>(18.54%)</b>
Tax (income)	61.07	0.33%	25.57	0.14%	35.50	138.86%
<b>Profit for the period</b>	<b>1,083.87</b>	<b>5.88%</b>	<b>1,379.97</b>	<b>7.63%</b>	(296.10)	<b>(21.46%)</b>



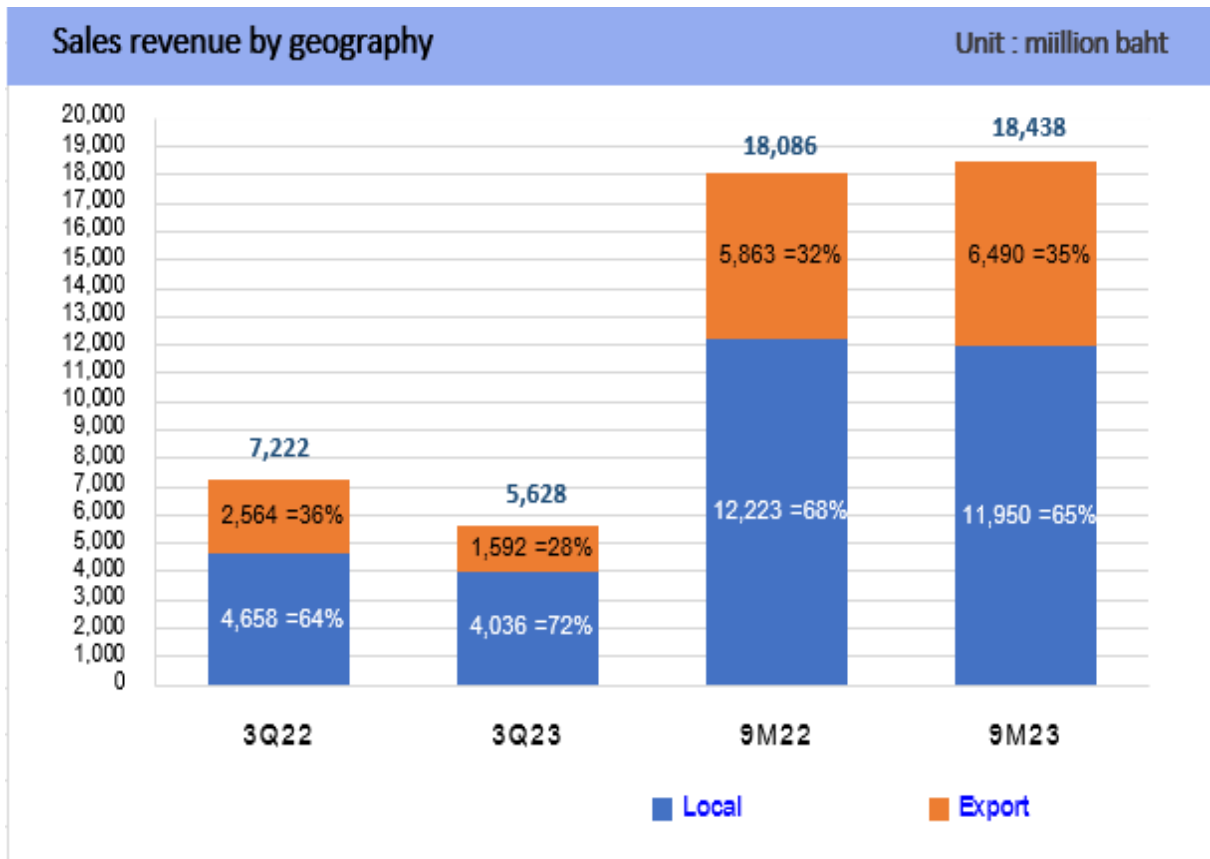
Performance for the 3rd quarter of 2023 (for the 9-month period) ending September 30, 2023 compared to the same period last year, sales volume was of 369,478 tons, an increase of 60,868 tons or an increase of 19.72 percent, representing a total sales income of 18,439.90 million baht, an increase of 353.55 million baht or an increase of 1.95 percent, divided into domestic sales revenue of 11,949.62 million baht or 64.80 percent of total sales, a decrease of 273.27 million baht or a decrease of 2.24 percent, and income from foreign sales of 6,490.28 million baht or 35.20 percent of total sales, an increase of 626.82 million baht or an increase. up 10.69 percent

Sales revenue can be separated by product compared between the 3rd quarter of 2023 and the 3rd quarter of 2022 as follows:

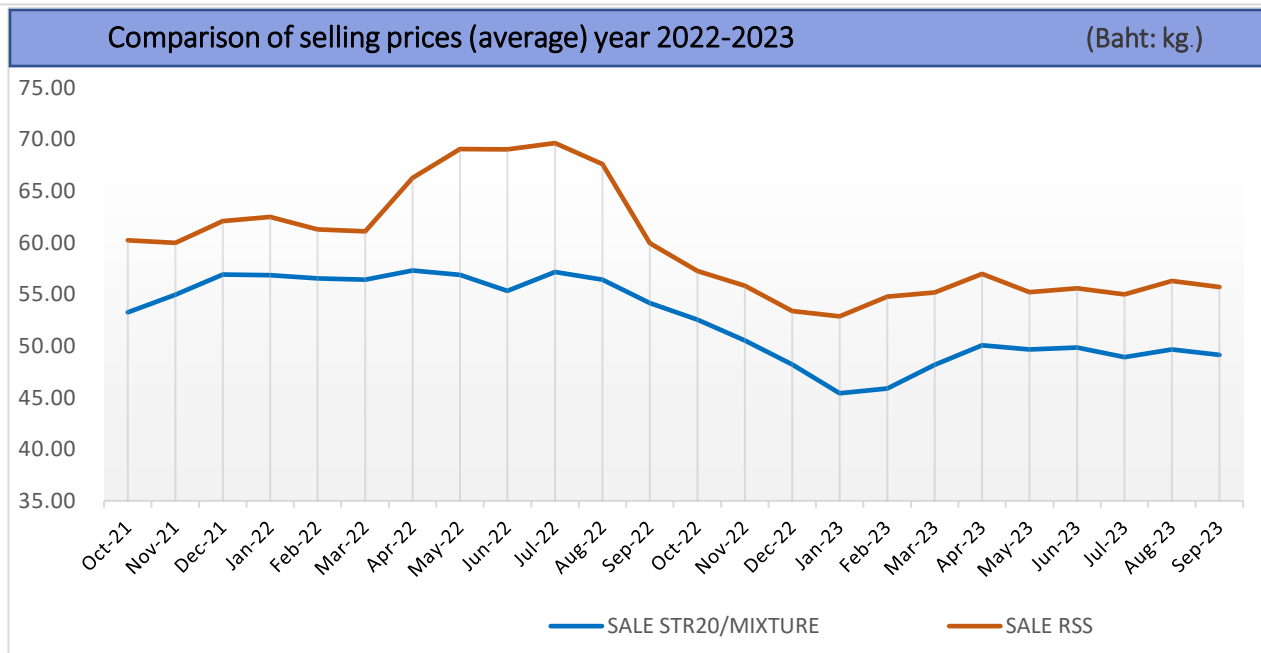


Sales revenue for the 9-month period of 2023 compared to the same period last year. Sales increased by 1.95 percent, which was an increase in sales volume of 3,491.41 million baht. In block rubber products (STR20, STR-Mixture) that the company has received orders from both domestic and foreign customers. Even though the company had a higher sales volume difference of 19.72 percent compared to the same period last year. But in terms of sales revenue, the company is still affected by a decrease in selling prices compared to the same period last year, which represents a decrease in price difference of 3,137.86 million baht.





The company has total cost of sales for the 9-month period of 2023 at 16,371.43 million baht, or 88.78 percent of sales revenue. Compared to the same period last year, the company's cost of goods sold was 87% of sales revenue. The company's cost of sales increased by 1.78 percent of total sales revenue. The main costs were raw materials and consumables costs of 15,743.50 million-baht, accounting for 85.38 percent of sales revenue compared to the same period last year. Costs increased by 1.35 percent. The company's raw material costs increased due to the decrease in the price of rubber in the market. Compare the average selling price for the 9 months of 2023 compared to the same period of 2022. The average selling price of 2023 is lower than the average selling price of 2022 by 14.55 percent, which directly affects the proportion of raw material costs compared to income. from sales causing the proportion of sales costs to increase the information on the average rubber purchase and the average rubber selling price of the company as follows:



.As for labor costs in the 9-month period of 2023, it was 132.23 million baht, or 0.72 percent compared to the same period last year. There was an increase in costs of 19.94 million baht or 0.10 percent of sales revenue. It is caused by paying wages according to the increased production.

Production expenses, 338.15 million baht or 1.83 percent of sales revenue. Compared to the same period last year, costs increased by 53.52 million baht. It is an increase in variable costs associated with higher production volumes. In addition, it is affected by the cost of energy in the electricity bill. There is an increase in the cost of



the FT fee as announced by the Energy Regulatory Commission, effective January-April 2023. And the company's maintenance costs for machinery according to their useful life in the bar factory increased by 32.73 million baht compared to the same period last year.

From the impact of the average selling price decreasing and increased energy costs and machinery repair and maintenance costs compared to the same period last year. As a result, gross profit compared to the same period last year decreased by 282.10 million baht or decreased by 12.0 percent.

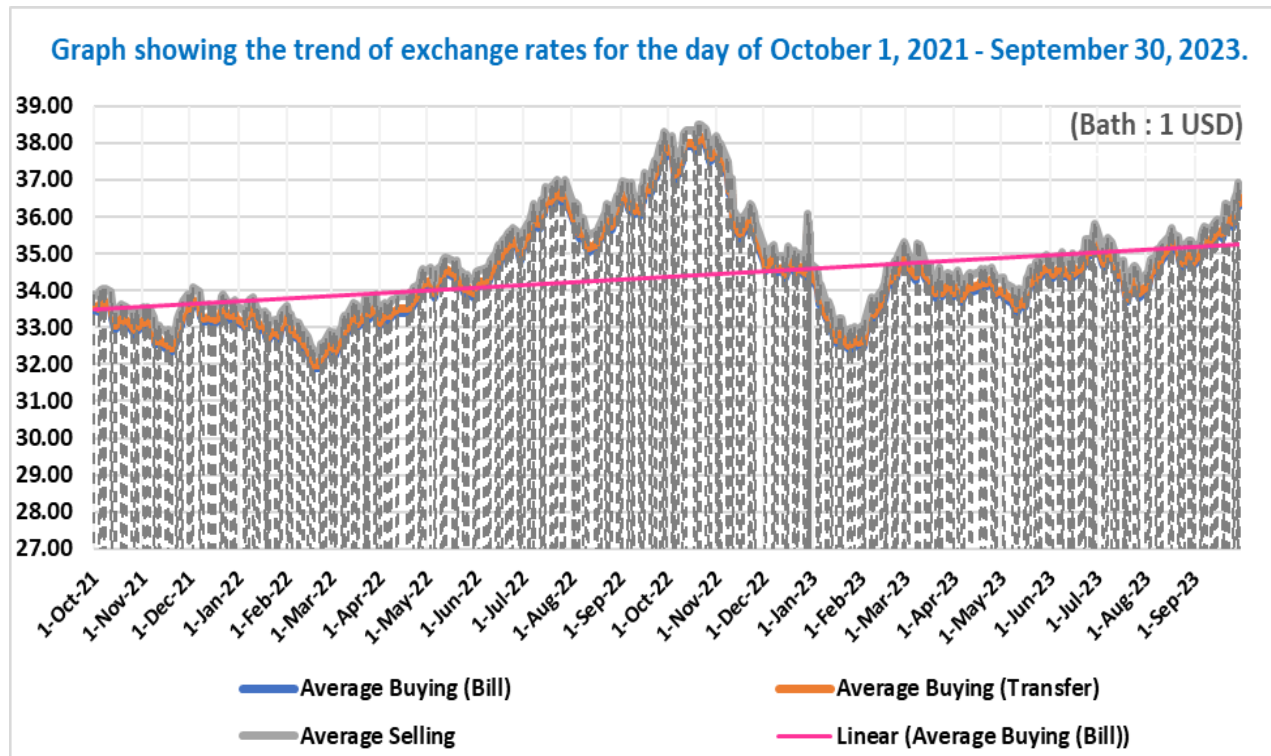
Cost of sale (Millon Baht)	9M23	%	9M22	%	YoY
<b>Sales volume (Tons)</b>	<b>369,478</b>		<b>308,611</b>		<b>60,868</b>
<b>Total Revenue from sales</b>	<b>18,439.90</b>	<b>100.00%</b>	<b>18,086.35</b>	<b>100.00%</b>	<b>353.55</b>
<b>Cost of sales</b>	<b>16,371.43</b>	<b>88.78%</b>	<b>15,735.78</b>	<b>87.00%</b>	<b>1.78%</b>
Raw materials and consumables used	15,743.50	85.38%	15,196.98	84.02%	1.35%
Salary and labor	132.23	0.72%	112.29	0.62%	0.10%
Manufacturing Overhead	338.15	1.83%	284.63	1.57%	0.26%
Depreciation & Amortization	157.55	0.85%	141.88	0.78%	0.07%
<b>Gross profit</b>	<b>2,068.47</b>	<b>11.22%</b>	<b>2,350.57</b>	<b>13.00%</b>	<b>(1.78%)</b>

Distribution costs were 426.30 million baht or 2.31 percent of total sales compared to the same period last year. The cost of distribution increased by 4.34 million baht or an increase of 1.03 percent. This is considered similar to the previous year, divided into rubber plantation fund fee increasing by 75.21 million baht, boat transportation costs decreasing by 80.39 million baht, or a decrease of 61 percent. The proportion of distribution costs incurred was similar to the same period last year. while the proportion of foreign sales volume increased Caused by a decrease in shipping costs.

Administrative expenses were 107.76 million baht or 0.58 percent of total sales revenue. Compared to the same period last year Expenses decreased by 0.19 million baht or 0.18 percent.

For the first 9 months of 2023, the company had a foreign exchange loss equal to 17.69 million baht or 0.10 percent of total sales. Compared to the same period last year which was 50.44 million baht or 0.28 percent, the company's loss from foreign exchange decreased by 32.75 million baht. And there was a loss from valuation of derivative instruments equal to 51.33 million baht or 0.28 percent of total sales compared to the same period last

year. The amount was 71.14 million baht or 0.39 percent of total sales. The company had a loss from valuation of derivative instruments that decreased by 19.81 million baht. in the 3rd quarter, 9-month period, the company has recognized losses from exchange rates. Compared to the same period of the previous year, it decreased by 52.56 million baht. This decreased loss from foreign exchange was due to the company having better management of foreign exchange risk. The statistics on exchange rate fluctuations are as follows:



Financial costs were 328.95 million baht, compared to the same period last year, an increase of 28.76 million baht or 9.58 percent. From the interest expense on additional debentures that the company issued in 2022 for use as working capital, 2 sets on September 8, 2022, totaling 2,814.30 million baht. As of September 30, 2023, the company had a total value of outstanding debentures was 6,114.30. Million baht.

Corporate income tax expenses equal to 61.07 million baht or 0.33% of sales revenue. Compared to the same period of the previous year, it increased by 35.50 million baht due to the expiration of investment promotion privileges for rubber smoked sheets (RSS) and mixed rubber products (STR-Mixture) of the 1st factory.

For the 9-month period of 2023, the company had a net profit of 1,083.87 million baht, or a net profit margin of 5.88 percent of total sales revenue. Compared to the same period of 2022, the company's net profit decreased by 296.10 million baht or a decrease of 21.46 percent.





Financial Position

Statement of Financial Position	30-Sep-2023		31-Dec-2022		DIFF Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	14,820.47	87.31%	14,232.31	87.28%	0.00	4.13%
Non-Current Assets	2,153.73	12.69%	2,074.23	12.72%	79.50	3.83%
<b>Total Assets</b>	<b>16,974.20</b>	<b>100.00%</b>	<b>16,306.54</b>	<b>100.00%</b>	<b>0.00</b>	<b>4.09%</b>
<b>Total Liabilities</b>	<b>9,967.35</b>	<b>58.72%</b>	<b>9,718.71</b>	<b>59.60%</b>	<b>0.00</b>	<b>2.56%</b>
<b>Total Shareholders' Equity</b>	<b>7,006.85</b>	<b>41.28%</b>	<b>6,587.83</b>	<b>40.40%</b>	<b>419.02</b>	<b>6.36%</b>

The company's total assets as of 30 September 2023 amounted to 16,974.20 million baht, an increase of 667.66 million baht or an increase of 4.09 percent from 31 December 2022, summarized as follows:

Current assets increased by 588.16 million baht or an increase of 4.13 percent from the following items:

- Cash and cash equivalents increased by 103.43 million baht or 7.41 percent from receiving payment for goods from trade receivables.
- Trade receivables decreased by 520.94 million baht or 52.61 percent due to the company Can collect debt faster Moreover, the increased proportion of foreign sales is based on the payment term of 100 D/P at sight.

Non-current assets increased by 79.50 million baht or 3.83 percent, a change from fixed deposits that the company used as collateral for credit lines increased by 43.42 million baht, property, plant and equipment net increased by 38.38 million baht.

The Company's total liabilities as of 30 September 2023 amounted to 9,967.35 million baht, an increase of 248.64 million baht or an increase of 2.56 percent from 31 December 2022, mainly due to

Current liabilities increased by 342.11 million baht or an increase of 7.59 percent from the following items:

- Trade accounts payable increased by 192.02 million baht or 317.06 percent because the company entered into contracts to purchase more rubber raw materials. which has payment terms upon delivery of the agreed upon amount of raw materials.



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- Deposits received in advance increased by 144.58 million baht or 396.87 percent from product deposits from customers in line with the increase in the volume of foreign orders.

Non-current liabilities decreased by 93.48 million baht, or 1.79 percent, from long-term loans decreasing by 103.10 million baht, or 24.65 percent, from repayment of loans that were due.

The shareholders' equity as of September 30, 2023 amounted to 7,006.85 million baht, an increase of 419.02 million baht or an increase of 6.36 percent. From as of 31 December 2022, increased from net profit for the 9-month period of 1,083.87 million baht and decreased from paying dividends 2 times, with the 1st time from the operating results for 2022 according to the resolution of the general meeting of shareholders. On April 10, 2023, at the rate of 0.31 baht per share, for a total amount of 572.81 million baht. On May 9, 2023, the second time was an interim dividend payment from the operating results for the first 6 months of 2023. According to the resolution of the Board of Directors' meeting on 11 August 2023 at the rate of 0.05 baht per share, totaling 92.4 million baht on 8 September 2023.

Please be informed accordingly

Yours sincerely,

(Mr. Sakchai Jongstapongpun)

Chief Financial Officer

North East Rubber Public Company Limited