

30 May 2024

Sub: Explanation on the Company's performance for the year ended 31 March 2024

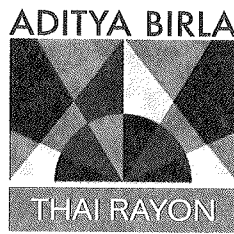
To: President  
The Stock Exchange of Thailand

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for the year ended 31 March 2024 comparison with for the year ended 31 March 2023. The details of financial statements are set out in the attached note.

Income Statements (equity method) (Unit in Million Baht)	For the year ended 31 March			
	2024	2023	Increase/(Decrease)	
Revenue from sales of goods	9,311	8,318	993	12%
Interest income	10	1	9	765%
Gains on exchange rate	69	12	57	486%
Dividend income	25	24	1	3%
Gain on sale of other non-current financial assets	185	-	185	100%
Other income	28	6	22	389%
Cost of sales of goods	9,215	8,098	1,117	14%
Distribution expenses	478	789	(311)	(39%)
Administrative expenses	198	182	16	9%
Provisions expense	3,303	-	3,303	100%
Share of profit of investments in associates	1,702	1,313	389	30%
Finance cost	1.5	1	0.5	43%
Tax income	14	78	(64)	(82%)
<b>Profit (loss) for the year</b>	<b>(1,852)</b>	<b>683</b>	<b>(2,535)</b>	<b>(371%)</b>
<b>Earnings per share (Baht)</b>				
<b>Basic earnings (loss) per share</b>	<b>(9.18)</b>	<b>3.39</b>		
Gross profit margin	1%	2.6%		
Net profit margin	(19.9%)	8.2%		

During the year, the Company has made an impairment loss of Baht 1,684 Million in its separate financial statement due to impairment of its investment in joint venture company, AV Terrace Bay Inc. The Company further recorded a provision of Baht 3,303 Million in the financial statement in which equity method is applied and the separate financial statement being the estimated exposure of the Company share in the joint venture's outstanding liabilities.





The Company had previously informed The Stock exchange of Thailand vide its letter dated 4 January 2024 regarding temporary idling of plant operation of AV Terrace Bay Inc., Canada (AVTB) in view of market conditions and additional equity injection of CAD 15 Million in AVTB vide its letter dated 16 February 2024.

Based on detailed evaluation, due to equipment reliability issues resulting from very old age of the plant. locational disadvantages, resultant higher cost of production and lower pulp (finished goods) prices, it is unviable to operate its pulp plant operations profitability.

AVTB has shut down its plant and taken impairment charge on its assets. The Company has thus also provided for impairment of investment as appearing in its books of Baht 1,684 Million in its separate financial statement.

There is requirement of fresh equity by AVTB based on existing liabilities which includes inter-alia borrowings, trade creditors and other closure cost amounting to CAD 203 Million (approximately Baht 5,505 Million). The Company's share of funding of such liabilities based on 60% equity holdings amount to CAD 122 Million (approximately Baht 3,303 Million) which is expected to be paid over next three financial years. Both shareholders of AVTB including the Company have extended letters of comfort for borrowing by AVTB. The Board felt necessary to extend support to avoid damage of the Company's reputation with various financial institutions and other stakeholders. Hence, the Company has also provided for this liability in its separate financial statement as well as financial statement in which equity method is applied.

**1. Income statements (In which the equity method is applied) for the year ended 31 March 2024 compared with for the year ended 31 March 2023**

Net loss for the year ended 31 March 2024 was Baht (1,852) Million compared to net profit of Baht 683 Million of last year, decrease of Baht 2,535 Million or 371%. The significant changes are as follows:

- 1) Revenue from sales of goods increased by 12% or Baht 993 Million mainly due to higher sales volume of all products and offset by lower realization.
- 2) Interest income increased by 765% or Baht 9 Million mainly due to interest on surplus fund invested in short term deposits and interest on advances given to raw materials supplier.
- 3) The Company has gains on exchange rate of Baht 69 Million compared to Baht 12 Million in same period of last year due to high fluctuation of Thai Baht against US Dollar during the period.
- 4) Gain on sale of other non-current financial assets increased by 100% or Baht 185 Million due to sale of investment during the period.
- 5) Other Income increased by 389% or Baht 22 Million mainly due to write back of old/excess provisions and income from rights issue of investment.



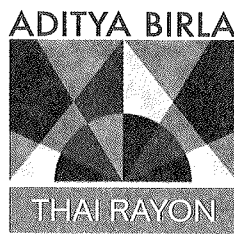
Thai Rayon Public Company Limited

Office : 16<sup>th</sup> Floor, Mahatun Plaza Building, 888/160-1 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand.

T: +66 2 2536745-54 | F: +66 2 2543181

Factory : 36 Moo 2, Ayuthaya-Angthong Highway, Tambol Posa, Amphur Muang Angthong, Angthong 14000 Thailand.

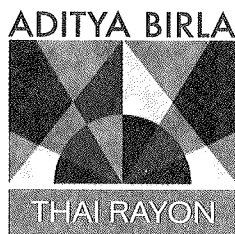
T: +66 35 611227-9 | F: +66 35 611908 | W: www.thairayon.com



- 6) Cost of sales of goods increased by 14% or Baht 1,117 Million mainly due to higher production partially offset by reduced input prices and better consumption ratios. Per ton Cost of sales of goods is decreased by 19%.
- 7) Distribution expenses decreased by 39% or Baht 311 Million mainly due to lower sea freight rates partially offset by higher sales volume.
- 8) Provisions expense increased by 100% or Baht 3,303 Million mainly due to company estimated probable obligation on behalf of its joint venture, AV Terrace Bay Inc. (AVTB). AVTB ceased its operation due to continuing losses and market conditions. The provision is due to joint venture's inability to meet its outstanding liabilities from its idled business operation which expose the Company to the payment to be made on behalf of AVTB.
- 9) Share of profit of associates accounted for using equity method increased by 30% or Baht 389 Million due to better performance from associated companies.
- 10) Finance cost increased by 43% or Baht 0.5 Million due to short term borrowing during the period.
- 11) Tax income decreased by 82% or Baht 64 Million mainly due to higher taxable losses during the last period as compared to current period.
- 12) Exchange differences on translating financial statements through other comprehensive income increased by 247% or Baht 722 Million due to fluctuation of Thai Baht against foreign currencies.
- 13) Gain (loss) on investment in equity instruments designated at fair value through other comprehensive income increased by 1239% or Baht 1,930 Million mainly due to change in market price and exchange rate.
- 14) Share of other comprehensive income (loss) of associates accounted for using equity method increased by 203% or Baht 982 Million mainly due to exchange rate fluctuation.
- 15) Gross profit margin for the year ended 31 March 2024 was at 1% compared to 2.6% of last year mainly due to lower sales realization whereas net profit margin was (19.9%) compared to 8.2% of last year mainly due to provision expense for the Company estimated probable exposure of the payment to be made on behalf of investment in joint venture partially offset by reduced input rates and better performance of associated companies.

As per reasons mentioned above, basic earnings per share for the year ended 31 March 2024 is Baht (9.18) as compared to Baht 3.39 of last year.





## 2. Statements of financial position as of 31 March 2024 in comparison with as of 31 March 2023

As of 31 March 2024, total assets increased by 13% or Baht 4,170 Million, total liabilities increased by 127% or Baht 3,682 Million and shareholders' equity increased by 2% or Baht 488 Million compared to 31 March 2023. The significant changes are as below:

### A. ASSETS

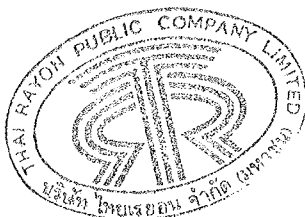
- 1) Cash and cash equivalents decreased by 95% or Baht 199 Million mainly due to cash used in working capital management.
- 2) Other current assets decreased by 34% or Baht 106 Million due to VAT Refund and lower advances to suppliers.
- 3) Other non-current financial assets increased by 40% or Baht 1,792 Million due to market price and better exchange rate.
- 4) Right-of-use assets decreased by 39% or Baht 1.5 Million due to lease accounting.

### B. LIABILITIES AND SHAREHOLDERS' EQUITY

- 1) Short term loans from financial institutions decreased by 80% of Baht 120 Million due to repayment of loans.
- 2) Other current provisions increased by 100% or Baht 3,303 Million mainly due to the Company estimated probable exposure of the payment to be made on behalf of investment in joint venture as mentioned in point no. 8 under Income Statements
- 3) Other current liabilities decreased by 32% or Baht 26 Million mainly due to lower customer advances and partially offset by higher forward contract liabilities.
- 4) Deferred tax liabilities increased by 74% or Baht 341 Million mainly due to change in the market price of equity instruments.
- 5) Lease liabilities decreased by 56% or Baht 1.2 Million due to lease accounting.

Please be informed accordingly.

Yours faithfully,



Santosh Pati Tripathi

Vice President (Finance and Commercial)



Birla Cellulose  
Fibres From Nature

Thai Rayon Public Company Limited

Office : 16<sup>th</sup> Floor, Mahatun Plaza Building, 888/160-1 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand.

T: +66 2 2536745-54 | F: +66 2 2543181

Factory : 36 Moo 2, Ayuthaya-Angthong Highway, Tambol Posa, Amphur Muang Angthong, Angthong 14000 Thailand.

T: +66 35 611227-9 | F: +66 35 611908 | W: www.thairayon.com