



No. NER-SET 007/2025

May 9, 2025

Re: Management's discussion and analysis for the first 3 months of 2025 ending March 31, 2025

To: The President, The Stock Exchange of Thailand

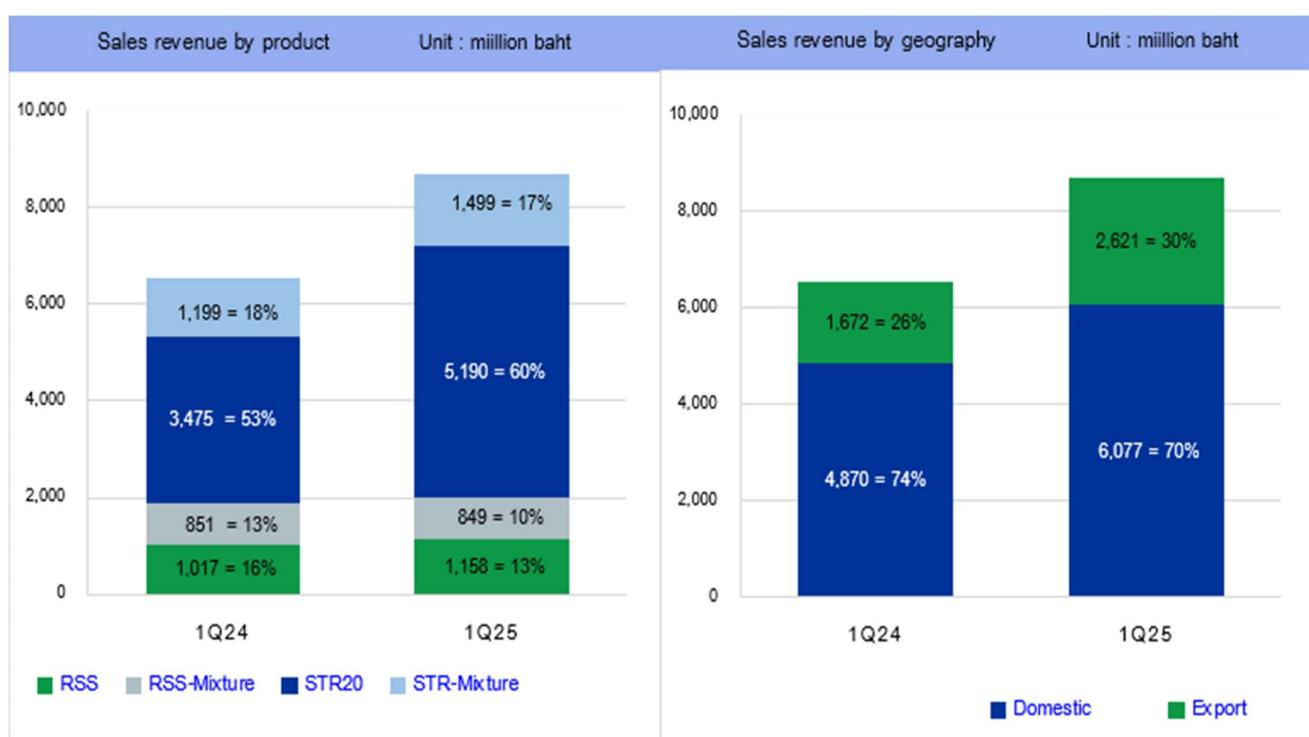
Northeast Rubber Public Company Limited (the "Company") would like to submit the Company's financial statements for the 1st quarter of 2025 ending March 31, 2025 that have been reviewed by the auditor. And would like to clarify the operating results for the 1st quarter of 2025, The Company results of the operation are as follows.

Compare operating results for the 3-month periods ending 31 March 2025 and 2024

Statement of Comprehensive Income	Q1/2025		Q1/2024		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales volume (Tons)	127,090		114,619		12,470	10.88%
Total Revenue from Local sales	6,077.46	69.87%	4,869.56	74.44%	1,207.90	24.81%
Total Revenue from Export sales	2,620.56	30.13%	1,672.29	25.56%	948.27	56.71%
Total Revenue from sales	8,698.02	100.00%	6,541.85	100.00%	2,156.17	32.96%
Cost of sales	7,775.24	89.39%	5,780.41	88.36%	1,994.83	34.51%
Gross profit	922.78	10.61%	761.45	11.64%	161.34	21.19%
Distribution costs	119.48	1.37%	92.12	1.41%	27.36	29.71%
Administrative expenses	55.69	0.64%	60.20	0.92%	(4.51)	(7.49%)
Loss (gain) on exchange rate	13.25	0.15%	(0.57)	(0.01%)	13.81	(2,437.95%)
Operating profit	734.36	8.44%	609.69	9.32%	124.67	20.45%
Finance cost	139.25	1.60%	114.38	1.75%	24.86	21.74%
Profit (loss) before other income	595.12	6.84%	495.31	7.57%	99.81	20.15%
Other income	3.45	0.04%	2.40	0.04%	1.05	43.93%
Unrealized gain (loss) on valuation of fair value of derivatives	27.57	0.32%	(22.79)	(0.35%)	50.36	(221.00%)
Profit (loss) before income tax	626.14	7.20%	474.92	7.26%	151.22	31.84%
Tax (income)	17.30	0.20%	21.30	0.33%	(4.00)	(18.77%)
Profit (loss) for the period	608.84	7.00%	453.61	6.93%	155.22	34.22%

The operating results for the first quarter of 2025 for the 3-month period ending on March 31, 2025 compared to the same period of the previous year, the sales volume was 127,090 tons, an increase of 12,470 tons or an increase of 10.88 percent, resulting in total sales revenue of 8,698.02 million baht, an increase of 2,156.17 million baht or an increase of 32.96 percent. Divided into revenue from domestic sales of 6,077.46 million baht or 69.87 percent of total sales, an increase of 1,207.90 million baht or 24.81 percent, and revenue from foreign sales of 2,620.56 million baht or 30.13 percent of total sales, an increase of 948.27 million baht or 56.71 percent.

For sales revenue, it can be separated by comparative product between Q1/2025 and Q1/2024 as follows:



Sales revenue for the first quarter of 2025 increased due to the situation of rubber prices that increased. When compared to the same period of the previous year, the average selling price of rubber products increased by 19.90 percent, The increase in revenue was divided into a difference in price that increased by 1,443.66 million baht and a difference in volume that increased by 711.74 million baht.

In the first quarter of 2025, the Company had a cost of sales of 7,775.24 million baht, or 89.39 percent of sales revenue, divided into the cost of raw materials and consumables used of 7,567.56 million baht, or 87.00 percent of sales revenue. Compared to the same period last year, costs increased by 1.45 percent, The company's raw material costs increased

due to the volatility of rubber prices in the market, which have continued to trend upwards from the end of 2023 to the present. Directly affecting the ratio of raw material cost of rubber compared to income with higher costs, considering the company's average rubber purchase and selling price data as follows:





For labor costs, it was 46.05 million baht, or 0.53 percent, compared to the same period last year. The cost increased by 12.04 million baht, or 0.01 percent of sales revenue, due to variable labor payments in line with increased production volume.

For production expenses of 108.06 million baht, accounting for 1.24 percent of sales revenue, compared to the same period last year, production costs increased by 9.22 million baht due to the company having maintenance costs for machinery according to the age of use in the rubber block factory.

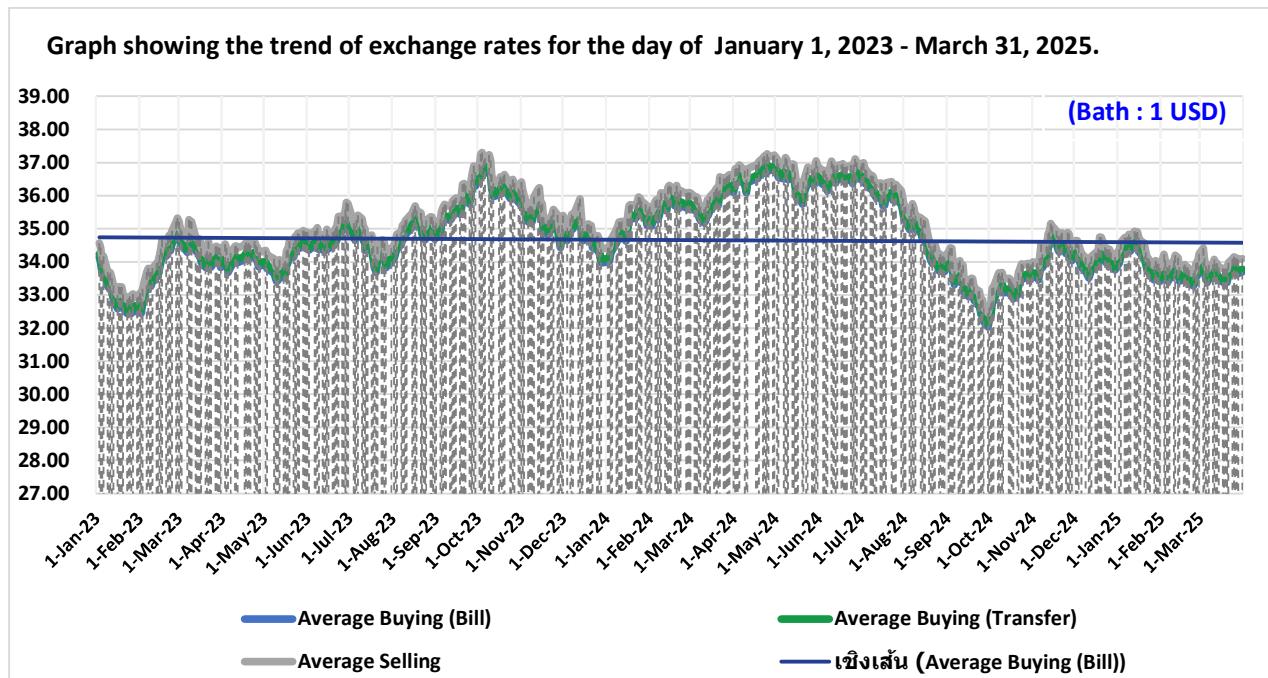
When comparing the cost of sales for Q1/2025 with Q1/2024, the Company's cost of sales increased from 88.36 percent to 89.39 percent, or an increase of 1.03 percent of sales revenue. This resulted in the Company having a gross profit decrease of 1.03 percent, which is a gross profit margin decrease from 11.64 percent in Q1/2024 to 10.61 percent in Q1/2025.

	Q1/2025		Q1/2024		YoY
	Million Baht	%	Million Baht	%	Increase (Decrease)
Sales volume (Tons)	127,090		114,619		12,470
Total Revenue from sales	8,698.02	100.00%	6,541.85	100.00%	2,156.17
Cost of sales	7,775.24	89.39%	5,780.41	88.36%	1.03%
Raw materials and consumables used	7,567.56	87.00%	5,596.93	85.56%	1.45%
Salary and labor	46.05	0.53%	34.01	0.52%	0.01%
Manufacturing Overhead	108.06	1.24%	98.84	1.51%	(0.27%)
Depreciation & Amortization	53.57	0.62%	50.62	0.77%	(0.16%)
Gross profit	922.78	10.61%	761.45	11.64%	(1.03%)

Distribution costs were 119.48 million baht, or 1.37 percent of total sales. Compared to the same period last year, distribution costs increased by 27.36 million baht, or 29.71 percent. Divided into the rubber plantation assistance fund increased by 13.31 million baht, the freight cost increased by 9.47 million baht, and other expenses related to sales increased by 4.59 million baht. The increased distribution costs were related to the increased sales volume.

Administrative expenses were 55.69 million baht, or 0.64 percent of total sales. Compared to the same period last year, expenses decreased by 4.51 million baht, or 7.49 percent. This was due to a decrease in CSR activity expenses of 8.31 million baht, an increase in training and seminar expenses of 0.72 million baht, an increase in repair and maintenance expenses of 1.60 million baht, an increase in salary and welfare expenses of 1.27 million baht, and an increase in employee retirement reserves of 0.19 million baht.

In the first quarter of 2025, in terms of the impact from exchange rate fluctuations, the Company had an actual exchange rate loss from debt repayment from foreign debtors of 13.25 million baht. and there is an unrealized profit from the measurement of the value of derivative instruments that the company bought to reduce the risk from exchange rate fluctuations of 27.57 million baht. Which in the net overall, the company has a profit from the exchange rate of 14.33 million baht. The exchange rate volatility situation is as follows:



Financial costs were 139.25 million baht, an increase of 24.86 million baht or 21.74 percent from interest paid on additional debentures issued by the Company in December 2024 .

Corporate income tax expenses were 17.30 million baht or 0.20 percent of sales revenue, compared to the same period of the previous year, down 4 million baht from the company receiving investment promotion certificate benefits Board of Investment under community and social development measures (CSR).

For the first 3 months of 2025, the Company had a net profit of 608.84 million baht, or a net profit margin of 7.0 percent of total sales revenue. Compared to the same period of the previous year, the Company's net profit margin increased by 155.22 million baht, or an increase of 34.22 percent.



Financial Position

Statement of Financial Position	31-Mar-2025		31-Dec-2024		DIFF	
					Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	17,553.03	89.03%	17,268.40	88.75%	284.63	1.65%
Non-Current Assets	2,163.24	10.97%	2,189.40	11.25%	(26.16)	(1.19%)
Total Assets	19,716.27	100.00%	19,457.80	100.00%	258.47	1.33%
Total Liabilities	10,619.47	53.86%	10,969.84	56.38%	(350.37)	(3.19%)
Total Shareholders' Equity	9,096.80	46.14%	8,487.96	43.62%	608.84	7.17%
Total Liabilities and Shareholders' Equity	19,716.27	100.00%	19,457.80	100.00%	258.47	1.33%

The Company's total assets as of March 31, 2025 amounted to 19,716.27 million baht, an increase of 258.47 million baht or 1.33 percent from December 31, 2024, summarized as follows:

Current assets increased by 284.63 million baht or 1.65 percent from the following items:

- Cash and cash equivalents increased by 129.51 million baht or 58.62 percent in line with increased sales revenue.
- Inventory decreased by 466.08 million baht or 2.87 percent because February-April of each year is the period when rubber farmers close the rubber sheet, resulting in less rubber entering the market. Therefore, the company has less rubber purchased into stock.
- Trade and other current receivables increased by 619.83 million baht or 74.34 percent, in line with increased sales volume.

Non-current assets decreased by 26.16 million baht or 1.19 percent, changing from a decrease of 43.82 million baht in net land, buildings and equipment, and an increase of 17.66 million baht in fixed deposits used by the company as collateral.

The Company's total liabilities as of March 31, 2025 amounted to 10,619.47 million baht, a decrease of 350.37 million baht or 3.19 percent from December 31, 2024, mainly due to:

Current liabilities decreased by 311.88 million baht or 5.64 percent from the following items:

- Bank overdrafts and short-term loans from financial institutions decreased by 487.90 million baht or 12.02 percent from the use of financial institution loan limits.



- Trade and other payables increased by 160.84 million baht or 55.79 percent because the Company has more contracts to purchase rubber raw materials, which have payment terms when receiving the raw materials in the agreed quantity.

Non-current liabilities decreased by 38.47 million baht or 0.71 percent from the repayment of due loans.

The Company's shareholders' equity as of March 31, 2025 amounted to 9,096.80 million baht, an increase of 608.84 million baht or 7.17 percent from December 31, 2024, resulting from the following significant items:

- Increased from net profit in Q1/2025 equal to 608.84 million baht.

For the Company's performance in terms of sustainability related to environmental, social and corporate governance operations for the first quarter of 2025, it consists of:

Environmental

The Company has implemented environmental projects, consisting of 2 waste and waste management projects and 2 water management projects, as follows:

1. Waste and waste management

NER project joins in reducing and separating waste sustainably by setting a target to reduce the total amount of plastic waste per ton of production compared to the base year of 2023, divided into 3 target periods: short-term target in 2025, reduce by 20 percent, medium-term target in 2026, reduce by 30 percent, and long-term target in 2028, reduce by 50 percent. The results of the plastic waste reduction operations in the first quarter of 2025 showed that plastic waste was reduced by 41.15 percent compared to the base year. The reduction in the amount of plastic waste resulted in a reduction in greenhouse gas emissions of 18.64 kilograms of carbon dioxide equivalent.

NER Project joins together to reduce and separate waste sustainably by setting a target to reduce the total amount of plastic waste per ton of production compared to the base year of 2023, divided into 3 target stages: a short-term target in 2025 of a 20 percent reduction, a mid-term target in 2026 of a 30 percent reduction, and a long-term target in 2028 of a 50 percent reduction. The results of the plastic waste reduction operations in the first quarter of 2025 showed that plastic waste was reduced by 41.15 percent compared to the base year. The reduction in the amount of plastic waste resulted in a reduction in greenhouse gas emissions of 18.64 kilograms of carbon dioxide equivalent.

Project to reduce landfill waste from non-hazardous waste from business processes the goal is to reduce the proportion of waste sent for landfill disposal compared to the base year of 2023, divided into 3 phases: a short-term goal in 2025 to reduce by 10 percent, a medium-term goal in 2026 to reduce by 15 percent, and a long-term goal in 2028 to reduce by 25 percent. The results of the operations in the first quarter of 2025 found that non-hazardous waste was reduced

by 2.37 percent. The reduction in the amount of non-hazardous waste resulted in a reduction in greenhouse gas emissions of 72 kilograms of carbon dioxide equivalent.

2. Water management

NER Project joins in conserving water in a sustainable way By setting a target to reduce the water usage rate in the production process per production unit (Water Intensity) with the base year 2023, divided into 3 phases: the short-term target in 2025 is to reduce by 10 percent, the medium-term target in 2026 is to reduce by 15 percent, and the long-term target in 2028 is to reduce by 20 percent. The results of the operations in the first quarter of 2025 found that the water usage rate could be reduced by 11.28 percent. As a result of the reduction in water usage rate, greenhouse gas emissions were reduced by 21.75 kilograms of carbon dioxide equivalent.

Social

The Company has implemented social and community projects, labor and human rights projects as follows:

1. Social and community aspects

Sustainable Community Engagement and Development Project Such as National Children's Day, merit-making activities, community traditions, other activities in the community, a project to survey and solve the impacts of the company's operations together, and a painting activity at Ban Krasang School. NER Mobile Volunteer Project, Beautiful Roads for Society and the 20th Anti-Drug Sports Competition Project, Pratad Bu Games.

Project to continue and preserve the community's cultural traditions Such as the Sangha Kathina and other Buddhist cultural heritage activities.

Community occupation and income generation project For example, the NER Green Market Project, the NER Sharing Happiness Project, providing knowledge and promoting careers for villagers.





2. Labor and human rights

Labor and Human Rights Awareness and Risk Assessment Project It was found that 308 employees, out of 941 employees, received training, accounting for 32.7 percent, and 61 business partners received training of the total 80 cases, 76.25 percent, and the provision of occupational safety training to all contractors, 471 cases, 100 percent.

Project to strengthen notification and redressal process for labor and human rights complaints We have added additional channels for reporting complaints, 12 comment boxes, 10 Red QR Codes, and more. Such as E-mail Website and NER Line Open Chat, along with improving work regulations and welfare manuals, including conducting a survey of organizational satisfaction and commitment. The results of organizational satisfaction and commitment were 85.88 percent.

Occupational health promotion and employee participation project Elections were held for the welfare committee to be ready for operations in 2025, with 608 employees out of 867 employees exercising their right to vote. accounting for 70 percent and organizing a walking, running, and health activity (NER FOR HEALTH) with 160 participants out of a total of 941 employees, accounting for 17 percent.

Governance & Economic

The Company has implemented the following practices in terms of consumer-partner practices and corporate governance and fair operations:

1. Consumer-Partner Practices

NER Project for Sustainable Supply Chain Development Year 3 We have organized seminars for trading partners and provided training on sustainable rubber plantation management, safety, and labor rights in our operations And also explain the company's business ethics to agricultural partners in Buriram Province(Focusing on Critical Tier 1 trading partners first) to jointly acknowledge the goal of sustainable growth in the same direction, with a total of 61 agricultural trading partners participating in the seminar.

LESS Project within NER Supply Chain In the first quarter of 2025, there were a total of 122 suppliers who voluntarily participated in the LESS project, and 5 suppliers submitted data and received certificates from the Greenhouse Gas Management Organization (Public Organization). The company has set a goal to promote its partners to receive additional certifications by 2025, at least 50 percent of the number of partners who volunteer to join the project, or approximately 60 partners.

NER project to prevent the import of products related to deforestation (EUDR) NER has set a target of EUDR rubber production capacity of 80,000 tons per year. In the first quarter of 2025, more than 22 percent of the rubber plantation area, or approximately 11,500 rai, has been prepared.



2. Corporate governance and fair operations



In 2024, the Company was certified as a member of the Thai Private Sector Collective Action Against Corruption (CAC) Certification (Thai Private Sector Collective Action Against Corruption) at the 2-star level. On September 30, 2024 and in the first quarter of 2025, the Company raised its anti-corruption activities to the Change Agent level or 3-star level. By inviting the company's business partners to join the Private Sector Anti-Corruption Coalition of Thailand, which reinforces the business operations based on the principles of good governance and jointly creates a transparent business network free from corruption.



The Company has participated in the CSR DIW Continuous Award for the 3rd consecutive year to reflect the Company's social responsibility standards.

Please be informed accordingly

Yours sincerely,

(Mr. Sakchai Jongstapongpun)

Chief Financial Officer

North East Rubber Public Company Limited