14 February 2020

Sub: Explanation on the Company’s performance for 3-month period ended 31 December 2019

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and the audited financial statements for 3-month period ended 31 December 2019

Thai Rayon Public Company Limited (“the Company”) would like to explain its financial statements for 3-month period ended 31 December 2019 in comparison with for 3-month period ended 31 December 2018. The details of financial statements are set out in the attached note.

### Income Statements (equity method)

<table>
<thead>
<tr>
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<th>For 3-month period ended 31 December</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Sales</td>
<td>1,645</td>
</tr>
<tr>
<td>Gains on exchange</td>
<td>19</td>
</tr>
<tr>
<td>Other income</td>
<td>18</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,741</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>85</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>71</td>
</tr>
<tr>
<td>Share of profit (loss) from investments in associates</td>
<td>(34)</td>
</tr>
<tr>
<td>Income tax (Expenses) / Credit</td>
<td>33</td>
</tr>
<tr>
<td><strong>Profit (loss) for the period</strong></td>
<td><strong>(217)</strong></td>
</tr>
</tbody>
</table>

### Basic earnings per share (Baht)

- **Profit for the period**: 1.07, 0.92

### Profit Margin

- **Gross profit margin**: 6%
- **Net profit margin**: 13%
1. **Income statements (in which the equity method is applied) for the 3-month period ended 31 December 2019 in comparison with for the 3-month period ended 31 December 2018.**

Net loss for the 3-month period ended 31 December 2019 was Baht 217 Million compared to net profit of Baht 185 Million during the same period of last year, a decrease of Baht 401 Million or 217%. The significant changes are as follows:

1) Sales revenues decreased by 30% or Baht 710 Million due to lower sales realization and lower sales volume.

2) Gains on exchange increased by 27% or Baht 4 Million. The Company follows consistent policy of internal hedging.

3) Cost of sales decreased by 19% or Baht 409 Million mainly due to lower sales volume and lower input prices.

4) Share of profit (loss) from investments in associated companies decreased by 131% or Baht 146 Million due to lower performance of most of the associated companies.

5) Income tax income increased by 830% or Baht 38 Million mainly due to taxable loss during this quarter.

6) Exchange differences on translation of financial statements in foreign currency decreased by 46% or Baht 24 Million due to appreciation of Thai Baht against foreign currencies.

7) Losses on change in value of available-for-sale investments decreased by 77% or Baht 109 Million due to change in market price and appreciation of Thai Baht.

8) Income tax effect decreased by 77% or Baht 22 Million mainly due to change in market value of available-for-sale investments as compared to same period of last year.

9) Gross profit (loss) margin was at (6%) compared to 9% mainly due to lower sales realization whereas net profit (loss) margin was at (13%) compared to 8% of the same period of last year mainly due to lower realization and lower performance of most of the associated companies.

As per reasons mentioned above, the loss per share for 3-month period ended 31 December 2019 is Baht (1.07) as compared to earnings per share of Baht 0.92 of last year.
2. Statements of financial position as of 31 December 2019 in comparison with as of 31 March 2019

As of 31 December 2019, total assets decreased by 7% or Baht 1,723 Million, total liabilities decreased by 34% or Baht 697 Million and shareholders’ equity decreased by 4% or Baht 1,026 Million as compared to as of 31 March 2019. The significant changes are as below.

A. ASSETS

1) Cash and cash equivalents increased by 99% or Baht 174 Million mainly due to increase in cash holdings for period less than three months.

2) Current investments decreased by 6% or Baht 203 Million as there is increase in cash and cash equivalents.

3) Trade and other receivables decreased by 34% of Baht 467 Million due to lower sales volume and lower sales realization.

4) Inventories decreased by 30% or Baht 502 Million mainly due to lower inventory of raw materials and lower input prices.

5) Other current assets decreased by 29% or Baht 42 Million mainly due to receipt of old VAT refund during this quarter.

6) Deferred tax assets increased by 79% or Baht 33 Million mainly due to higher provision of retirement benefits and taxable forward losses.

B. LIABILITIES AND SHAREHOLDERS’ EQUITY

1) Trade and other payables decreased by 46% or Baht 725 Million mainly due to lower inventory of raw materials and lower input prices.

2) Other current liabilities increased by 74% or Baht 19 Million mainly due to increase in advance from customers and withholding tax payable.

3) Provision for long-term employee benefits increased by 31% or Baht 50 Million due to change in labor law on severance pay.
Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod Khandelwal
VP (Finance & Commercial)