



บริษัท ไทยรับเบอร์ลาเท็กซ์กรุ๊ป จำกัด (มหาชน)

THAI RUBBER LATEX GROUP PUBLIC COMPANY LIMITED

สำนักงานใหญ่ : เลขที่ 99/1-3 หมู่ที่ 13 ถนนบางนา-ตราด กม. 7 ตำบลบางแก้ว อำเภอบางพลี จังหวัดสมุทรปราการ 10540

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May 9, 2024

Re : Management Explanation and Analysis of Operating Results for 1st quarter of 2024

To : The President of the Stock Exchange of Thailand

Business overview

- The Group Company has comprehensive rubber businesses, covering the whole value chain of rubber and latex products, which are the rubber plantation in Thailand, The producer of latex concentrate and latex rubber, latex rubber thread, rubber gloves and latex form mattress.

Business performance

-The Company and its subsidiaries ("the Group Company") reported a consolidated financial statements has gross profit of baht 92.74 million, loss from operating actives of baht 21.68 million in 1st quarter of 2024. The net loss after tax was baht 76.96 million, which is net loss attributable to owner of the parent of baht 54.51 million. The group's net loss was due to a decrease in revenue compared to the same period of 2023 and cost of sales and services which is 95% in high proportion compared to the revenue, there are factors from the cost of raw materials and other production costs, such as the cost of chemicals in production, are still high. When comparing the price of natural rubber in the 1st quarter of 2023 and 2024, the price of rubber increases from baht 48.05 per kilogram in 2023 to baht 67.99 per kilogram in 2024, representing an increase of 41.49% YoY (Source: Rubber Authority of Thailand Website).

- For the 3-month financial statement of 2024, the revenue from sales and services amounted to baht 1,820.32 million. In comparison to 2023, where revenue from sales and services was baht 1,937.72 million, there is a decrease of baht 117.40 million, representing a decline of 6.06% YoY. This is a result of the continuing decline in demand for concentrated latex, processed latex products, and rubber products. Due to exports to China continued to shrink. The global economic situation still remains sluggish due to persistent inflation pressure has not decreased as expected, which is a factor affecting the Thai economy in terms of both exports and production sector.

Financial ration

	Q1/24	Q1/23	YE/23
Current Ratio	0.59	0.68	0.58
Average Collection Period	42	47	46
Average Inventory Period	56	48	60
Average Payment Period	12	15	13
Cash Cycle	85	81	93
Gross Profit Margin	5.09%	3.83%	3.50%
Operating Profit Margin	-1.17%	-2.70%	-3.43%
Net Profit Margin	-4.17%	5.05%	-6.84%
ROE	-1.69%	-2.06%	-10.99%
ROA	-0.25%	-0.58%	-2.56%
Debt to Equity Ratio	1.49	1.18	1.44
DSCR	0.15	0.07	0.18

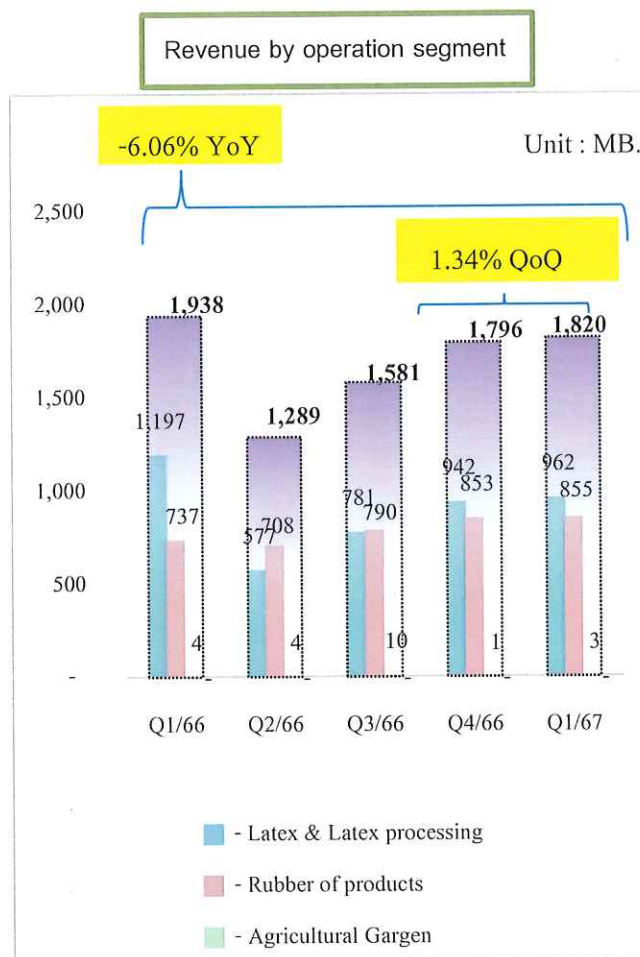
- For the 3-month period of 2024, the cost of sales and services amounted to baht 1,727.59 million. In comparison to 2023, where the cost of sales and services was baht 1,863.47 million, there is a decrease of baht 135.88 million, representing a reduction of 7.29% YoY and the distribution cost and administrative expenses in 2024 and 2023 equals baht 141.40 million and baht 137.84 million respectively, an increase in baht 3.56 million representing of 2.58% YoY. Resulting in net loss for the 3-month period of 2024 amounted to baht 76.96 million, while the net loss of baht 98.36 million in 2023. The decrease in net loss was due to increase in

rubber price which effect to the selling price also increase. Gross profit increase comparing to the same Quarter last year.

-Became Thai exports expanded continuously for the seventh consecutive month in February 2024, increasing by 3.60%. As a result, Thailand's exports in the first two months of the year grew by 6.70%. But there was a sharp decline in exports in March, negative 10.90%, which is a return to negative in 8 months, the overall of Thai exports in the first quarter of 2024 contracted slightly, shrank by 0.2% compared to the corresponding period in the previous year. (Source: Ministry of Commerce) Consumer confidence continues to recover, driven by the tourism sector, which is a crucial factor in the expansion of the service sector and related employment opportunities. This growth is further stimulated by spending initiatives such as the Easy-E-Receipt project and measures to alleviate the cost of living. However, consumers remain concerned about the slow pace of recovery in the domestic economy. Drought conditions may adversely affect income, compounded by prolonged geopolitical conflicts worldwide. High global oil prices further impact production costs and purchasing power due to persistent inflation. In 2024, the Group of Companies prioritizes marketing efforts aimed at targeted groups and new markets. Additionally, emphasis is placed on environmental sustainability to enhance the organization's value chain.

The company and its subsidiary companies had financial operating results as follows:

1.The consolidated financial statements of the latex and pre-vulcanized latex group for the 3-month financial statement of 2024, a profit before tax of baht 13 million, comparing to the same period of 2023 with a loss before tax of baht 6 million. Due to increase rubber price resulting in higher selling price. However, the world economy has not yet fully recovered. Overall Thai exports in the first quarter of 2024 did not expand much. Demand for rubber products has not yet fully recovered. The Chinese economy, a major trading partner, has still slow down but the overall picture is expected to bring the manufacturing sector could be back to recovery.



2.The Product Manufacturing Business Group, which specializes in rubber-based products, reported a loss before tax of baht 86 million for the 3-month period of 2024. Compared with the 3-month period of 2023, which has a loss before tax of baht 78 million. This is a result of the global economic slowdown and high interest rates. This has resulted in a decrease in the quantity of merchandise orders, but the world's manufacturing sector has begun to gradually recover, having a positive effect on the production and export sectors.

3.The Agricultural Gargen business group, for the period of 3-month 2024, has a loss before tax of baht 10 million. Decrease from the period of 3-month 2023. The increase in rubber prices compared to the same period last year has led to higher costs. However, the actual output was lower than expected due to the impact of unstable weather conditions. Additionally, high production costs, including expenses for fertilizer, transportation, and other organic chemicals, contributed to financial challenges. Consequently, the business group is currently losses, but there is a positive trend of decreasing losses.

Sustainability MD&A (ESG)

TRUBB is committed to developing and driving the business towards sustainability by prioritizing operations that consider responsibilities in three main areas: environment, society, and corporate governance, in accordance with international standards. The company's business has been adapted and developed to ensure steady and sustainable growth amidst the challenges it faces. Despite numerous problems and challenges encountered in its operations, the business strives to survive and grow. To create long-term value for the business and generate benefits for all stakeholders, while minimizing environmental and social impact as below.

1. Developing product quality to demonstrate compliance with international standards, the company aims to potentially supply raw materials to produce environmentally friendly concentrated latex. Create the potential to deliver organic products by adhering to organic farming standards such as IFOAM, USDA-NOP, and FSC-FM for the rubber plantation. Additionally, the management of the production process complies with FSC-COC standards, and the company is in the process of obtaining certification for the Global Organic Latex standard. These environmentally friendly products, such as pillows and latex mattresses, are produced using materials with higher gross profit margins compared to other products in the company. Receiving this standard will not only affect the expansion of markets abroad and generate income for the company but also enhance customer confidence in the quality of the company's products.

2. The company recognizes the importance of risk management amidst changing conditions, both internally and externally. This includes monitoring fluctuations in the quantity and price of rubber raw materials, ensuring adequate procurement of raw materials, securing adequate funding for purchasing goods, maintaining relationships with existing customers, and actively approaching to new customers. To ensure the growth and stability of the business and to meet planned sales targets by procuring sufficient raw materials, the company actively engages in fostering sustainable business practices with its trading partners. This includes disclosing trade guidelines policies to trading partners in accordance with predefined conditions.

To manage exchange rate risk, the company utilizes risk management tools and provides regular reports on the exchange rate situation to management. Currently, the exchange rate is fluctuating and has an impact to the company's profit and loss. Additionally, the company tracks and collects outstanding debts, providing monthly and quarterly reports on the status of receivables. This helps to assess the organization's liquidity. In addition, the company addresses the risk of climate change and natural disasters, which can lead to business interruptions due to their frequency and severity. Consequently, weekly meetings are held to discuss production and sales, ensuring that business management aligns with the company's goals.

3.The company has reduced its reliance on electrical energy by incorporating renewable energy from sunlight, aiming to contribute to environmental preservation. This initiative began at the head office in November 2023, resulting in a 35% reduction in electricity usage. The ratio between electrical energy usage and renewable energy from sunlight stands at 65:35, effectively reducing business administration costs. In addition to reduce operating expenses, TRUBB focuses on greenhouse gas management to continuously reduce emissions. TRUBB products have achieved certification for their carbon footprint for 15 products by 2026. Furthermore, waste management must comply with legal regulations, and TRUBB has joined the 'Ting to Trash' project to promote waste management awareness among employees. In terms of water resources, TRUBB has established guidelines for sustainable water management. This includes the development of water storage to ensure consistent production throughout the year. Similarly, in air pollution management, TRUBB prioritizes the quality of air emissions to the public and controls the chemicals odor to prevent them from impacting the surrounding communities.

4.The company recognizes the importance of respecting human rights and treating employees fairly. This includes providing training on health and safety management standards. As a result, there have been no fatal accidents during duty performance. The company places great importance on being responsive to customers and meeting their expectations. We strive to understand the diverse needs of our customer base and are prepared to adapt our production to meet modern market demands. By continuously innovating and introducing new products, we aim to enhance the potential of our offerings and ensure satisfaction among both domestic and international customers. As a result, we have maintained a record of zero complaints from our customers. The Thai Rubber Project aims to address societal issues and promote environmental sustainability.

The establishment of 'Yang Thai Kaae Jon Sangkhom Pen Suk Sing Waed Lorm Sodsai' project rubber plantations, which contribute to a brighter environment. Teachers and students are educated on planting techniques, care practices, and rubber tapping methods. The rubber produced can be sold to generate income, which is the utilized to support long-term school operations.

Please be informed accordingly,

Yours faithfully,



(Mr.Pattarapol Wongsasuthikul)

Managing Director