



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

HEAD OFFICE : NO. 99/1-3 VILAGE NO. 13, BANGNA-TRAT KORMOR, NO.7 ROAD, BANG KAE0 SUB-DISTRICT, BANG PHLI DISTRICT, SAMUT PRAKAN PROVINCE 10540, THAILAND

เลขประจำตัวผู้เสียภาษี 0107536000137 TEL : +66 2033 2333-88 FAX : +66 2033 2389-99 <https://www.thaitex.com>, E-mail: info@thaitex.com



August 8, 2024

Re : Management Explanation and Analysis of Operating Results for 2nd 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 128.65 million, profit from operating actives of baht 23.88 million in 2nd quarter of 2024. The net loss after tax was baht 35.95 million, which is net loss attributable to owner of the parent of baht 20.54 million. The group of companies has decreased its losses due to increased income compared to the same period in 2023. This improvement is attributed to better domestic and international sales. While costs relative to income in the second quarter of 2024 have decreased compared to the same period in 2023, higher raw material costs and other production expenses, such as the cost of chemicals used in production, remain significant factors. When comparing the price of natural rubber in the 2nd quarter of 2023 and 2024, the price of rubber increases from baht 43.48 per kilogram in 2023 to baht 76.08 per kilogram in 2024, representing an increase of 74.08% YoY (Source: Rubber Authority of Thailand Website).

- For the 6-month financial statement of 2024, the revenue from sales and services amounted to baht 3,534.51 million. In comparison to 2023, where revenue from sales and services was baht 3,227.39 million, there is a increase of baht 307.12 million, representing increase by 9.52% YoY. This is a result of increased demand tend for concentrated latex, processed latex products, and rubber products due to the recovery of downstream industries in both domestic and international markets and increased in rubber price. Even though exports to China continued to shrink in the second quarter, the overall Chinese economic situation has not recovered as expected, and the global economic situation is still slowing down, with inflation not decreasing as

anticipated. This is another factor affecting the Thai economy, impacting both the export and production sectors.

Financial rasion

	Q2/24	Q2/23	6M/24	6M/23	YE/23
Current Ratio	0.57	0.56	0.57	0.56	0.58
Average Collection Period	37	63	36	48	46
Average Inventory Period	51	76	49	52	60
Average Payment Period	12	18	12	16	13
Cash Cycle	76	120	74	84	93
Gross Profit Margin	7.51%	2.20%	6.26%	3.18%	3.50%
Operating Profit Margin	1.38%	-6.47%	0.06%	-4.21%	-3.43%
Net Profit Margin	-2.09%	-9.39%	-3.16%	-6.78%	-6.84%
ROE	-0.66%	-2.83%	-2.40%	-4.95%	-10.99%
ROA	0.28%	-0.94%	0.03%	-1.56%	-2.56%
Debt to Equity Ratio	1.48	1.17	1.48	1.17	1.44
DSCR	0.46	0.21	0.36	0.05	0.18

- For the 6-month period of 2024, the cost of sales and services amounted to baht 3,313.13 million. In comparison to 2023, where the cost of sales and services was baht 3,124.75 million, there is a increase of baht 188.37 million,

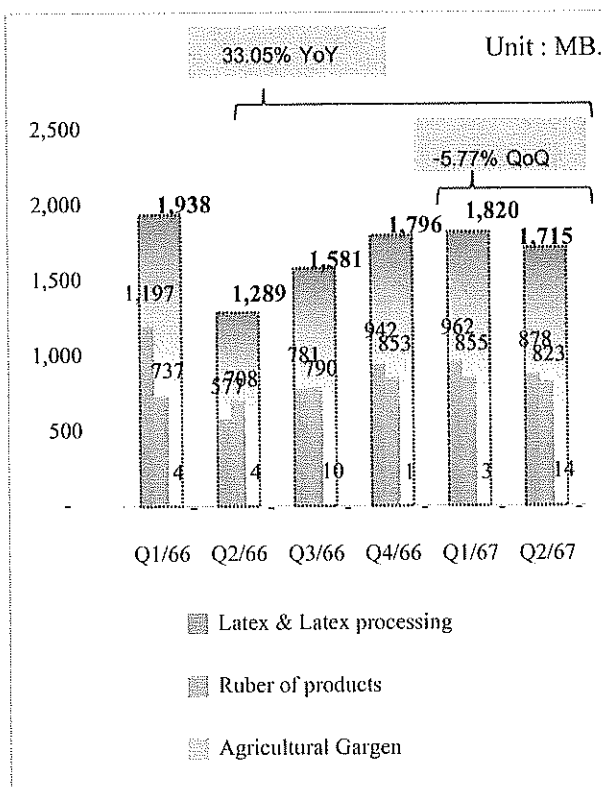
increase in proportion is 6.03% YoY and the distribution cost and administrative expenses in 2024 and 2023 equals baht 237.14 million and baht 254.70 million respectively, an decrease in baht 17.56 million representing decrease by 6.89% YoY. Resulting in net loss for the 6-month period of 2024 amounted to baht 112.91 million, while the net loss of baht 220.38 million in 2023. The decrease in net loss was due to increase in rubber price which effect to the selling price also increase. The increased demand for concentrated latex, processed latex products, and rubber products has resulted in higher gross profits compared to the same quarter of the previous year. The export of Thai rubber products in the first quarter of 2024 totaled 2,702.80 million US dollars, an increase of 10.43% YoY (Source: Ministry of Commerce) and demand tends to increase following the recovery of downstream industries both domestically and abroad, such as rubber gloves and latex rubber thread. In addition, government measures to stabilize rubber prices and the high demand for natural rubber substitutes to synthetic alternatives, which are more expensive due to crude oil prices in the global market, contribute to this trend. However, rubber prices are still at risk from factors such as weather climate and competition from other countries. Including the issue of non-tariff international trade barriers (NTBs), which are subject to increasingly stringent regulations, and the monitoring of inflation, with the MPC maintaining the policy interest rate at 2.5%. World crude oil prices are expected to remain stable at a high level amid concerns about ongoing geopolitical tensions. Additionally, if there is an increase in the minimum wage, it will be a factor that

pushes inflation up, affecting costs. 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 6-month financial statement of 2024, a profit before tax of baht 39 million, comparing to the same period of 2023 with a loss before tax of baht 52 million. Due to the increase in rubber price resulting in higher selling price. The reason is that the price of latex has increased, resulting in higher selling prices and tend to increased demand for the product following the recovery of the downstream industry. Although the Chinese economy, a main trading partner, is still slowing down, the overall business trend is improving in line with the recovery of the industry both domestically and abroad.

Revenue by operation segment



2. The Product Manufacturing Business Group, which specializes in rubber-based products, reported a loss before tax of baht 142 million for the 6-month period of 2024. Compared with the 6-month period of 2023, which has a loss before tax of baht 151 million. This is a result of the global economic slowdown. Concerns about interest rates remaining high for longer, along with inflation that has not decreased as expected, affect the overall product order quantity and price competition. Additionally, the rapidly increasing market share of competitors exacerbates these challenges.

3.The Agricultural Garden business group, for the period of 6-month 2024, has a loss before tax of baht 13 million. comparing to the same period of 2023 with a loss before tax of baht 24 million. There is a trend of decreasing losses due to the increase in rubber prices compared to the same period last year. However, risks remain from the effects of fluctuating weather climate impacting production volume. Additionally, high production costs, such as those for fertilizer (organic chemicals) and transportation, continue to be significant factors.

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. On June 26, 2024, the Central Rubber Market of Thailand opened the EUDR latex auction for the first time. Thai Rubber Latex Group Public Company Limited made the initial the purchase of fresh latex with traceability to its source and is ready to produce products according to the conditions of the European Union's deforestation-free law, which will take effect on December 30, 2024.

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.

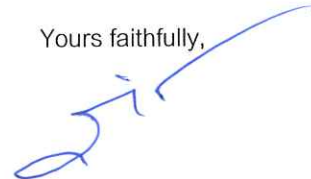
To manage exchange rate risk, the company utilizes risk management tools and provides regular reports on the exchange rate situation to management. Currently, the exchange rate is fluctuating and has an impact to the company's profit and loss. Additionally, the company tracks and collects outstanding 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 utilized to support long-term school operations.

Please be informed accordingly,

Yours faithfully,

A handwritten signature in blue ink, consisting of a stylized 'P' followed by a long, sweeping horizontal line that curves upwards at the end.

(Mr.Pattarapol Wongsasuthikul)

Managing Director