August 14, 2026

Subject : Clarification on the cause of changes in operating results.

To: Director and Manager
The Stock Exchange of Thailand

1. Executive Performance Overview

TS Flour Mill Public Company Limited (TMILL) is pleased to report a robust performance growth for Q2/2026, achieving a net profit of **14.32 million Baht, an increase of 223.9%** year-on-year. For the first 6-month period of 2026, the net profit totaled **46.67 million Baht, marking a 177.4% increase**.

Despite a marginal 0.7% decrease in sales revenue during Q2, the company achieved exceptional profit growth. This strategic success is attributed to professional product mix management, particularly the significant price surge of **"Wheat Bran"** (a by-product), which acted as a **"Natural Hedge"** against the market-driven decline in wheat flour prices. Combined with precise raw material procurement and inventory management, the company successfully expanded its net profit margin beyond targets.

2. Analysis of Financial Performance

2.1 Comparative Financial Table

Item (Unit: Million Baht)	Q2/2026	Q2/2025	Change (%)	6M/2026	6M/2025	Change (%)
Sales Revenue	384.17	387.06	(0.7%)	774.03	816.86	(5.2%)
Cost of Sales	(325.20)	(347.15)	(6.3%)	(653.64)	(727.10)	(10.1%)
Gross Profit	**58.97**	**39.92**	**47.7%**	**120.38**	**89.76**	**34.1%**
Gain on Exchange (FX)	8.35	(1.16)	(818.1%)	2.00	2.61	(23.5%)
Gain (Loss) on Derivatives	(9.93)	0.87	(1,242.1%)	13.81	(3.12)	(543.1%)
Selling Expenses	(13.66)	(10.14)	34.7%	(27.14)	(21.00)	29.2%
Administrative Expenses	(23.43)	(20.91)	12.1%	(46.37)	(41.13)	12.7%
Net Profit for the Period	**14.32**	**4.42**	**223.9%**	**46.67**	**16.82**	**177.4%**
Gross Profit Margin (%)	**15.3%**	**10.3%**	**5.0%**	**15.6%**	**11.0%**	**4.6%**

2.2 Revenue and Sales Volume Analysis

In Q2/2026, revenue slightly dipped as the average selling price of wheat flour decreased by 9.7%, following raw material cost trends. However, TMILL maintained its market presence with a 4.4% increase in sales volume. The key highlight was **Wheat Bran**, which saw an average price increase of **45.5%**, significantly optimizing the revenue structure and driving overall gross profit.

2.3 Cost Management and Gross Profit

Gross profit margin improved to **15.3% in Q2 and 15.6% for the 6-month period**. This was decrease in average wheat costs in Q2, resulting from effective forward-buying strategies and systematic currency hedging.

2.4 Operational Expenses and Transparency

Selling expenses rose by 34.7% due to sales team expansion and increased delivery costs. Administrative expenses increased by 12.1%, which includes strategic investments in excellence and sustainability, such as **ISO certification audit costs** and **CSR initiatives**.

While the combined impact of FX and Derivatives in Q2 resulted in a net loss of **1.58 million Baht** due to mark-to-market valuations, the 6-month period still reflects a healthy net gain of over 15.81 million Baht from these financial instruments.

3. Financial Position and Strategic Liquidity

As company have focused on optimizing our balance sheet. As of June 30, 2026:

- **Strategic Use of Cash:** Total assets decreased by 7% to 1,514.32 million Baht. We utilized our excess liquidity, reflected in a 155 million Baht (-75%) decrease in cash, for a strategic purpose.
- **Liability Reduction:** The company settled a significant portion of its obligations, reducing **Trade Payables by 252 million Baht (-78%)**. Consequently, total liabilities dropped by 25% to 426.86 million Baht.
- **Capital Structure Strength:** This massive debt reduction lowered our **Debt-to-Equity (D/E) Ratio to a mere 0.39 times**, while the Current Ratio strengthened to 4.34 times, ensuring superior liquidity and a risk-resilient financial foundation.

4. Market Outlook and Risk Management

We remain vigilant regarding global wheat price volatility stemming from Middle East tensions, affecting oil prices and freight costs. The management team employs real-time data monitoring to ensure that our procurement and pricing policies remain agile against external shocks.

5. ESG Strategy and Long-term Value

TMILL's financial success is anchored in ESG principles:

- **Environmental:** Recognized as a "Climate Action Leader" with a certified Corporate Carbon Footprint.
- **Governance:** Achieved an **"Excellent" 5-star CGR Rating**, a **SET ESG Rating of BBB**, and a perfect 100 score for our AGM for the 10th consecutive year.

These achievements reinforce investor confidence in our transparent management and commitment to sustainable long-term value creation.

Respectfully yours,

Waewta Kulchotthada

(Ms. Waewta Kulchotthada)

Chief Financial Officer and Company Secretary