



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](mailto:info@thaitex.com)



November 12, 2024

Re : Management Explanation and Analysis of Operating Results for 3<sup>rd</sup> quarter of 2024

To : The President of the Stock Exchange of Thailand

### Business Overview, Economic and Industry Conditions

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.

The rubber industry in Thailand has recently faced economic volatility and uncertainty, which has significantly impacted the industry.

Under these circumstances, the company has focused on enhancing production efficiency and cost management to remain competitive in the market sustainably. Additionally, the company has consistently improved product quality and developed environmentally friendly production processes.

Moreover, the company fosters strong relationships with rubber farmers by providing support in terms of knowledge, training, and on-site assistance. This support aims to help farmers produce rubber more efficiently and with higher quality to meet market demands.

### Business performance

-The Company and its subsidiaries (“the Group Company”) reported a consolidated financial statements has gross profit of baht 52.98 million, loss from operating actives of baht 27.80 million in 3<sup>rd</sup> quarter of 2024. The net loss after tax was baht 97.31 million, which is net loss attributable to owner of the parent of baht 76.18 million. The group of companies has decreased its losses due to increased income compared to the same period in 2023. This improvement is due to the increase in average selling prices. When comparing the price of natural rubber in the 3<sup>rd</sup> quarter of 2023 and 2024, the price of rubber increases from baht 44.09 per kilogram in 2023 to baht 67.04 per kilogram in 2024, representing an increase of 52.05% YoY (Source: Rubber Authority of Thailand)

- For the 9-month financial statement of 2024, the revenue from sales and services amounted to baht 5,528.81 million. In comparison to 2023, where revenue from sales and services was baht 4,808.23 million, there is an increase of baht 720.58 million, representing increase by 14.99% YoY. This is a result of the increase in rubber prices, driven by seasonal variation factors, while demand both domestic and international did not significantly increase.

- In Q3/2024, we delivered 504.4 tons of EUDR rubber to customers. This delivery reflects the demand for rubber that complies with the EU deforestation-free regulations, in preparation for full implementation. Furthermore, we focus on maintaining the quality of the rubber to meet standards, build customer confidence, and support the growth of orders in the future.

#### Financial ratio

	9M/24	Q3/24	Q2/24	9M/23	Q3/23	YE/23
Current Ratio	0.58	0.58	0.57	0.56	0.56	0.58
Average Collection Period	38	35	37	49	49	45
Average Inventory Period	53	48	51	58	58	59
Average Payment Period	14	13	12	13	13	13
Cash Cycle	77	70	76	94	94	92
Gross Profit Margin	4.96	2.66%	7.51%	2.91%	2.35%	3.50%
Operating Profit Margin	-0.46%	-1.38%	1.38%	-4.38%	-4.80%	-3.43%
Net Profit Margin	-3.77%	-4.84%	-2.09%	-7.21%	-8.16%	-6.84%
ROE	-5.06%	-2.55%	-0.66%	-8.24%	-3.14%	-10.99
ROA	-0.30%	-0.32%	0.28%	-2.42%	-0.87%	-2.56%
Debt to Equity Ratio	1.61	1.61	1.48	1.31	1.31	1.44
DSCR	0.43	0.86	0.46	0.05	0.47	0.18

- For the 9-month period of 2024, the cost of sales and services amounted to baht 5,254.45 million. In comparison to 2023, where the cost of sales and services was baht 4,668.44 million, there is an increase of baht 586.01 million, increase in proportion is 12.55% YoY and the distribution cost and administrative

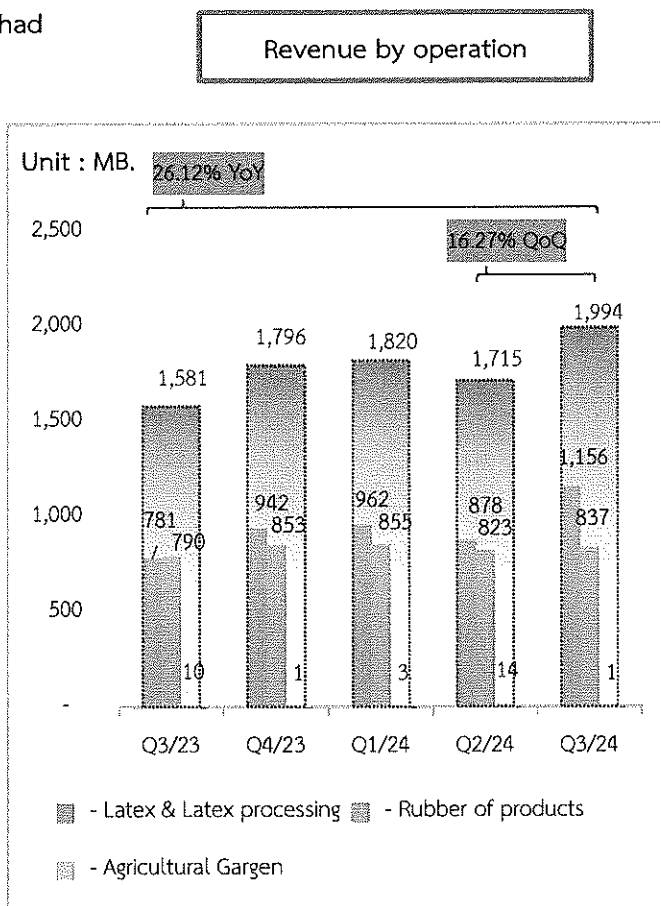
expenses in 2024 and 2023 equals baht 354.20 million and baht 408.54 million respectively, an decrease in baht 54.34 million representing decrease by 13.30% YoY. The gross profit in 2024 and 2023 equals bath 274.37 million and bath 139.79 million respectively, an increase in bath 134.58 million, increase in proportion is 96.27 YoY. Resulting in net loss for the 9-month period of 2024 amounted to baht 210.22 million, while the net loss of baht 350.52 million in 2023. The decrease in net loss was due to increase in rubber price, driven by rising demand for products such as concentrated latex and rubber gloves. The expansion of primary processed rubber and rubber gloves will be supported by both domestic and international market demands. Additionally, government policies aimed at stabilizing rubber prices to elevate production standards, including the development of reference prices for rubber trading, have better mitigated the risks from price volatility. However, the industry still faces challenges from unpredictable

weather conditions and fluctuations of exchange rates, which could affect the competitiveness of Thai rubber in the global market.

Thai rubber product exports in the third quarter of 2024 increased by 14.8% compared to the same period of 2023 (Source: SCB Economic Intelligence Center). This was due to the rising global demand, inflation rates beginning to align with target ranges, and a gradual decrease in policy interest rates. However, the export of rubber products still faces risks from prolonged geopolitical conflicts, which lead to supply chain and global trade issues, increased trade protectionism measures, and currency fluctuations, 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 9-month financial statement of 2024, a profit before tax of baht 27 million, comparing to the same period of 2023 with a loss before tax of baht 98 million. This improvement was due to increased latex prices compared to the same period last year, leading to higher selling prices. Additionally, the boost from global demand supported overall order volumes, aligning with the recovery of the global economy. Furthermore, inflation is getting back to normal in some regions. However, the business continues to face exchange rate fluctuations.



2.The Product Manufacturing Business Group, which specializes in rubber-based products, reported a loss before tax of baht 220 million for the 9-month period of 2024. Compared with the 9-month period of 2023, which has a loss before tax of baht 216 million. This increase was partly due to trading partners delaying orders for rubber products because of the fluctuating and rising prices of rubber raw materials in recent periods.

3.The Agricultural Garden business group, for the period of 9-month 2024, has a loss before tax of baht 15 million. comparing to the same period of 2023 with a loss before tax of baht 41 million. There is a trend of decreasing losses due to the increase in sale prices compared to the same period last year, driven by global demand for rubber, along with improvements in the management and production of rubber plantations as the situation regarding rubber disease improved.

#### 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, it would make the law applicable on 30 December 2025 (Postponed from 30 December 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.

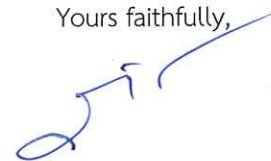
4.The company recognizes the importance of respecting human rights and treating employees fairly. This includes providing training on health and safety management standards. As a result, there have been no fatal accidents during duty performance. The company places great importance on being responsive 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 Kae 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.

Sustainability Award

Tuesday, September 3, 2024, at Sukree Kaewcharoen Auditorium, Stock Exchange of Thailand, Mr.Pattarapol Wongsasuthikul, Chief Executive Officer of Thai Rubber Latex Group Public Company Limited, received a certificate of honor and achievement from the ESG DNA project from Dr. Soraphol Tulyasathian, Deputy Managing Director of the Stock Exchange of Thailand.

Please be informed accordingly,

Yours faithfully,



(Mr.Pattarapol Wongsasuthikul)

Managing Director