

August 13, 2020

Re : Management Explanation and Analysis of Operating Results for 2nd quarter of 2020

To : The President of the Stock Exchange of Thailand

The company and its subsidiaries ("the Group Company") reported that for the financial statements for 2nd quarter of 2020, the Group Company's loss before tax was Baht 72.53 million and corporate tax expenses was Baht 9.26 million. As a result, the net loss was Baht 81.78 million. The comprehensive loss only the part of the parent company was 55.50 million. For the financial statements for 6-month period of 2020, it had loss before tax 7.51 million Bath and corporate tax expense was 28.13 million Baht, therefore its operating result was 35.64 million Baht in loss. The comprehensive profit only the part of the parent company was 18.81 million Baht. It was because of the low-season period of rubber industry which rubber trees produced less quantities, the effect from trade war between the US and China causing economic depression, and the unstable rubber market, affecting the fluctuation of field latex price and the Group Company efficiently controlled cost of raw material even though there is the outbreak of Corona Virus (COVID - 19). Comparing the average price of field latex on the 2nd quarter of 2020 and 2019, the average price was Baht 51.25 per kilogram in 2019 and slightly dropped to Baht 40.56 per kilogram in 2020, the decrease of 21% (Source: Rubber Authority of Thailand). The price was still at low level.

For the 6-month period of 2020, the Group Company had sales and service income Baht 2,947.51 million comparing to the same period last year which was Baht 3,739.87 million, the decrease of 21.19% or Baht 792.36 million. The effect from the outbreak of COVID - 19 and trade war were causing the world demand for rubber lower and the fluctuation of field latex price resulting the company's income lower. Cost of sales and service for the 6-month period in 2020 comparing to 2019 was Baht 2,629.77 million and Baht

3,415.72 million respectively, the decrease of 23% or Baht 785.95 million due to a drop in sales income. However, the Company still has improving of rubber production which caused greater output and higher quality of rubber products. However, the price of chemical materials increased, causing the higher cost of production.

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

1. For the 6-month period of 2020, Latex and pre-vulcanized latex group had profit before tax Baht 72 million due to Company's marketing strategy for 2020 is to sell more in the domestic market and sell less to the export market. Company targets to increase our present Domestic to Export sales ratio of 60:40 to 70:30. Company will try utmost to sell more than 70 percent in the domestic market in 2020, affecting the lower selling cost. However, the low-level of rubber price caused sale income of skim rubber lower. Company is still monitoring the effect of the COVID - 19 outbreak and ongoing US-China trade war. Moreover, the world rubber market has been more competitive. Because the Group Company invested in the new tanks for producing and containing more products since the late 2016, it could contain more materials in order to produce more products for demand in the future.

2. For the 6-month period of 2020, Finished product group had loss before tax Baht 65 million due to the effect from the COVID - 19 outbreak causing decrease in rubber product demand, which has the effect to customers in China directly. However, the group's consumers were mainly from China and Europe and would continue to expand more because of the group's products have good qualities to meet demand.

3. For the 6-month period of 2020, Rubber plantation group had Baht 15 million in loss before tax due to the fact that there were many factors affecting business such as the high volatility of field latex price and the latex price was at the low level; moreover, the group had fixed cost which was why the company had the net loss.

Please be informed accordingly,

Yours faithfully,

Mr.Vorathep Wongsasuthikul

Chairman